



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

FINANCE & OPERATIONS COMMITTEE

8th Floor, 21 West Church Street, Jacksonville, FL 32202

March 10, 2023 | 9:00 am – 11:00 am

WELCOME

Meeting Called to Order

Adoption of Agenda ([Action](#))

Approval of Joint Committee of the Finance & Operations and
External Affairs Committee Minutes – December 16, 2022 ([Action](#))

General Joseph DiSalvo, Chair

Values Moment

Akiesha Johnson, Manager, Project Accounting

COMMENTS / PRESENTATIONS

Comments from the Public

Public

FOR COMMITTEE CONSIDERATION

Interlocal Agreement with Jacksonville Port Authority –
Raising the Transmission Lines Over Fulton Cut Crossing
([Action](#))

Raynetta Curry Marshall, Chief Operating Officer

Southeast Energy Exchange Market (SEEM) and Open
Access Transmission Tariff ([Action](#))

Garry Baker, Senior Director, Energy Operations

Appointment and Delegation of Authority to Execute
Florida Department of Transportation Documents
([Action](#))

Regina Ross, Chief Legal Officer, Office of General Counsel

Electric Integrated Resource Plan Update

Pedro Melendez, Vice President, Engineering & Construction

Biannual Review of Procurement Code ([Action](#))

Heather Beard, Manager, Procurement Contract Administration

Annual Disclosure Reports

Randall Barnes, Treasurer

Quarterly Financial Review

Russell Caffey, Controller

Rating Agency Presentation

Joe Orfano, Vice President, Financial Services

SUPPLEMENTAL INFORMATION

Appendix A: Interlocal Agreement with Jacksonville Port Authority – Raising the Transmission Lines Over Fulton Cut Crossing

Appendix B: Southeast Energy Exchange Market and Open Access Transmission Tariff

Appendix C: Appointment and Delegation of Authority to Execute Florida Department of Transportation Documents

Appendix D: Biannual Review of Procurement Code

Appendix E: Jacksonville Small & Emerging Business Quarterly Report

Appendix F: Electric System and Water & Sewer System Fund Report

Appendix G: JEA Energy Market Risk Management Policy Report

Appendix H: Rating Agency

Appendix I: Annual Disclosure Reports Process Overview

OTHER BUSINESS & CLOSING CONSIDERATIONS

Old & Other New Business / Open Discussion

Announcements – Next Meeting April 14, 2023

Adjournment

General Joseph DiSalvo, Chair



FINANCE & OPERATIONS COMMITTEE

March 10, 2023

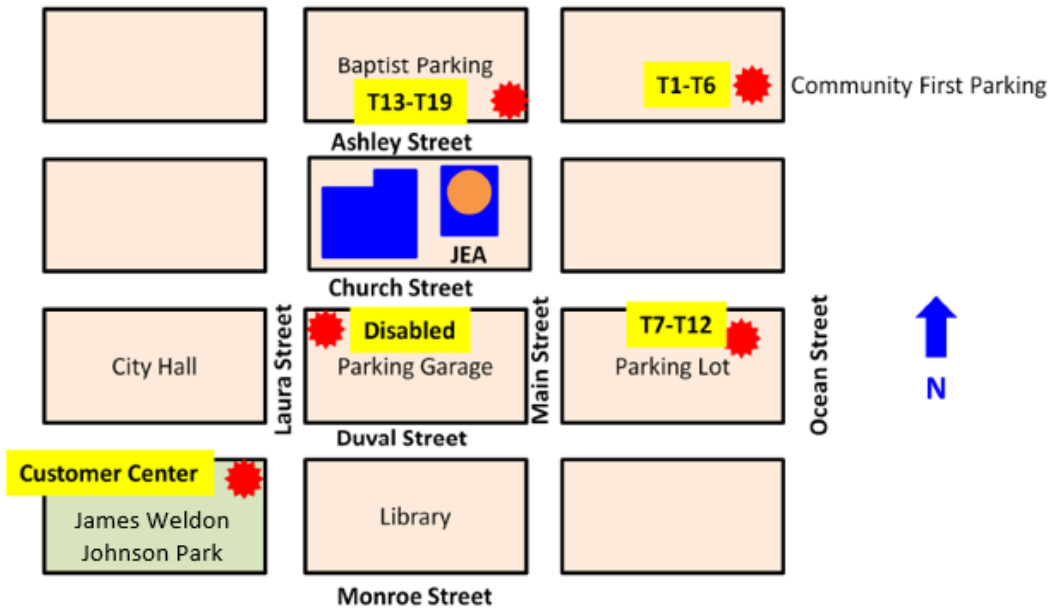


Values Moment

Akiesha Johnson, Manager, Project Accounting



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 Street)

Safety or Medical Assistance: Notify JEA Security Officer

Hazard & Situational Awareness

Cell Phone & Computer Etiquette

Integrity

"Integrity is not a given factor in everyone's life. It is a result of self-discipline, inner trust, and a decision to be relentlessly honest in all situations in our life."
- John C. Maxwell

**KEEPING
PROMISES**



**BE HONEST &
TRUSTWORTHY**



**BE ACCOUNTABLE
& RESPONSIBLE**





Interlocal Agreement with Jacksonville Port Authority (JAXPORT)

Raising the Transmission Lines Over Fulton Cut Crossing

Raynetta Curry Marshall, Chief Operating Officer

Strategic Objective

Deepen Customer & Community Engagement - Economic Development



Raising the Transmission Lines Over the Fulton Cut Crossing Overview Interlocal Agreement with Jacksonville Port Authority (JAXPORT)

Six aerial high-voltage electric transmission lines that cross the St. Johns River at the Fulton Cut Crossing situated near Blount Island

JAXPORT identified that increasing the height of these transmission lines will improve the conditions for the size and types of ships anticipated to traverse the water crossing thereby allowing for expanded navigation

JEA completed a study in 2021 to replace the existing infrastructure to support the additional wire clearance over Fulton Cut

June 27, 2022 - Memorandum of Agreement to memorialize their commitment for JEA to conduct the project subject to full funding by JAXPORT

Parties further agreed to enter into a binding Interlocal Agreement for completion of the work, contingent upon JAXPORT securing adequate funding
Current project estimate \$43,233,949 and current funding identified by JAXPORT \$45,000,000 respectively

JEA shall be responsible for completing the work, and
JAXPORT shall be responsible for funding

Staff seeks a recommendation by the Committee for approval of an Interlocal Agreement in substantially the same form as provided, which details the Parties' respective duties and obligations in raising the lines

Southeast Energy Exchange Market (SEEM) and JEA's Open Access Transmission Tariff

GARRY BAKER, SENIOR DIRECTOR, ENERGY OPERATIONS

Strategic Objective

Deepen Customer & Community Engagement - Sound Business Decisions

Southeast Energy Exchange Market



PURPOSE & FUNCTION

15-Minute Energy Market
Established Market Rules
Platform to automate the input of bids and offers to maximize margins
Platform automates transmission reservation and scheduling
Uses normal settlement processes

BENEFITS

Supplements existing markets
Mitigates operating issues, such as load forecast errors, forced outages of generation, solar variability
Additional energy cost savings
Additional Revenues
Minimal Cost

ELIGIBILITY

Includes having load and generation in footprint
Execute series of agreements including membership, participation, market rules, and Declaration of Authority
Modify Tariff to add a 15-minute transmission product at no transmission cost, settle losses financially

TARIFF EDITS

Added Non-Firm Transmission Product
Added fill in the blank Form of Service
Modify and align verbiage
Other administrative edits

Staff requests the Board approve the tariff modifications to fulfill the requirements of SEEM regarding transmission services



Appointment and Delegation of Authority to Execute Florida Department of Transportation (FDOT) Documents

Regina Ross, Chief Legal Officer,
Office of General Counsel

Strategic Objective

Make Doing Business with JEA Easy - Governance & Policy Review



Delegation of Authority to JEA Representatives to approve and Execute Certain FDOT Documentation

JEA transactions with Florida Department of Transportation

Board may appoint and delegate authority to individuals to approve and execute certain documents

FDOT requires the completion of the Delegation and Special Power of Attorney form (Appendix C, Attachment 1)

Form identifies the titles of each JEA representative to approve and sign specific document types

Staff seeks a recommendation for Board approval of the enclosed Delegation and Special Power of Attorney as completed



Integrated Resource Plan Update

Pedro Melendez

Vice President, Planning, Engineering & Construction

Strategic Objective

Plan for the Future - Integrated Resource Plan



Refined and Expanded the Analysis



Refinement of solar photovoltaic (PV), transmission system, and interconnection costs

Updated electrical transmission system and interconnection with more accurate estimates

Overall cost of solar PV increased

Additional Sensitivity Analysis

Each sensitivity is a change in a variable within the Current Outlook Scenario

Low Load Growth

No Load Growth

High Load Growth

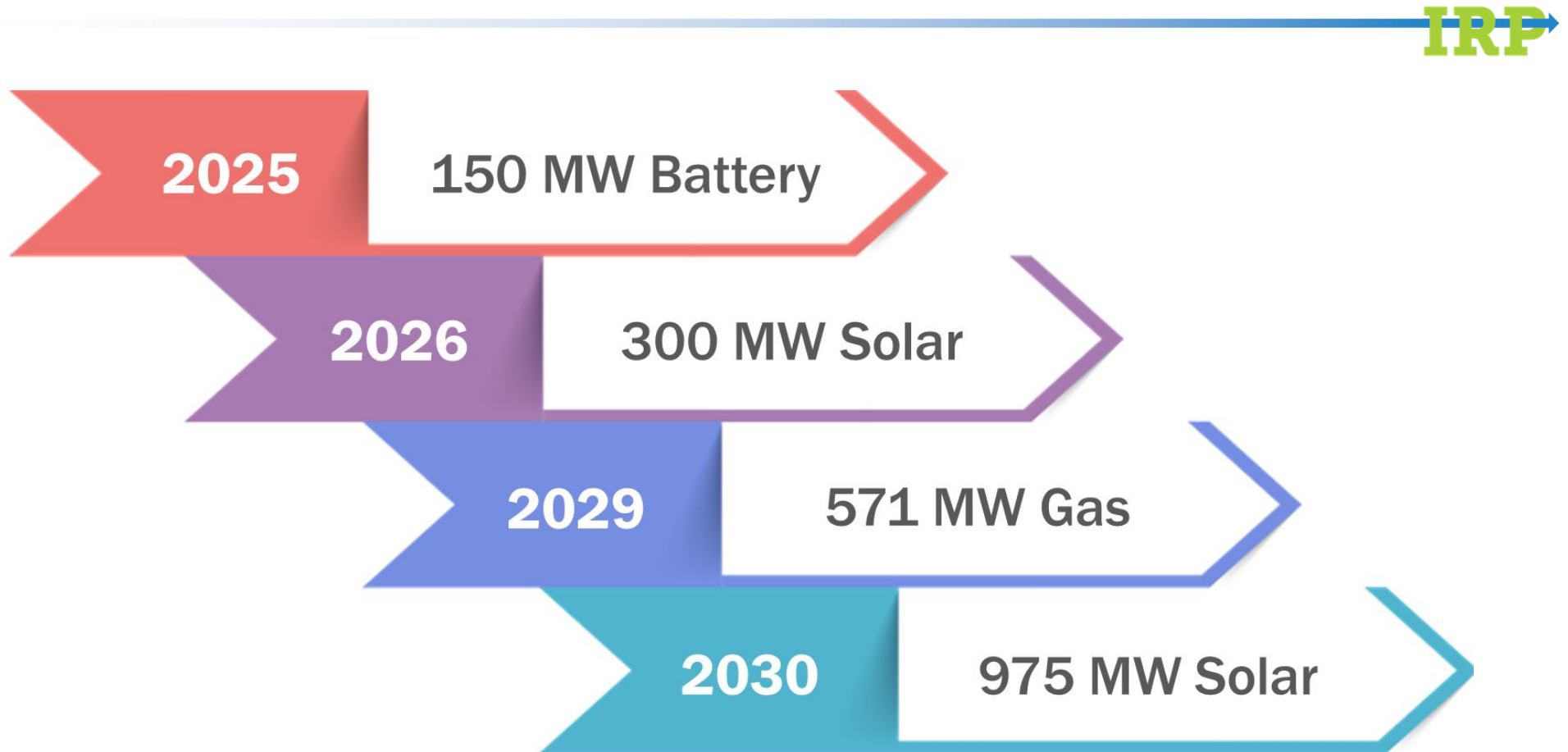
High Fuel Prices

Regulated CO₂ Emissions

Net Zero CO₂ Emissions by 2050



Most Common / Frequent Near-Term Resource Additions



Longer Term Resources

IRP

Between 2030 to 2040 the scenarios have dispersed results ranging up to 10,225 MW

Solar additions up to 2,475 MW

Battery additions up to 7,750 MW

Studies needed to better inform a longer-term portfolio

Energy resources availability

Market trends and supply chain

Electric system integration

Environmental regulations

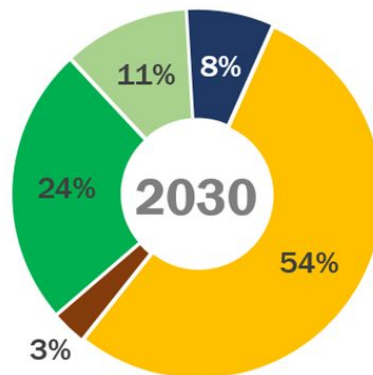
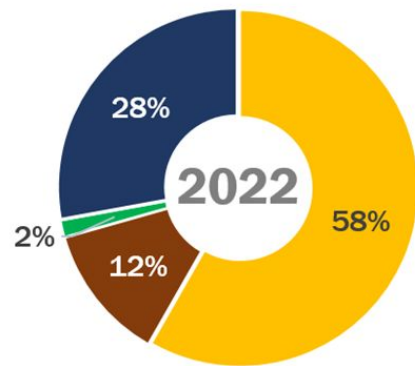
Next IRP in 3-5 years should provide additional alternatives to continue serving JEA customers



Current and Potential Net Energy Mix

IRP

Net Energy Mix



■ Natural Gas ■ Coal/Petcoke ■ Renewables ■ Nuclear ■ Purchase Power

JEA IRP Modeling Results

35% non-carbon emitting energy resources by 2030

1275 MW Solar
206 MW Nuclear

571 MW of higher efficiency gas resource

JEA's CO₂ emissions reduction to approximately
3,700,000 Tons by 2030

Reduction of approximately 35% from 2022 CO₂ emissions
75% from 2005 CO₂ emissions

Implementation Plan



Develop IRP Action Plan

Complete 2023 IRP Report for JEA to review

Determine recommendations and action plan



JEA Solar Sites Development

Initiated Solar/Battery Request for Proposal (RFP) Process

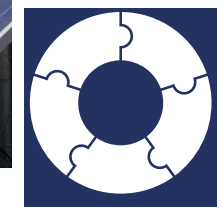
Begin proposals evaluation



Combined Cycle Feasibility

Completed feasibility phase 1 - site options

Prepare for Public Service Commission need for power process



Capital Improvement and Long-term Plan

Onboarded transmission engineering consultant to conduct integration analysis

Potential Goals and Plans

IRP



POTENTIAL GOALS

JEA Potential Goals by 2030

35% clean energy

Retire less efficient generation

80% CO₂ reduction (from 2005)

100% clean energy to serve JEA facilities

Offset electrification demand with energy efficiency programs



PLANS

Plans to Achieve Potential Goals include:

1275 MW Solar/Battery

206 MW Nuclear

571 MW Natural Gas

Retire Northside Unit 3

Further develop clean energy options for customers
Commercial / Industrial / Residential Solutions

Enhance Energy Efficiency and Demand Response programs

Establish JEA's Distributed Energy Resources, including customer-owned assets

PROCUREMENT CODE

Biannual Review

Heather Beard, Manager, Procurement Contract Administration



Strategic Objective

Make Doing Business with JEA Easy - Governance & Policy Review

Procurement Code Updates

Governs all JEA purchases and related administrative activities

Article 21 - JEA Charter

Requires:

Board approval - Section 21.09(b)(2)

Biannual review - Section 21.09(b)(7)

Last review was approved by the Board in April 2021

Article 2 - Procurement Authority, Designations, and Committees

Updated Award Committee language

Article 4 - Financial Services & Instruments - Procurement Directive

Deleted entire section and replaced by Procurement Code
Exemption for Financial Instruments and Services Directive

Article 5 - Administrative Remedies

Revised language for suspension and debarments,
protest bonds and appeals

Staff requests recommendation for Board approval of the Procurement Code



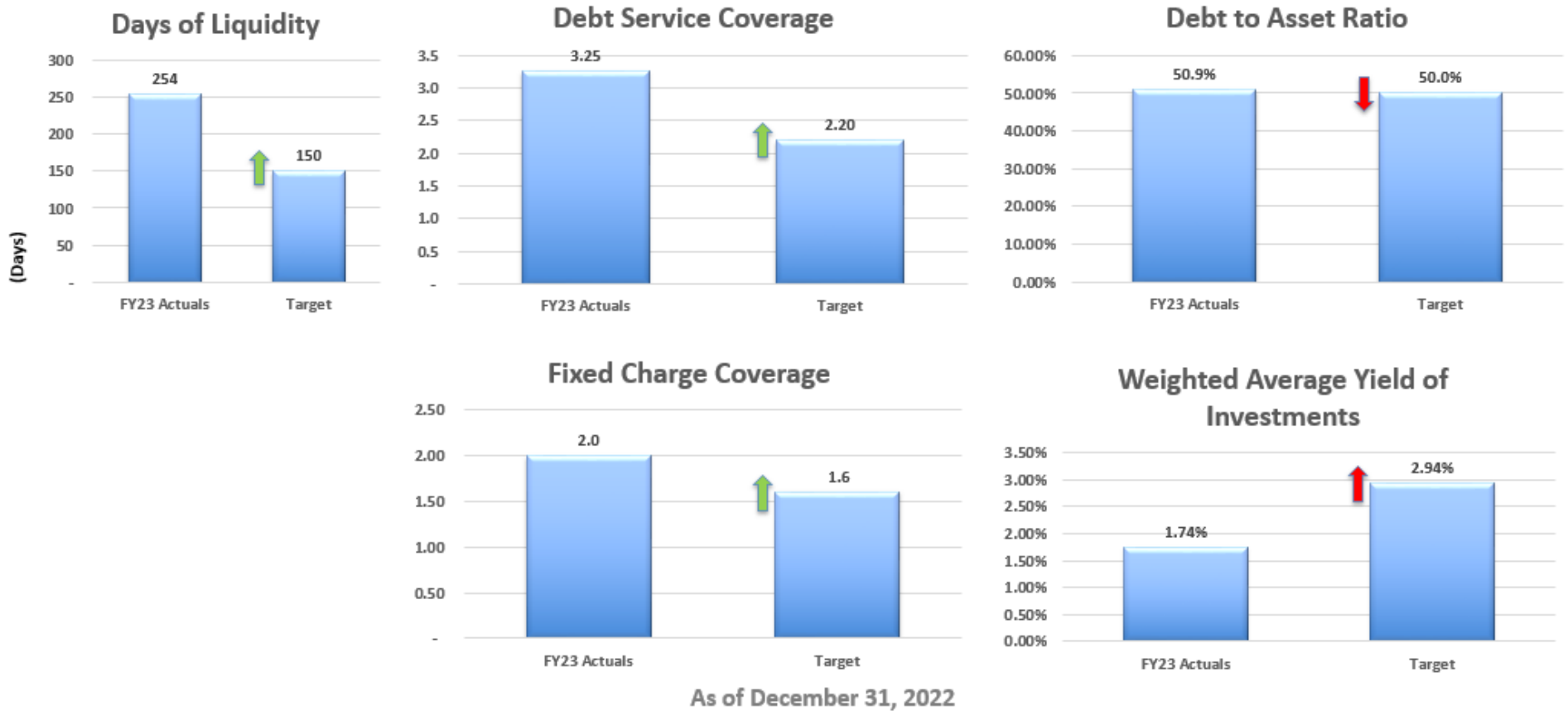
FY 2022 - 2023 Quarter 1 Financial Review

Russell Caffey, Controller

Strategic Objective

Deepen Customer & Community Engagement - Sound Business Decisions

Electric Performance Metrics



Fuel & Purchased Power

Fuel Fund					
		DEC-22 YTD		DEC-21 YTD	
JEA Generation	Generated Cost	\$	116,747,590	\$	104,858,091
	MWh Generated		2,120,042		2,019,362
	Cost / MWh	\$	55.07	\$	51.93
Purchased Power	Purchased Cost	\$	48,041,988	\$	29,038,136
	MWh Purchased		792,243		845,818
	Cost / MWh	\$	60.64	\$	34.33
Total Fuel Fund	Total Cost	\$	164,789,578	\$	133,896,227
	Blended Cost / MWh	\$	56.58	\$	46.73
GAAP					
Total GAAP	Total Cost	\$	186,156,783	\$	145,804,791
	Blended Cost / MWh		\$63.92		\$50.89

Purchased power expense excluded from fuel fund includes amounts related to MEAG and capacity

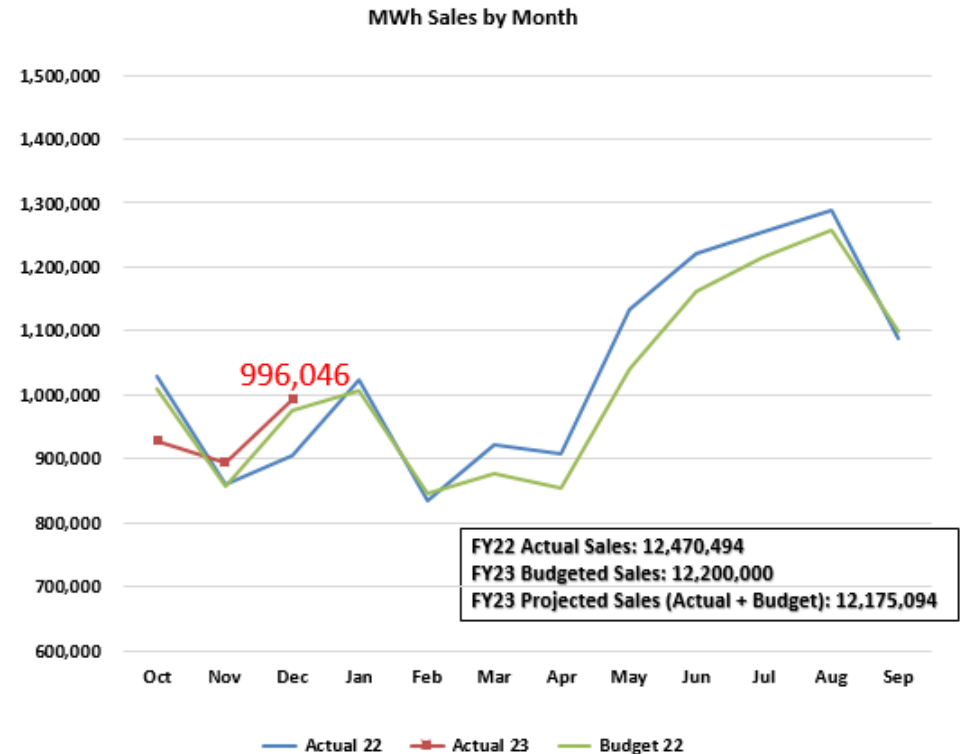
Included in the fuel fund and appearing elsewhere in the GAAP income statement are The Energy Authority equity (non-op income), interchange sales (electric revenue), and bad debt (contra electric revenue)

Revenue per Production MWh represents GL fuel revenues divided by MWh produced

Electric Sales

Customer base increased 2.2% compared to prior year

FY23 sales were up 1.2% compared to YTD FY22 and is in line with budget

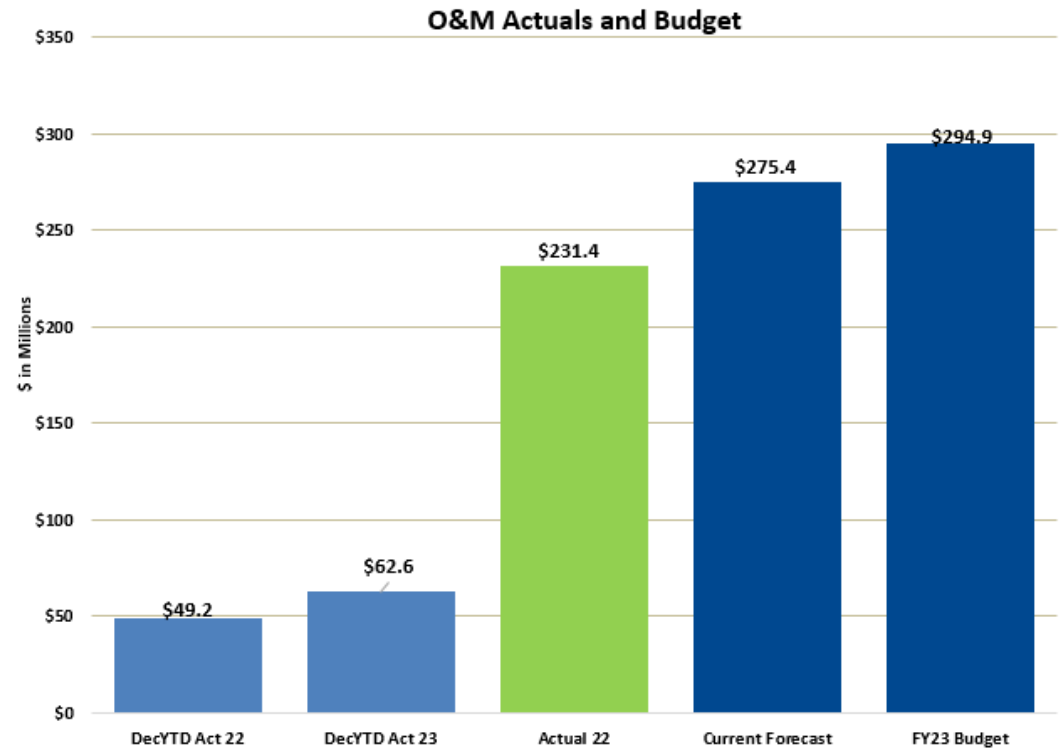


Electric O&M Forecast

Forecasting FY23 O&M spend to be \$275.4M, which is \$19.4M less than the annual budget of \$294.9M

Projected spend is 93.4% of the annual budget

YTD spend is 27.4% higher than FY22 actuals



Capital Forecast - Electric System

December 2023

Total Electric System Spend

	YTD Actuals	Budget
Total System	\$37.0M	\$240M

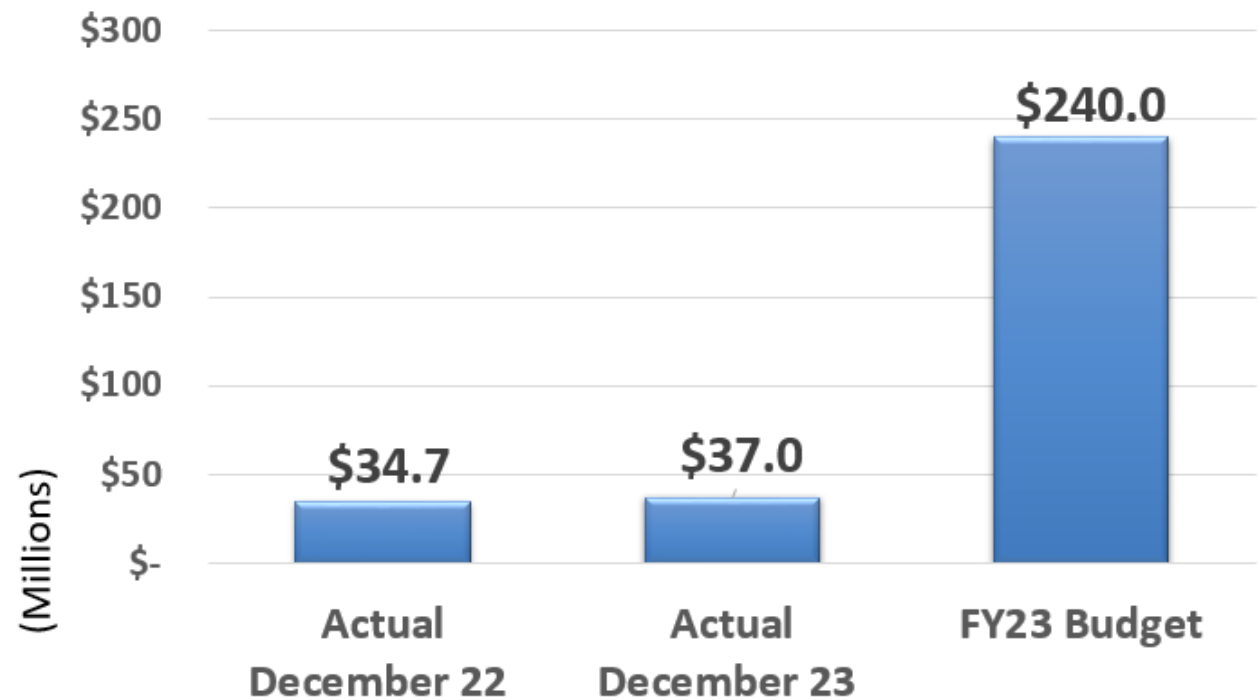
Unique Project Key Drivers

	YTD Actuals	Budget
Brandy Branch GS CT1 - 3	\$1.6M	\$27M
Mayo Substation	\$64K	\$12.3M
Facilities Southside Service Center renovations	\$533K	\$6.5M

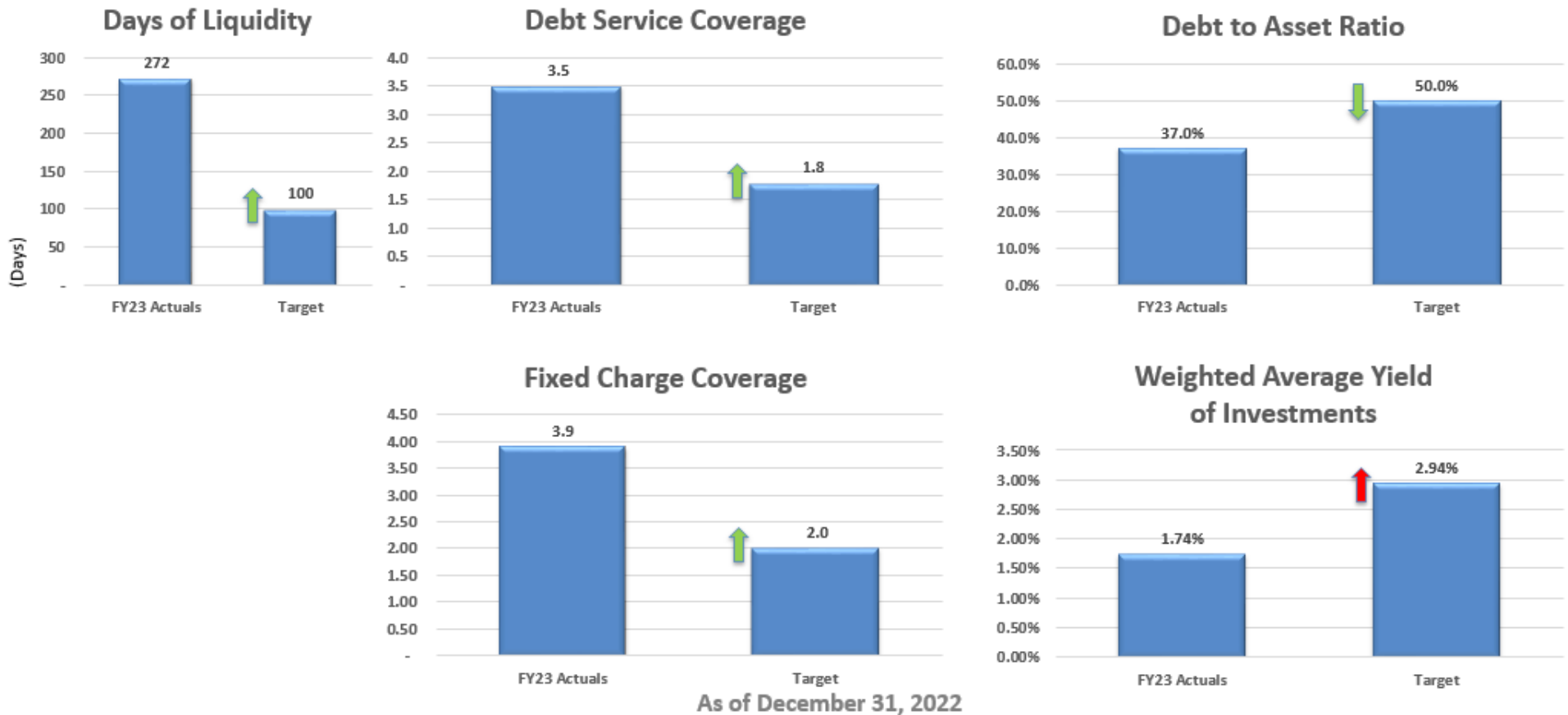
Program Project Key Drivers

	YTD Actuals	Budget
Distribution New Additions & Development	\$8.3M	\$22.4M
Electric Distribution Maint Capital	\$2.9M	\$11.8M
Fleet	\$198K	\$10.8M

Capital Actuals and Budget



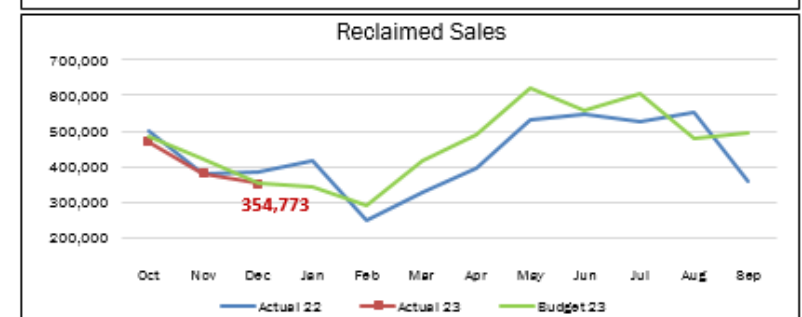
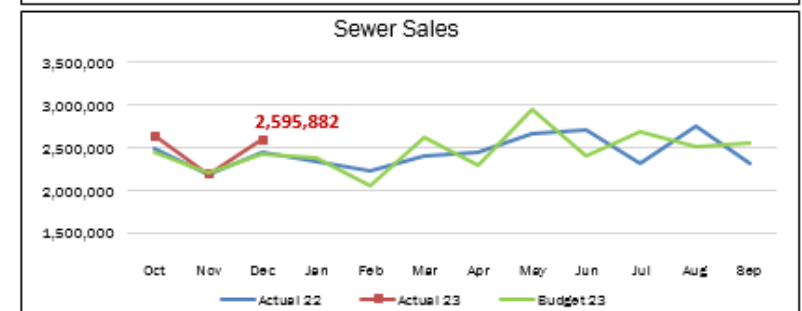
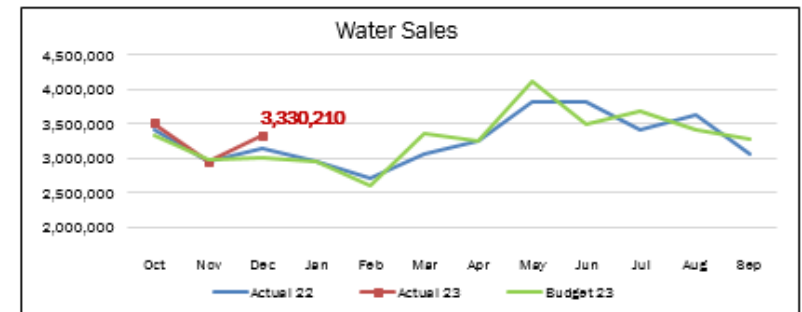
Water Performance Metrics



Water System Sales

Fiscal Year 23 YTD			
	FY23 Actual	FY23 Budget	vs FY23 Budget
Water kgals	9,776,244	9,340,590	5%
Sewer kgals	7,427,539	7,064,653	5%
Reclaim kgals	1,204,279	1,258,628	-4%
Total	18,408,062	17,663,871	4%

Rev to Production Ratio:
December FYTD 2023: 84.2%

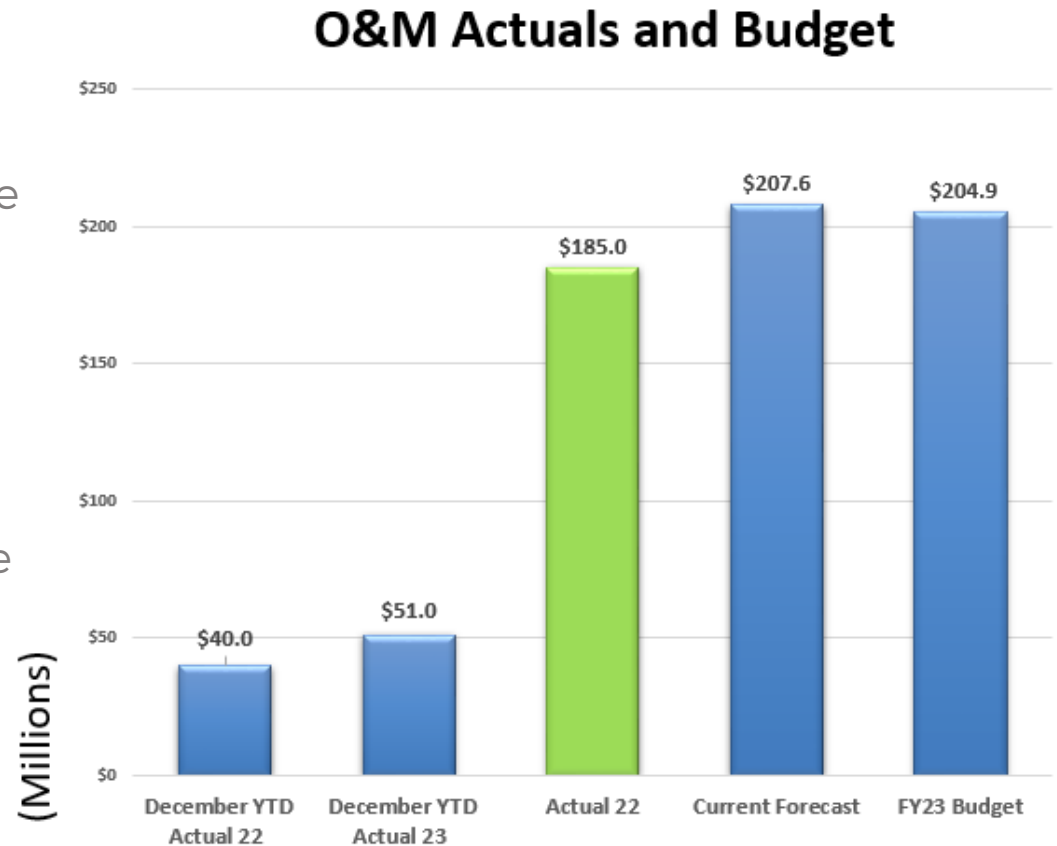


Water System O&M

Forecasting FY23 O&M spend to be \$207.6M, which is \$2.6M more than the annual budget of \$204.9M

Projected spend is 101% of the revised annual budget

Year to date O&M spend has been averaging 27% over FY22 actuals of the same timeframe



Capital Forecast - Water

Total Water Spend

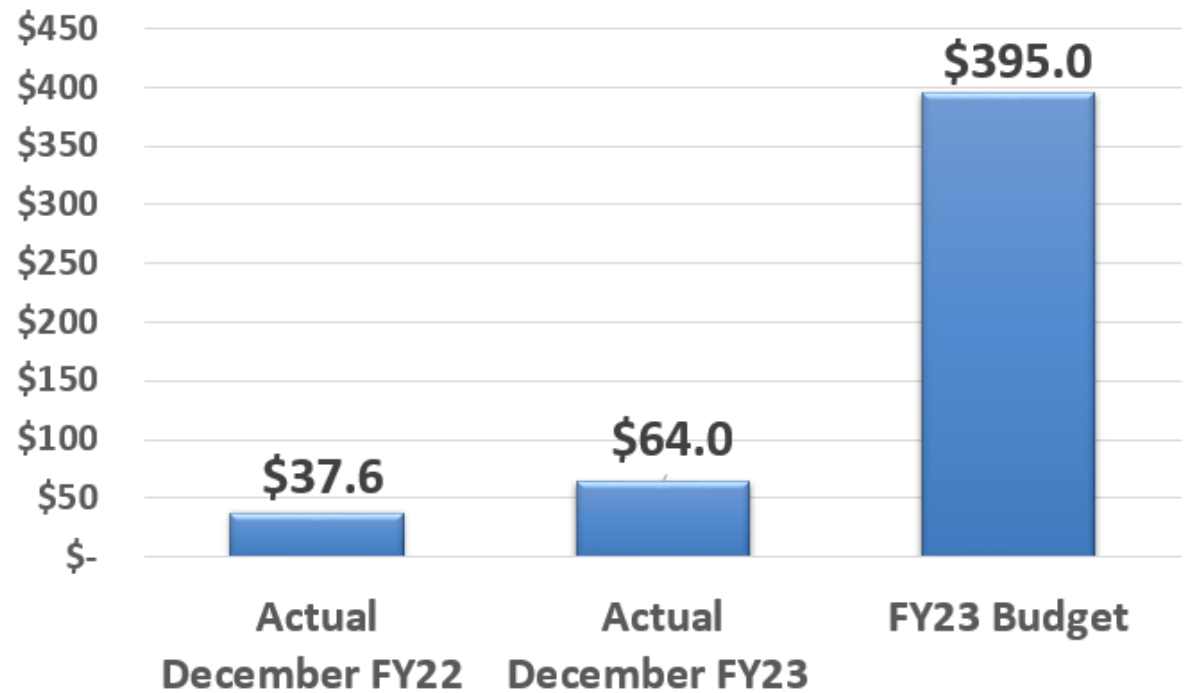
	YTD Actuals	Budget
Total System	\$63.9M	\$395M

Unique Project Key Drivers

	YTD Actuals	Budget
Greenland WRF - 4.0 MGD	\$9.8M	\$56M
Nassau WRF Expansion	\$1.4M	\$44M
Southwest WRF - Expansion to 16 MGD	\$4.7M	\$34.3M

Program Project Key Drivers

	YTD Actuals	Budget
Water Meters	\$1.4M	\$17.7M
Fleet Replacement and Expansion	\$397k	\$12.2M
OM – Galvanized Pipe Program	\$2.2M	\$7.9M





Rating Agency Presentation

Fiscal Year 2022

Joe Orfano, Vice President, Financial Services

Strategic Objective

Deepen Customer & Community Engagement - Sound Business Decisions & Reasonable Rates



Well-positioned to take on future challenges

Electric System

Maintained excellent financial and operational metrics with rates currently at median in the state

- Improving balance sheet with system debt at a 38-year low
- Continued excellent distribution system reliability

Capital program includes \$1.5 billion of projects over the next five years, 69% cash funded 31% bond funded

Total debt reduction of \$2.8 billion since system peak in 2009

- Accelerated principal due before 2026, resulting in debt service coverage of at least 3.0x and fixed charge coverage of 1.6x when Vogtle comes fully online
- In January 2022 retired \$48 million of Scherer – Bulk Power Supply System Bonds and \$27 million of SJRPP Issue Three Bonds with proceeds from the Scherer Plant closure
- In September 2022 used the remaining St. Johns River Power Park funds to redeem approximately \$102 million of Issue Three Bonds

Water System

Maintained excellent financial and operational metrics with rates (5/8" meter, 6 kgals of consumption) currently lower than median of Florida peers tracked and reported on by JEA monthly

- Debt to asset ratio of 37% is the lowest since FY2000
- Commitment to investing in infrastructure ensures reliable operation

Capital program of \$2.2 billion over the next five years, 60% cash funded 40% bond funded

Total debt reduction of \$867 million since 2011 with a debt to asset ratio under the 46% peer ratio

- Strong balance sheet and ample liquidity
- Superior debt service coverage expected to be 3.0x to 4.1x over the next five years



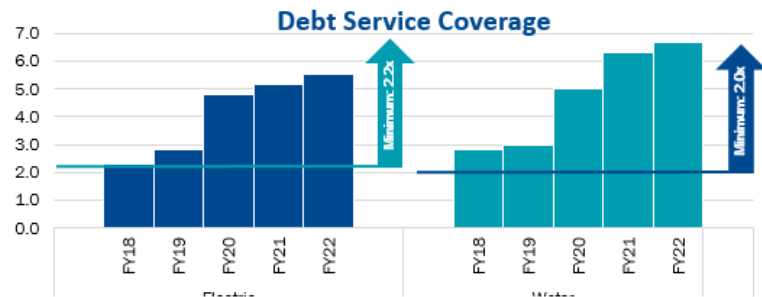
Financials

FY2022 Results

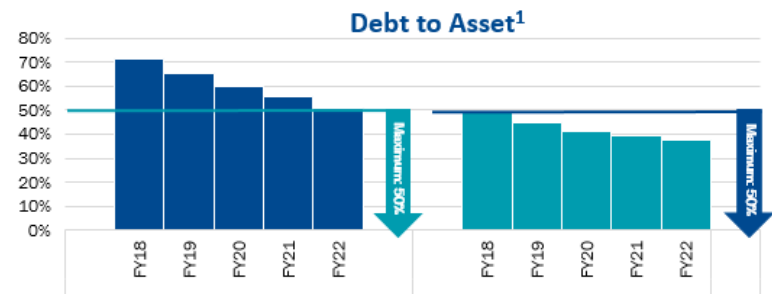
FY2023 – FY2027 Projections



JEA Consolidated | Historical Financial Metrics

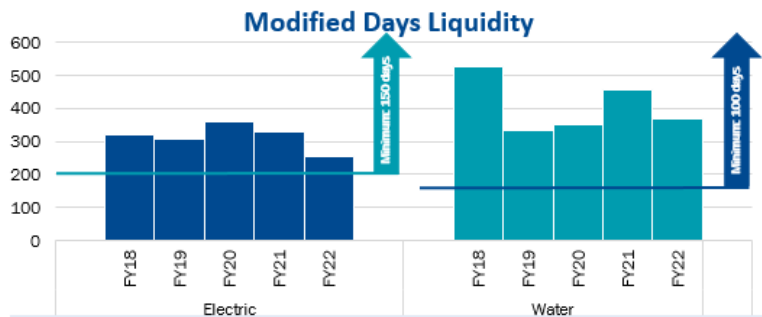


FY2022 Debt Service Coverage remains strong and provided financial flexibility to respond to industry challenges

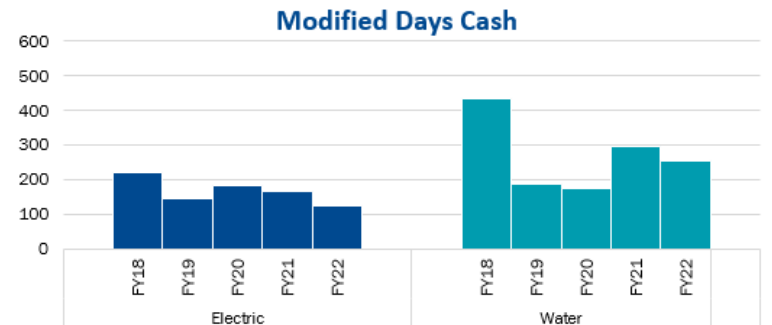


Debt to Asset Ratio continues to improve and now meets or exceeds long-term pricing policy targets

¹ Includes Electric System, Scherer and SJRPP



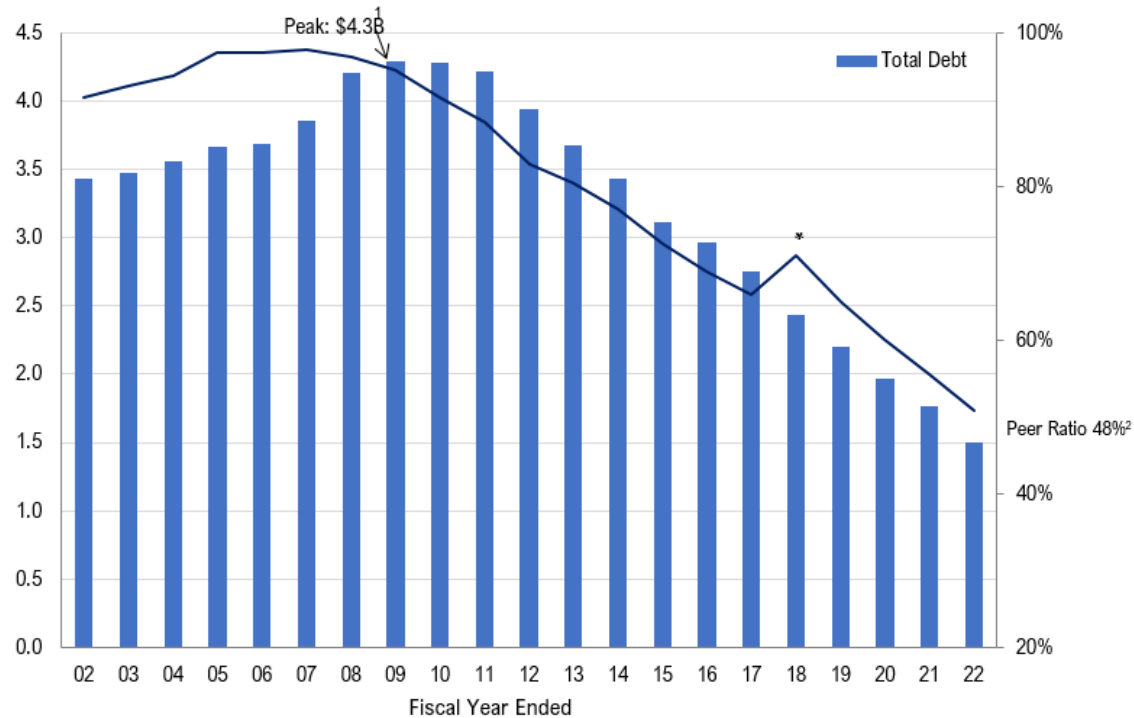
Modified days liquidity remains strong and above pricing policy target



Modified Days Cash remains strong and provided the ability to invest in infrastructure in both systems without new debt through FY22

FY2022 results demonstrate strong performance across all key financial metrics

JEA Electric System | Debt Management

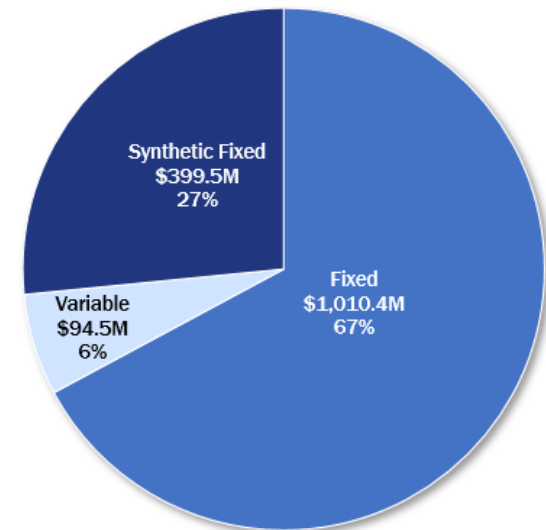


¹ Includes Electric System, Scherer, and SJRPP

² Fiscal 2021 medians – Top 30 City Owned Generators By Debt Outstanding – Aa-rated
Moody's Sector Profile – Public Power – US, 2023-01-30

* Increase in Debt to Asset Ratio in FY18 due to SJRPP retirement

Debt Composition as of September 30, 2022



\$2.8 billion reduction in debt since peak

Variable rate exposure reduced from 20% in 2008 to 6% in 2022

JEA Electric System | Financial Results

Our Forecasts For FY2022

- **4.9x** Combined debt service coverage
- **185** Days of cash on hand
- **328** Days of liquidity
- **\$258M** Total debt reduction^{1,2}
- **49%** Debt to asset ratio¹
- **47%** Debt to capitalization ratio¹
- **\$190M** Capital expenditures
- **0%** System MWh Sales growth

¹ Includes Electric System, Scherer, and SJRPP

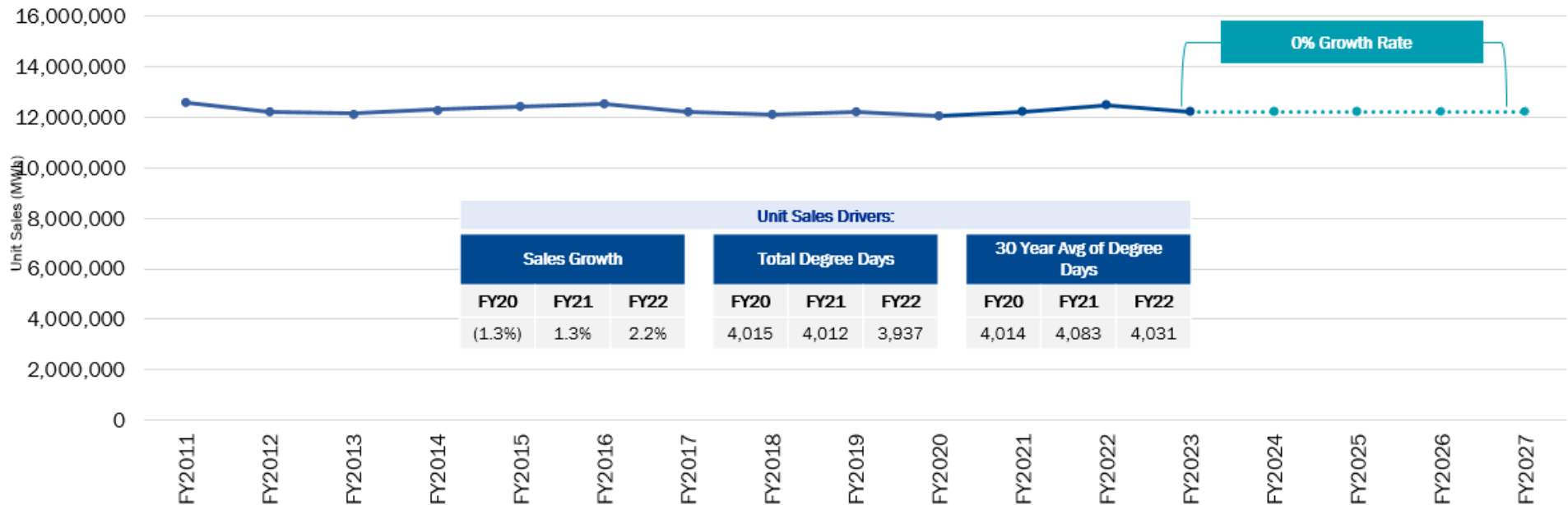
² Includes early retirement of \$129 million of SJRPP debt and \$48 million of Scherer debt

Our Outcomes for FY2022

- **5.6x** Combined debt service coverage
- **126** Days of cash on hand
- **254** Days of liquidity
- **\$258M** Total debt reduction^{1,2}
- **51%** Debt to asset ratio¹
- **46%** Debt to capitalization ratio¹
- **\$188M** Capital expenditures
- **2%** System MWh Sales growth

JEA Electric System | Unit Sales

Weather Normalized Unit Sales in MWh

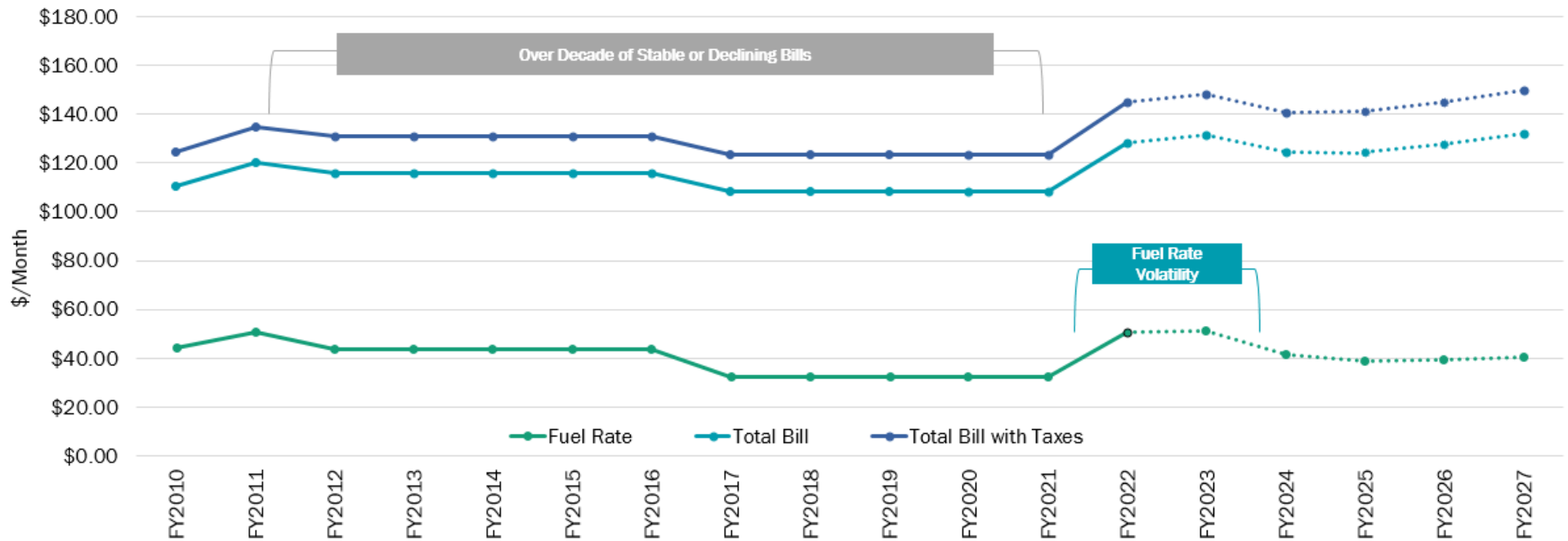


- Historically the electric system experienced -0.1% annualized unit sales growth from 2011 –2022¹ on weather normalized basis
- For financial planning purposes, JEA forecasts system unit sales growth of 0% from FY2023 to FY2027

¹ Includes impact of expiration of sales for resale- territorial contract with FPU

JEA Electric System | Residential Customer Rates

Electric Residential Rates (@1,000 kWh)



- Annual revenue requirement (excluding fuel) increases of approximately 3% between FY2023-2027
- FY2023-2027 total bill projections include base rate assumptions as of April 1 in any given year
- FY2023-2027 fuel rate projections based on annualized estimates of monthly rate. Implemented a new fuel and purchased power policy in FY2022, moving to a monthly setting of the fuel rate. Future incorporation of nuclear, solar, FPL Power Purchase Agreement, and robust hedging strategies will help stabilize the fuel rate over the forecast horizon.

JEA Electric System | Capital Funding Sources & Uses

	2022	2023	2024	2025	2026	2027
Beginning Capital Fund Balance	\$184	\$233	\$173	\$98	\$35	\$36
Beginning Environmental Fund Balance	\$20	\$21	\$15	\$0	\$0	\$0
Funds from Current Year Revenue ¹	\$238	\$163	\$173	\$193	\$209	\$212
Funds from Debt Issuance	\$0	\$0	\$0	\$0	\$225	\$225
Funds from Operating Fund Transfers	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$238	\$163	\$173	\$193	\$434	\$437
Capital Spending²	(\$188)	(\$235)	(\$215)	(\$215)	(\$400)	(\$400)
Early Debt Retirements	\$0	\$0	\$0	\$0	\$0	\$0
Other ³	(\$1)	\$7	(\$50)	(\$40)	(\$33)	(\$34)
Total Uses of Funds	(\$188)	(\$228)	(\$265)	(\$255)	(\$433)	(\$434)
Ending Capital Fund Balance	\$233	\$173	\$98	\$35	\$36	\$39
Ending Environmental Fund Balance	\$21	\$15	\$0	\$0	\$0	\$0

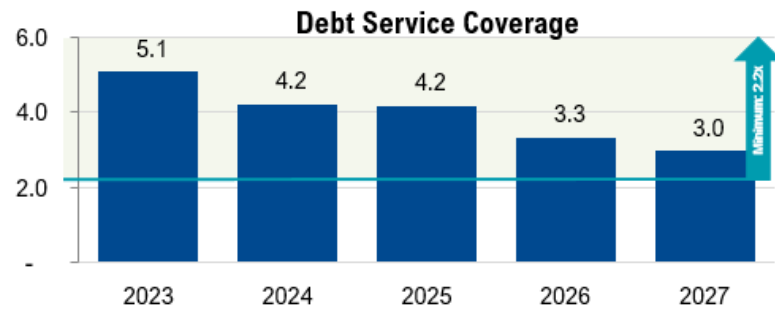
**The Electric System capital plan is centered on renewal and replacement,
while preparing for additional capital needs including future generation beginning in FY2025-FY2027**

¹Includes Non-environmental & Environmental revenues in FY22 & FY23. Environmental rate projected to be folded into base rates April 1 of FY23.

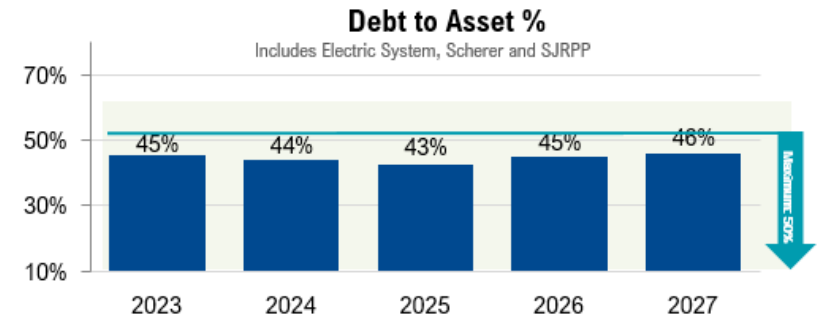
²Includes Non-environmental & Environmental spend in FY22 & FY23.

³Include items such as sale of property, changes in working capital, adjustments for CWIP, Environmental O&M, and Amortization of Environmental Regulatory Asset

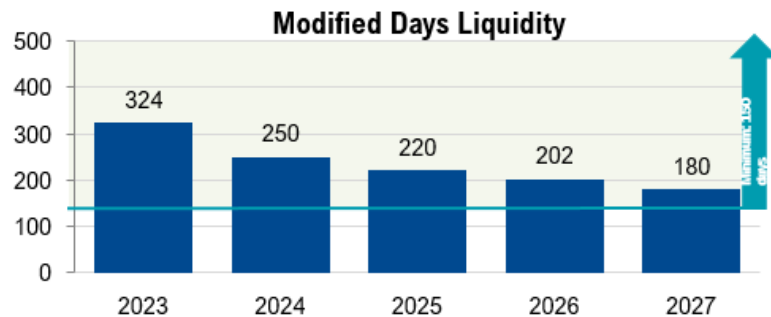
JEA Electric System | Financial Metrics



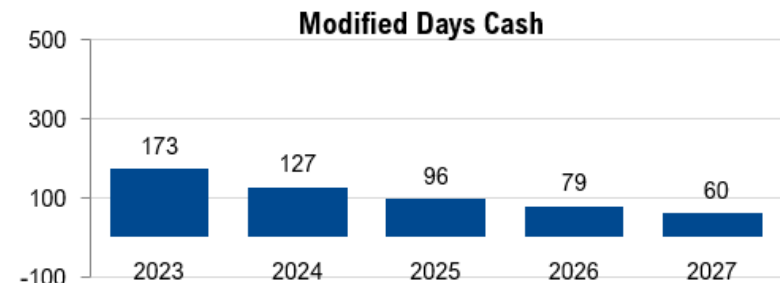
Strong Debt Service Coverage metrics, result of prior accelerated debt repayments, above pricing policy target



Debt to Asset % under internal policy targets



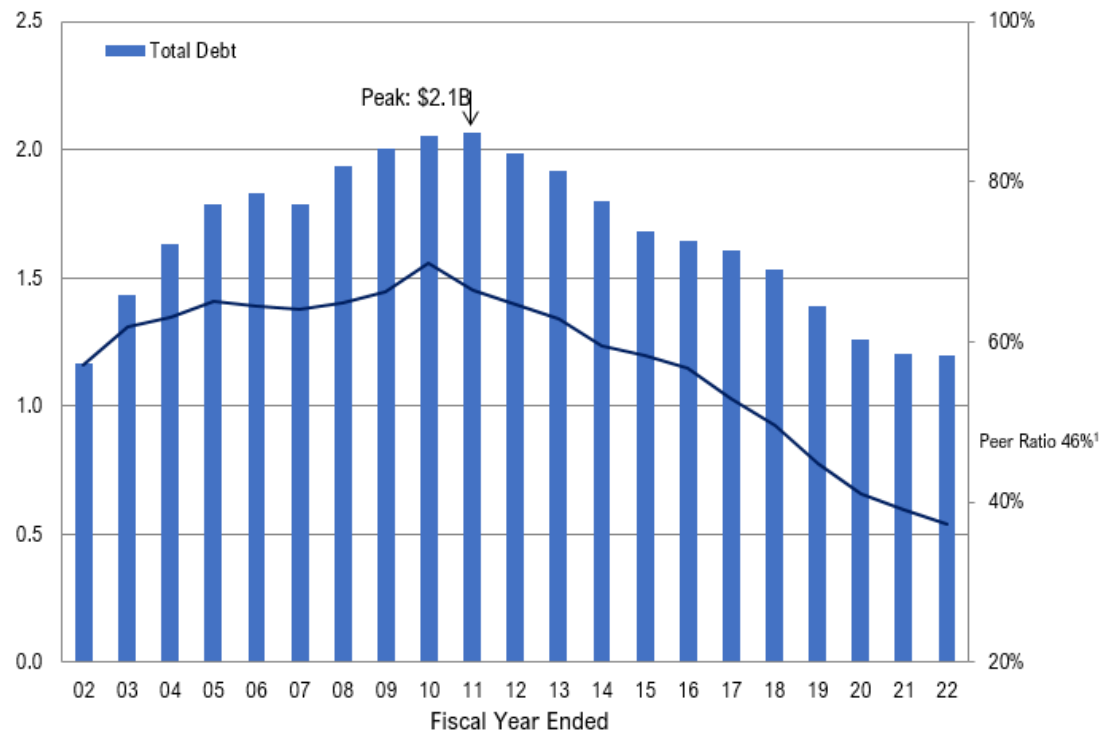
Liquidity metrics impacted by revolver available balance allocation. Modified days liquidity above pricing policy target



Modified days cash dips below 90 days in five-year window driven by NFPP fund usage to help offset rate pressure beginning in FY24

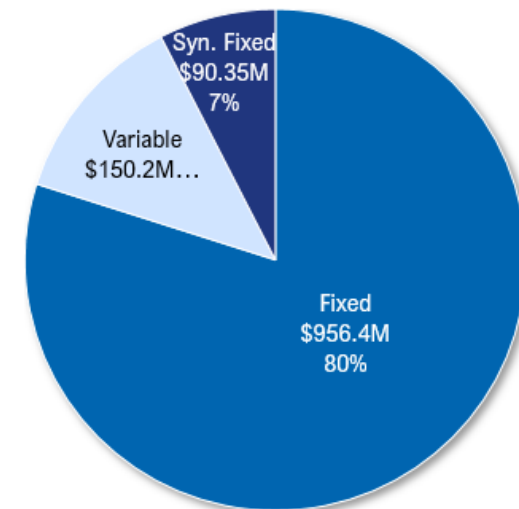
Debt to Asset ratio at Mid 40% Range in 2027 • \$1.5 billion capital plan FY23 – FY27

JEA Water System | Debt Management



¹ Calculated from Moody's Municipal Financial Ratio Analysis database of 189 Aa rated public water-sewer utilities, Nov. 22, 2022

Debt Composition
as of September 30, 2022



\$867 million reduction in debt since peak

Variable rate exposure reduced from 18% in 2009 to 13% in 2022

JEA Water System | Financial Results

Our Forecasts For FY2022

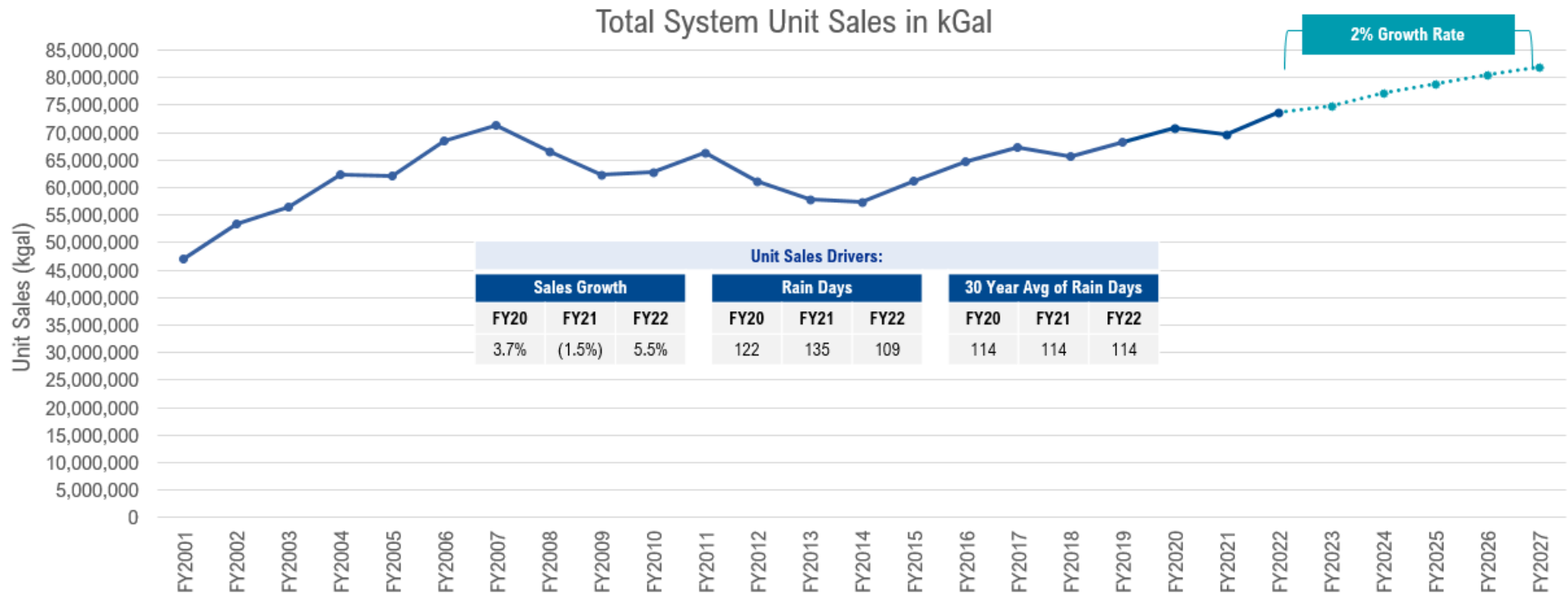
- **5.6x** Combined debt service coverage¹
- **189** Days of cash on hand
- **327** Days of liquidity
- **\$9M** Total debt reduction
- **38%** Debt to asset ratio
- **36%** Debt to capitalization ratio
- **\$310M** Capital expenditures
- **2%** increase in Water kgal sales

¹ Includes capacity fees

Our Outcomes for FY2022

- **6.7x** Combined debt service coverage¹
- **252** Days of cash on hand
- **370** Days of liquidity
- **\$9M** Total debt reduction
- **37%** Debt to asset ratio
- **36%** Debt to capitalization ratio
- **\$302M** Capital expenditures
- **6%** increase in Water kgal sales

JEA Water System | Unit Sales



- FY2023-2027 projected growth rate by commodity is 1.3% for Water, 1.5% for Sewer, 13% for Retail Reclaim, and 0% for Bulk Reclaim. Overall system projected unit sales growth is 2% from FY2023-2027.
- Sales growth assumptions based on production versus sales reconciliation utilizing historic average production ratios for each commodity

JEAWater System | Capital Funding Sources & Uses

	2022	2023	2024	2025	2026	2027
Beginning Capital Fund Balance	\$97	\$113	\$20	\$24	\$45	\$60
Beginning Environmental Fund Balance	\$30	\$26	\$0	\$0	\$0	\$0
Funds from Current Year Revenue ¹	\$280	\$249	\$244	\$219	\$246	\$237
Funds from Debt Issuance	\$0	\$0	\$217	\$217	\$217	\$217
Funds from Operating Fund Transfers ²	\$0	\$17	\$24	\$35	\$3	\$0
Total Sources of Funds	\$280	\$266	\$492	\$478	\$472	\$461
Capital Spending³	(\$302)	(\$395)	(\$450)	(\$450)	(\$450)	(\$450)
Early Debt Retirements	\$0	\$0	\$0	\$0	\$0	\$0
Other ⁴	\$33	\$10	(\$31)	\$0	\$0	\$0
Total Uses of Funds	(\$269)	(\$385)	(\$481)	(\$450)	(\$450)	(\$450)
Ending Capital Fund Balance	\$113	\$20	\$24	\$45	\$60	\$65
Ending Environmental Fund Balance	\$26	\$0	\$0	\$0	\$0	\$0

The Water System capital plan is driven by growth, programs to rehabilitate and harden infrastructure critical to system operation and reliability, and a Surface Water Discharge Elimination program.

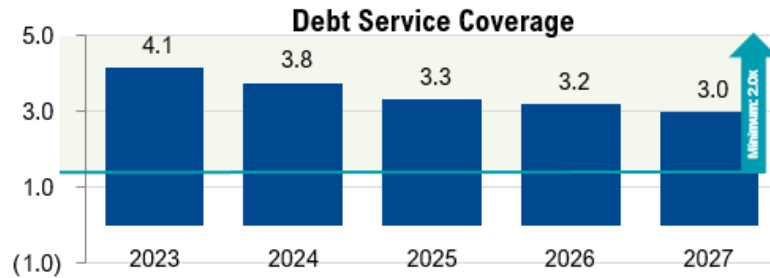
¹Includes Non-environmental & Environmental revenues in FY22 & FY23. Environmental rate projected to be folded into base rates April 1 of FY23.

²Operating funds transfers to support environmental fund wind down plan

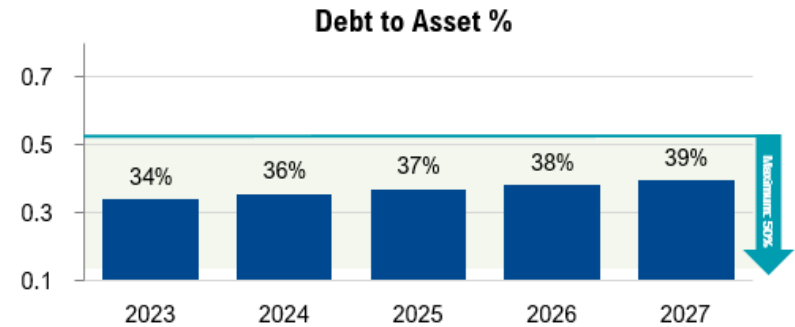
³Includes Non-environmental & Environmental spend in FY22 - FY26

⁴Include items such as sale of property, changes in working capital, adjustments for CWIP, Environmental O&M, Amortization of Environmental Regulatory Asset, etc.

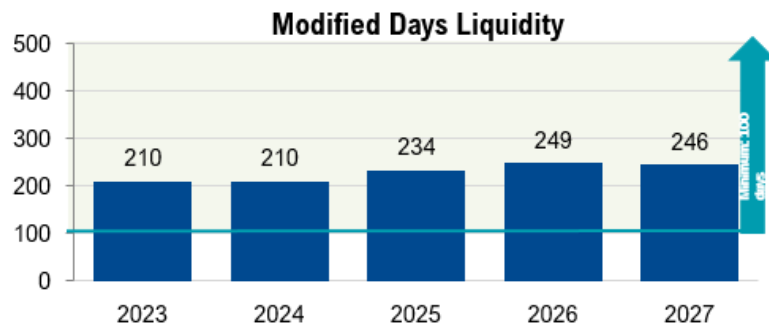
JEA Water System | Financial Metrics



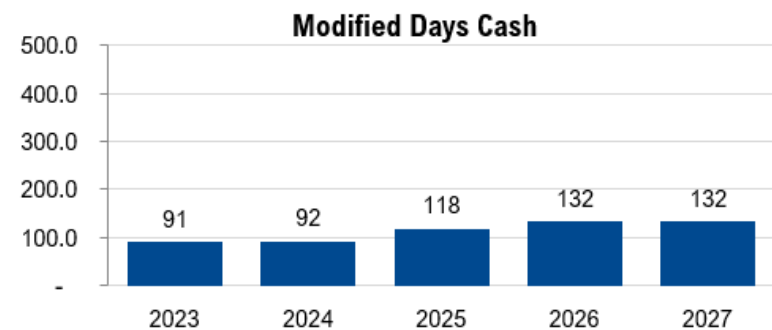
Strong Debt Service Coverage metrics, result of prior accelerated debt repayments, above pricing policy target



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

Debt to Asset ratio at Mid-High 30% Range in 2027 • \$2.2 billion capital plan FY23 – FY27

Consistently demonstrates superior financial & operational performance

Electric

JEA merits a AA credit rating

- ✓ Maintained excellent financial and operational metrics
- ✓ Repaid \$258 million in debt during FY2022 for a total of \$2.8 billion since the system peak in 2009
- ✓ Financial plan reflects the additional cost of Plant Vogtle
- ✓ Capital program to be funded mostly with internal capital
- ✓ Base rate increases projected consistent with historical inflation rates over the forecast period
- ✓ Switched to a monthly fuel rate to increase transparency and directly pass on costs

Water

JEA merits a AAA credit rating

- ✓ Superior operational and financial metrics
- ✓ Repaid \$9 million in debt during FY2022 for a total of \$867 million since the system peak in 2011
- ✓ Robust growth in sales and customers
- ✓ Capital program funded predominantly with internal capital
- ✓ Continued commitment to investing in infrastructure to ensure reliability in operations now and into the future
- ✓ No projected rate increases currently in the five-year forecast period



ANNUAL DISCLOSURE REPORTS OVERVIEW

Randall Barnes, Treasurer

Strategic Objective

Make Doing Business with JEA Easy - Governance & Policy Review



Annual Disclosure Report Process Overview

JEA Requirements

Board Member Requirements

Steps Board Members Can Take

Draft Annual Disclosure Reports

Timeline

Accuracy of the Disclosure





FINANCE & OPERATIONS COMMITTEE

Supplemental Materials

JOINT MEETING OF THE FINANCE & OPERATIONS AND EXTERNAL AFFAIRS COMMITTEE
MINUTES
December 16, 2022

The Joint Meeting of the Finance & Operations and External Affairs Committee of JEA met at 9:00 am on Friday, December 16, 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.

WELCOME

Meeting Called to Order – Committee Chair General Joseph DiSalvo called the meeting to order at 9:00 am. Finance & Operations Committee members Marty Lanahan and Rick Morales, being present for the meeting constituted a quorum. External Affairs Committee member Tom VanOsdol attended virtually. A quorum of the committee was not physically present for the meeting. Board member John Baker also attended virtually.

Others in attendance in-person were Jay Stowe, Managing Director/CEO; Jody Brooks, Chief Administrative Officer; Ted Phillips, Chief Financial Officer; Raynetta Curry Marshall, Chief Operating Officer; Laura Schepis, Chief External Affairs Officer; Joe Orfano, Vice President, Financial Services; Paul Mitchell, Vice President, Economic Development; Brad Krol, Chief Information Officer; Mark Stultz, Vice President, Communications; Kurtis Wilson, Vice President, Government Relations; Alan McElroy, Vice President, Supply Chain and Operations Support; and Regina Ross, Chief Legal Officer, Office of General Counsel.

Laura Dutton, Chief Strategy Officer; Jordan Pope, Vice President, Corporate Strategy; Ricky Erixton, Vice President, Electric Systems; and Hai Vu, Vice President, Water/Wastewater Systems attended virtually.

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

Approval of Finance & Operations Committee Minutes – On *motion* by Marty Lanahan and seconded by Rick Morales, the September 9, 2022 Finance and Operations Committee meeting minutes were approved.

Approval of External Affairs Committee Minutes – July 25, 2022 – Due to the lack of quorum, this item was deferred to the Board for approval at the January 24, 2023 meeting.

Safety Briefing and Moment – John Sgambettera, Director, Water/Wastewater and Reuse Treatment, noted the safety protocol is outlined in the materials and provided a Values Moment on Respecting Coworkers During the Holiday Season.

Comments from the Public – Logan Cross, representing the Sierra Club of Northeast Florida and member of the Electric Integrated Resource Plan (IRP) Stakeholder Advisory Committee, spoke on renewable energy sources.

There were no virtual or emailed public comments.

FOR COMMITTEE CONSIDERATION

FY21-22 Financial Review – Russell Caffey, Controller, provided an update on JEA’s Electric & Water Performance Metrics, Fuel and Purchased Power, Electric & Water Sales, and the Electric & Water O&M. General DiSalvo expressed appreciation for the review and noted it will be provided quarterly. General DiSalvo confirmed the amended budget resolution will go to City Council in January 2023. This presentation was received for information.

Electric Cost of Service & Rates Study Results – Victor Blackshear, Director, Financial Planning & Rates, presented the electric cost of service process and FY23 electric cost of service results. Mr. Blackshear stated an overall FY23 rate revenue adjustment of 0.5% is needed to maintain current operations. Mr. Blackshear highlighted the electric rate study goals, immediate rate strategy for FY23, FY23 residential rate recommendations, FY23 electric tariff documentation revisions, electric residential bill presentment and FY23 commercial and industrial rate recommendations. Board members held discussions.

On ***motion*** by Rick Morales and seconded by Marty Lanahan, the Finance and Operations Committee unanimously approved recommending the proposed revisions to the Board for approval.

Bond Refunding Delegations Calendar Years 2023 - 2025 – Randall Barnes, Treasurer, presented an overview of the Senior Subordinated Electric and Senior Subordinated Water & Sewer, the St. Johns River Power Park and District Energy Systems. Mr. Barnes noted staff are requesting authorization for total refunding delegations over a three-year period for \$515 million of callable fixed rate bonds and \$732 million of variable rate debt. Board members held discussions.

On ***motion*** by Marty Lanahan and seconded by Rick Morales, the Finance and Operations Committee unanimously approved recommending the Board approve the delegation process by authorizing the Managing Director/CEO to price and execute future fixed rate bond refunding transactions.

Supply Chain Challenges - Transformers – Kenny Pearson, Procurement Category Manager, provided an update on the supply chain issues JEA and the country has experienced since 2020. Mr. Pearson gave an overview of the steps he and his team have taken to leverage the strength of numerous suppliers to provide not only quality, but also competitive pricing and a consistent supply of transformers to include international suppliers. This presentation was received for information.

System Solar Firm Energy Transaction Confirmation – Garry Baker, Senior Director, Electric Operations, presented information on the transaction confirmation with The Energy Authority, currently in negotiations with JEA. The price for the energy is \$45/mwh plus associated Florida Power & Light transmission and ancillary service costs which are \$2733.54/mw-month with a potential reduction of 20% pending Federal Energy Regulatory Commission approval. Mr. Baker informed the committee that JEA would need additional credit for the Power Purchase Agreement. Board members held discussions.

On ***motion*** by Marty Lanahan and seconded by Rick Morales, the Finance and Operations Committee unanimously approved recommending the Board approve the System Solar Firm Energy Transaction Confirmation between The Energy Authority and JEA with a value of approximately \$106.6M.

Electric Resiliency Assessment – Pedro Melendez, Vice President, Planning, Engineering, & Construction, provided an update on JEA’s Electric System Resilience assessment that seeks to identify risks and opportunities to respond and plan for severe weather and other natural threats that may impact reliable services. Mr. Melendez provided a review of the Design Standards Review, Overhead to Underground Conversion Methodology for Resilience Improvement, Adaptation and Hazard

Mitigation, and Prepare an Electric System Resilience Plan. This presentation was received for information.

Electric Integrated Resource Plan (IRP) Scenarios – Laura Schepis, Chief External Affairs Officer; Raynetta Curry Marshall, Chief Operating Officer; and Pedro Melendez, Vice President, Planning, Engineering, & Construction, provided an overview on the Electric IRP function and process, initial scenarios, current scenarios with the projected demand, current scenarios and key variables, common resource additions, net energy by resource, CO₂ emissions, cumulative system costs, and the implementation plan. Ms. Marshall informed the Committee the horizon for the IRP is 30 years keeping in mind JEA's responsibility to ensure reliable services, to act responsibly toward a sustainable environment and to maintain affordability of electricity now and in the future. Ms. Marshall highlighted the process would include identifying future needs based on demand projections JEA has going forward and the IRP would be updated every three to four years due to changes in new technologies that aren't commercially viable at this time. In collaboration with stakeholders, the IRP team finalized the inputs and key variables, common resource additions, and provided a layout of the implementation plan. Board Members held discussions. This presentation was received for information.

ADDITIONAL INFORMATION (Provided for Information Only)

Appendix A: Electric Cost of Service/Rate Study

Appendix B: Bond Refunding Delegation

Appendix C: Solar Energy Power Purchase Agreement

Appendix D: FY22 JEA Procurement Annual Report

Appendix E: Jacksonville Small and Emerging Business Quarterly Report

Appendix F: Natural Gas Advance Agreement with The Energy

Appendix G: Electric System and Water & Sewer System Reserve Fund

Appendix H: JEA Energy Market Risk Management Policy Report

Appendix I: FY23 Corporate Communications and Community Outreach

CLOSING CONSIDERATIONS

Announcements – Next Finance & Operations Committee Meeting March 10, 2023, External Affairs Committee Meeting April 18, 2023.

Adjournment – With no further business coming before the Committee, General DiSalvo declared the meeting adjourned at 10:55 am.

APPROVED BY:

Joseph DiSalvo, Committee Chair

Date: _____

Submitted by:

Allison S Hickok

Allison S Hickok
Office Support Associate



BOARD RESOLUTION No.: 2023-17

March 28, 2023

A RESOLUTION BY THE BOARD APPROVING AN INTERLOCAL AGREEMENT WITH THE JACKSONVILLE PORT AUTHORITY TO INCREASE THE HEIGHT OF TRANSMISSION LINES AT FULTON CUT CROSSING; AUTHORIZING THE CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR OR DESIGNEE TO EXECUTE ON BEHALF OF THE BOARD; PROVIDING FOR THE CORRECTION OF ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE

RECITALS

WHEREAS, the Jacksonville Port Authority (JAXPORT), a body politic and corporate created under chapter 2001-319, Laws of Florida, as amended, is charged with operating, managing, and controlling the publicly owned seaport and ancillary facilities situated within the geographic boundaries of the City of Jacksonville (City); and

WHEREAS, JEA, a body politic and corporate created under chapter 78-538, Laws of Florida, as amended, and Article 21 of the City Charter, is vested with plenary authority to own, manage, and operate electric, waste, wastewater, natural gas, and other utility systems situated within and without the City in accordance with Article 21; and

WHEREAS, JEA owns and operates six (6) aerial high-voltage electric transmission lines that cross the St. Johns River at the Fulton Cut Crossing; and

WHEREAS, the transmission lines are currently carried by three (3) double circuit lattice towers located on each side of the crossing; and

WHEREAS, JAXPORT seeks to increase the height of JEA's transmission lines to improve conditions for the size and types of ships traversing Fulton Cut Crossing, thereby expanding navigation into and out of JAXPORT facilities as well as providing for more reliable, updated and resilient infrastructure; and

WHEREAS, JEA has confirmed the feasibility of replacing the existing lattice towers so as to increase or raise the height of JEA's transmission lines from a current air draft of approximately 175 feet to 225 feet (the "Project"); and

WHEREAS, on June 27, 2022, the JAXPORT and JEA (collectively "the Parties") entered into a Memorandum of Agreement ("MOA"), memorializing their respective commitments to carry out and complete the Project; and

WHEREAS, the MOA further provided for the Parties agreement to enter into a binding interlocal agreement for completion of the Project, contingent upon JAXPORT securing adequate funding; and

WHEREAS, JAXPORT has secured funding for the Project in the total amount of Forty-Five Million Dollars (\$45,000,000) from the Florida Department of Transportation ("FDOT") and from the City to be disbursed to JAXPORT during the Project duration; and

Page 2

WHEREAS, pursuant to Chapter 163.01, Florida Statutes, as amended, the Parties are authorized and empowered to cooperate with each other on a basis of mutual advantage to enter into interlocal agreements to make the most efficient use of their powers; and

WHEREAS, the Parties desire to enter into an interlocal agreement in substantially the same form and format as attached hereto as Attachment 1, and incorporated herein, detailing their respective duties and obligations in completing the Project; and

WHEREAS, based upon its review, the Board finds that entering into the proposed interlocal agreement to cooperate with JAXPORT to complete the Project provides mutual advantage and effective use of the Parties respective powers.

NOW, THEREFORE, 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 approves the terms, conditions, and provisions of the proposed interlocal agreement.
3. The Board authorizes the Chief Executive Officer/Managing Director, or designee, to execute an interlocal agreement in substantially the same form and format as attached hereto as Attachment 1, providing for completion of the Project.
4. 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 administratively corrected with no further action required by the Board.
5. This Resolution shall be effective upon approval by the Board.

Dated this ____ day of _____ 2023.

JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

Instrument Prepared By:

Harry M. Wilson IV
Assistant General Counsel
Office of General Counsel
117 W. Duval Street, Suite 480
Jacksonville, FL 32202

INTERLOCAL AGREEMENT

(Regarding the Fulton Cut Crossing Transmission Lines)

THIS INTERLOCAL AGREEMENT (“Agreement”) is entered into this ____ day of _____, 2023 (the “Effective Date”), between the **JACKSONVILLE PORT AUTHORITY** (“JAXPORT”), a body politic and corporate existing under the laws of the State of Florida, located at 2831 Talleyrand Avenue, Jacksonville, FL 32206, and **JEA**, a body politic and corporate existing under the laws of the State of Florida, located at 21 West Church Street, Jacksonville, FL 32202 (together, the “Parties”).

RECITALS:

WHEREAS, JAXPORT, a body politic and corporate created under chapter 2001-319, Laws of Florida, as amended, is charged with operating, managing, and controlling the publicly owned seaport and ancillary facilities situated within the geographic boundaries of the City; and

WHEREAS, JEA, a body politic and corporate created under chapter 78-538, Laws of Florida, as amended, and Article 21 of the City Charter, is vested with plenary authority to own, manage and operate electric, waste, wastewater, natural gas, and other utility systems situated within and without the City in accordance with Article 21; and

WHEREAS, JEA owns and operates six (6) aerial high-voltage electric transmission lines that cross the St. Johns River at the Fulton Cut Crossing; and

WHEREAS, the transmission lines are currently carried by three (3) double circuit lattice towers located on each side of the crossing; and

WHEREAS, JAXPORT desires to increase the height of JEA’s transmission lines to improve conditions for the size and types of ships traversing Fulton Cut Crossing, thereby expanding navigation into and out of JAXPORT facilities, and JEA desires to acquire more reliable, updated and resilient infrastructure to serve the area; and

WHEREAS, JEA has confirmed the feasibility of replacing the existing lattice towers so as to increase or raise the height of JEA’s transmission lines from a current air draft of approximately 175 feet to 225 feet (the “Project”); and

WHEREAS, on June 27th, 2022, the Parties entered into a Memorandum of Agreement (“MOA”) memorializing their commitment to carry out and complete the Project, and agreeing to enter into a binding interlocal agreement regarding the Project after JAXPORT had secured funding; and

WHEREAS, JAXPORT has secured funding for the Project in the total amount of Forty-Five Million Dollars (\$45,000,000) from the Florida Department of Transportation (“FDOT”) and from the City of Jacksonville (“City”) to be disbursed to JAXPORT during the Project duration; and

WHEREAS, supplemental to their other powers, JAXPORT and JEA, pursuant to Chapter 163.01, *Florida Statutes*, as amended, are authorized and empowered to cooperate with each other on a basis of mutual advantage and governmental agencies are permitted to enter into interlocal agreements to make the most efficient use of their powers on the basis of mutual advantage, and JAXPORT and JEA desire to enter into this interlocal agreement for the mutual advantages to each party contemplated herein.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, the sufficiency of which is hereby acknowledged, JAXPORT and JEA agree as follows:

1. **Incorporation of Recitals.** The Recitals set forth above are true and correct and incorporated into this Agreement.

2. **Term.** This Agreement shall commence on the Effective Date and shall remain in effect unless terminated by the mutual agreement of the parties or as otherwise provided in this Agreement.

3. **Project Scope and Administration.**

(a) **JEA to Provide the Work.** JEA shall perform, undertake, oversee, manage, and supervise all work required for the design, permitting, engineering, construction, quality control, and completion of the Project (the “Work”). Additionally, JEA shall ensure that the Project Work is performed in accordance with the Project schedule attached hereto as **Exhibit A** (“Project Schedule”). The Parties agree that the Project Schedule is preliminary and may be updated and amended by the Parties administratively during the term of this Agreement based on finalized permitting, design, and construction plans.

(b) **Project Permitting; Project Design.** JEA shall secure all federal, state, and local permits, licenses, and authorizations required for JEA to commence, undertake, and complete the Project, including, but not limited to, the permit authorizations regarding the Project issued by the United States Army Corps of Engineers (the “Permits”). JEA agrees to commence Project design as soon as reasonably practicable from the Effective Date. JAXPORT shall have an opportunity to review and comment on the Project engineering and design plans (“Plans”) to ensure that the Plans comply with the FDOT grant requirements. JEA will ensure that the Project is completed in accordance with the final approved Plans approved by the Parties, the Agreement terms, and all applicable regulations, orders, permits, guidelines, and directives. JEA, at the reasonable request of JAXPORT, shall allow prompt access to the Project site subject to safety regulations.

(c) Guaranteed Maximum Price; Change Orders; Costs Overruns. Prior to commencement of Work, JAXPORT shall review and comment on the Guaranteed Maximum Price (“GMP”) for the Project, as preliminarily agreed to by JEA and its contractor. JAXPORT agrees and acknowledges that JEA’s performance of the Work may entail amendments or “change orders” to contracts JEA has entered with third party contractors. JEA shall have sole authority to accept all “change orders” submitted by its contractor, except that JAXPORT shall first authorize in writing those “change orders” which, if accepted, would increase the GMP by \$10,000 or more. If no individual change order has exceeded \$10,000, but, due to JEA’s approval of cumulative change orders, the agreed-to GMP has increased so as to exceed \$45,000,000, JAXPORT shall authorize in writing the approval of all additional change orders. JAXPORT shall be responsible for ordinary change orders related to the Project, including any change orders that would cause the entire Project to exceed \$45,000,000. JEA shall be solely responsible for any Project costs or change orders that fall outside of the Plans, constitute upgrades or enhancements to the Plans, or are solely requested by JEA for its convenience. JAXPORT shall be solely responsible for securing additional funding and paying any Project related cost overruns. In such event, however, JEA will continue to timely pay Project related invoices and JAXPORT will reimburse JEA for the same in accordance with Section 5 below.

(d) Applicable Laws; Procurement. JEA shall procure all design, engineering, and construction services required for performance of the Work and completion of the Project, subject to applicable laws. In so doing JEA shall adhere to Florida public procurement law as applicable, including, but not limited to, Section 287.055, *Florida Statutes* (the “Competitive Consultants Negotiation Act”), applicable Grant Agreement terms, and the Disadvantaged Business Enterprise (DBE) Policy. To the extent JEA’s normal procurement practices, including those involving DBE Policy and JSEB programs, conflict with Grant Agreement requirements, JEA shall follow those procurement practices that are consistent with the requirements of the Grant Agreement and Florida law.

(e) Project Completion Report; Project Certifications. JEA will submit a Project completion report to JAXPORT within ninety (90) days following completion of the Project. The report shall contain, at a minimum, the as-built drawings, surveys, and a certification from the engineer and contractor of record that the Project has been constructed in accordance with the Plans. JEA shall provide the report and certifications in writing to JAXPORT (i) at such time as JEA has raised the Fulton Cut transmission lines to a height of 225 feet or higher; and (ii) upon final completion of the Project, meaning the transmissions lines are raised to their required height, replacement towers are constructed, and JEA has formally closed all contracts related to performance of the Work (“Final Completion”).

4. Project Funding.

(a) Generally. The Parties acknowledge and agree that JAXPORT has secured Project funding in the total amount of \$45,000,000, with FDOT and City each providing half of the funds in the form of grants and loans. Accordingly, JAXPORT shall allocate the payment of Project costs on a pro-rata, 50/50 basis between the FDOT and City funding sources. In no event

shall the FDOT funding exceed 50% of the total amount invoiced from JEA. Any unspent funds remaining after Final Completion (as defined herein) shall be divided on a pro-rata basis and returned, 50/50, to FDOT and City.

(b) FDOT Grant. Pursuant to the “Public Transportation Grant Agreement,” between FDOT and JAXPORT, dated December 14, 2022 – Contract No. G2F55 (the “Grant Agreement”), the FDOT shall fund the Project in the form of a \$22,500,000 grant payable to JAXPORT on a reimbursement basis (“FDOT Funds”). While not a party to the Grant Agreement, JEA agrees and understands that JEA may be required to adhere to certain conditions and requirements set forth therein, including procurement matters and the terms of agreements JEA enters into with third party contractors on the Project. As a condition of receiving FDOT funds, JAXPORT may be required to certify that its contractors, to include JEA, are in compliance with certain terms of the Grant Agreement. JAXPORT represents and warrants that, prior to the Effective Date herein, it has informed JEA as to the FDOT requirements it must comply with, and JEA warrants that it understands it must adhere to these obligations under the Grant Agreement for JAXPORT to receive FDOT grant funding for the Project. In addition, JEA agrees to provide JAXPORT with information as needed to establish JEA’s compliance with the Grant Agreement terms. JAXPORT shall not expend FDOT Funds on ineligible or disallowed grant expenditures, as determined by FDOT. The Grant Agreement has been provided to JEA and is incorporated into this Agreement by reference.

(c) City Funds. As approved by Ord. 2022-874-E described in that certain “Jacksonville Port Authority Fulton Cut Powerlines Raising Project Funding Agreement,” dated _____, between City and JAXPORT, City shall provide funding to JAXPORT in the amount of \$22,500,000, comprised of a \$10,000,000 grant and a \$12,500,000 loan. In addition, City has provided JAXPORT with access to a \$5,000,000 revolving line of credit facility to ensure prompt reimbursement to JEA of Project expenses. JAXPORT shall not expend City Funds on ineligible or disallowed expenditures, as determined by City. Additionally, the City requires a 15-day advanced notice on requests for disbursement.

(d) Replacement Funding Sources. To the extent the FDOT Funds and/or City Funds become unavailable during the Agreement term, JAXPORT shall promptly notify JEA and identify alternative or replacement funding sources to pay for the Project as provided herein.

5. Payment and Reimbursement. The Parties acknowledge and agree that JAXPORT’s access to FDOT funding is contingent on prior payment by JEA of Project expenses. JAXPORT shall fund the Work and all Project costs by reimbursing JEA therefor. Accordingly, JEA shall timely pay all Project and Work-related invoices within ten (10) days of submission. Due to the City funding requirements outlined in Paragraph 4(c), JEA shall notify JAXPORT promptly upon receipt of any Work-related invoices. No later than twenty-four (24) hours after making payment on any such invoice, JEA shall provide the invoice and proof of payment to JAXPORT. Within twenty (20) days of receipt of the paid invoice, JAXPORT shall pay JEA the full amount due thereunder, drawing upon its funding sources in its sole discretion. JEA further agrees to cooperate with any reporting and invoicing requirements applicable to JEA, as contractor, under the Grant Agreement, with JAXPORT to inform JEA as to any such requirements. The funding

for the Project will be encumbered via separate purchase orders and agreements with third-party contractors.

6. **Reporting.** In connection with its management and oversight of the Project, JEA shall keep JAXPORT informed as to the progress of the Work, including by furnishing written status reports to JAXPORT monthly. JEA will inform JAXPORT of any progress meetings with its prime contractor, and JAXPORT, through designated executives or staff, may attend such meetings in person or virtually. In addition, upon five (5) business days' request, the Chief Operating Officer of JAXPORT, or his or her designees, may conduct an in-person inspection of the Project no more than once every thirty (30) days.

7. **Cooperation.** The Parties recognize that planning and coordination among the Parties will ensure that responsibilities under this Agreement are carried out and accommodated in an efficient and timely manner so that the Project Schedule will not be unnecessarily delayed or compromised. JEA and JAXPORT shall work cooperatively to ensure the timely and cost-effective completion of the Project which will inure to the benefit of the Parties and City.

8. **Insurance.** The Parties agree and acknowledge that they are self-insured pursuant to Section 768.28, *Florida Statutes*. JEA shall require its contractors and sub-contractors performing Work on the Project to obtain insurance coverage satisfactory to JEA in its sole discretion. JEA shall require its contractors and sub-contractors to have all insurance required by JEA to be endorsed to the name of JEA and JAXPORT.

9. **Indemnity.** JEA shall require that its contractors and sub-contractors hold harmless, indemnify, and defend JEA and JAXPORT, its members, officers, officials, employees and agents (collectively, the "Indemnified Parties") from and against, without limitation, any and all claims, suits, actions, losses, damages, injuries, liabilities, fines, penalties, costs and expenses of whatsoever kind or nature, which may be incurred by, charged to or recovered from the Indemnified Parties related to the Project.

10. **Representations and Warranties.** JEA and JAXPORT represent, warrant and agree, one to the other as their respective interests may appear, as follows:

(a) JEA is a body politic and corporate under the laws of the State of Florida, and JAXPORT is a body politic and corporate under the laws of the State of Florida, respectively, and each is duly organized, validly existing and in good standing under the laws of the State of Florida, with full legal right, power and authority to conduct its operations substantially as presently conducted, and to execute, deliver and perform its obligations under this Agreement.

(b) After a duly called meeting of its respective governing body, at which a quorum was present and acting throughout, an ordinance or resolution, as applicable, authorizing the execution and delivery of this Agreement was duly enacted or adopted, as applicable, by the governing body of JEA or JAXPORT, respectively. Such ordinance or resolution remains in full force and effect and has not been revoked or modified in any respect.

(c) This Agreement is a legal, valid, and binding obligation of each of JEA and JAXPORT, respectively, enforceable against JEA and JAXPORT, respectively, in accordance with its terms, except as enforceability may be limited by equitable principles, or bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the enforcement of creditors' rights generally.

(d) The execution and delivery of this Agreement and compliance with the provisions hereof will not conflict with or constitute a breach of or a default under the provisions of JEA Charter or JAXPORT Charter, respectively, the bylaws of JEA or bylaws of JAXPORT or any existing law, court or administrative regulation, judgment, decree or order, agreement, indenture, or other instrument to which JEA or JAXPORT, respectively, is a party.

11. Termination. Upon the occurrence of a default by a party, the non-defaulting party, at its sole and absolute election, may terminate this Agreement and exercise all rights and remedies it may have at law or in equity.

12. Notices. Whenever either party desires to give notice to the other, such notice must be in writing, sent by certified United States Mail, postage prepaid, return receipt requested, or by hand-delivery with a request for a written receipt of acknowledgement of delivery, addressed to the party for whom it is intended at the place last specified, except, as required by Paragraphs 4 above, JEA may provide paid invoices and proof of payment to JAXPORT via email. The place for giving notice shall remain the same as set forth herein until changed in writing in the manner provided in this section. For the present, the parties designate the following:

If to JAXPORT:

Nick Primrose
Chief of Regulatory Compliance
2831 Talleyrand Avenue
Jacksonville FL 32206
nicholas.primrose@jaxport.com
Phone: (904) 357-3132

If to JEA:

Jody L. Brooks
Chief Administrative Officer
21 West Church Street
Jacksonville FL 32202
broojl@jea.com
Phone: (904) 665-6384

With copies to:

Regina D. Ross, JEA Chief Legal Officer
Office of General Counsel

21 West Church Street
Jacksonville FL 32202
rossrd@jea.com
Phone (904) 665-6844

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Office of General Counsel
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Jacksonville FL 32202
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A Party may change the recipient or address to which such communications are to be directed by giving written notice to the other Party in the manner provided in this paragraph.

13. Severability. If any word, phrase, sentence, part, subsection, section, or other portion of this Agreement, or any application thereof, to any person, or circumstances is declared void, unconstitutional, or invalid for any reason, then such word, phrase, sentence, part, subsection, other portion, or the proscribed application thereof, not having been declared void, unconstitutional, or invalid shall remain in full force, and effect.

14. Entire Agreement. This Agreement contains the entire agreement between the respective parties hereto relating to the subject matter hereof. No statement or representation of the respective parties hereto, their agents or employees, made outside of this Agreement, and not contained herein, shall form any part hereof or bind any respective party hereto. This Agreement shall not be supplemented, amended or modified except by written instrument signed by the respective parties hereto.

15. Electronic execution; counterparts. This Agreement may be executed electronically and in any number of counterparts, each of which when so executed and delivered shall be an original thereof.

16. Survival. All representations, warranties, indemnities and other covenants set forth herein shall be deemed continuing in nature and shall survive the expiration or early termination of this Agreement.

17. Venue; Governing Law. The parties acknowledge, consent and agree that all legal actions or proceedings arising out of or related to this Agreement shall be initiated in a state or federal court in Duval County, Florida having competent jurisdiction. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Florida.

[Remainder of page left blank intentionally. Signature pages follow.]

IN WITNESS WHEREOF, the parties, by and through their lawfully authorized representatives, have executed this Agreement on the day and year first above written.

JEA

By: _____
Jay Stowe, Chief Executive Officer

Form Approved (As to JEA)

By: _____
Office of General Counsel

STATE OF FLORIDA)

COUNTY OF DUVAL)

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of _____, 20____, by _____, the _____ of _____, a _____, on behalf of said _____. Such person did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current _____ driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

JACKSONVILLE PORT AUTHORITY

By: _____
Eric Green, Chief Executive Officer

Form Approved (As to JAXPORT)

By: _____
Office of General Counsel

STATE OF FLORIDA)

COUNTY OF DUVAL)

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of _____, 20_____, by _____, the _____ of _____, a _____, on behalf of said _____. Such person did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current _____ driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal):

My Commission Expires (if not legible on seal):

GC-#1546998-v2-JAXPORT_&_JEA_Interlocal_Agreement_-_Fulton_Cut_Crossing_Transmission_Lines_.docx

Exhibit A**Project Schedule**

Unless otherwise agreed to by the Parties, JEA agrees to complete the Project in various phases, spanning multiple fiscal years, using its best efforts to adhere to the following schedule:

Fiscal Year	Description of Work
October 1, 2022- September 30, 2023	Procure Engineering Services, Site Inspection, Project Design, Permitting
October 1, 2023- September 30, 2024	Procure Construction Services & Begin Construction of Tower Foundations
October 1, 2024- September 30, 2025	Tower Construction, Installation of Conductors
October 1, 2025- September 30, 2026	Complete Construction, Site Restoration

**BOARD RESOLUTION: 2023-15**

March 28, 2023

A RESOLUTION APPROVING THE MODIFICATIONS OF JEA'S OPEN ACCESS TRANSMISSION TARIFF TO SUPPORT JEA'S MEMBERSHIP IN THE SOUTHEAST ENERGY EXCHANGE MARKET.

WHEREAS, JEA is an owner of The Energy Authority, Inc. ("TEA"); and

WHEREAS, JEA was deemed eligible and was accepted as a member of the Southeast Energy Exchange Market (SEEM) effective January 1, 2023 pending fulfilling all the requirements of SEEM; and

WHEREAS, TEA will be trading on the SEEM platform on JEA's behalf after all the requirements of SEEM have been satisfied and the SEEM Participation Agreement has been executed by JEA; and

WHEREAS, the purpose of modifying JEA's Open Access Transmission Tariff (Tariff) is to provide for Non-Firm Energy Exchange Transmission Services for those Energy Exchanges that seek to utilize JEA's transmission system in accordance with SEEM requirements; and

WHEREAS, the Board's authorization is required for modification of the Tariff.

BE IT RESOLVED by the JEA Board of Directors that:

1. The JEA Board of Directors hereby approves the modifications to the Tariff in substantially the same form as attached hereto as Exhibit A and incorporated herein.
2. To the extent there are typographical, clerical, or administrative errors that do not affect the tone, tenor, or context of this resolution, such errors may be corrected without further authorization from the Board of Directors.
3. This Resolution shall be effective immediately upon passage.

Dated this 28th day of March 2023.

 JEA Board Chair

 JEA Board Secretary

Form Approved by

 Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

JEA

Open Access Transmission Tariff
Page No. 1

JEA OPEN ACCESS TRANSMISSION TARIFF

Issued By: Garry Baker
Revised: 01/24/2023

Effective Date: 01/1/1997

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I COMMON SERVICE PROVISIONS

1 Definitions

- 1.1 Affiliate:** For the purposes of this Tariff, means The Energy Authority.
- 1.2 Ancillary Services:** Those services that is necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.
- 1.3 Annual Network Transmission Service Rate:** The total annual rate for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider.
- 1.4 Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.5 Arbitration Commitment Letter:** A letter requesting the submittal of disputed terms and conditions to arbitration as described in Sections 12.3 and 15.3.
- 1.6 Commission:** The Federal Energy Regulatory Commission.
- 1.7 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

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1.8 Control Area: An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

1. match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
2. Maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
3. Maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
4. Provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.9 Curtailment: A reduction in firm or nonfirm transmission service in response to a transfer capability shortage as a result of system reliability conditions.

1.10 Delivering Party: The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.11 Designated Agent: Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

1.12 Direct Assignment Facilities: Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct

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Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer.

- 1.13 Eligible Customer:** (i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that would be prohibited by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider. (ii) Any retail customer taking unbundled Transmission Service pursuant to a state requirement that the Transmission Provider offer the transmission service or pursuant to a voluntary offer of such service by the Transmission Provider is an Eligible Customer under the Tariff.
- 1.14 Facilities Study:** An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications that will be required to provide the requested transmission service.
- 1.15 Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

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- 1.16 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).
- 1.17 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.
- 1.18 Load Ratio Share:** Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve-month basis.
- 1.19 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.
- 1.20 Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

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- 1.21 Native Load Customers:** The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.
- 1.22 Network Customer:** An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.
- 1.23 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.
- 1.24 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.
- 1.25 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the

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implementation of Network Integration Transmission Service under Part III of the Tariff.

1.26 Network Operating Committee: A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

1.27 Network Resource: Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

1.28 Network Upgrades: Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.29 Non-Firm Point-To-Point Transmission Service: Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

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- 1.30 Non-Firm Energy Exchange Transmission Service (NFEETS):** The transmission service provided in accordance with Attachment N of the Tariff.
- 1.31 Non-Firm Sale:** An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.
- 1.32 Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.33 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 1 through 12.
- 1.34 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.35 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.36 Parties:** The Transmission Provider and the Transmission Customer receiving service under the Tariff.
- 1.37 Point(s) of Delivery:** Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

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- 1.38 Point(s) of Receipt:** Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.39 Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.
- 1.40 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- 1.41 Pre-Confirmed Application:** An application that commits the Transmission Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.
- 1.42 Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.
- 1.43 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.44 Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved

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Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

- 1.45 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.
- 1.46 Service Commencement Date:** The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.
- 1.47 Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.
- 1.48 System Condition:** A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.
- 1.49 System Impact Study:** An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

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- 1.50 Third-Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.
- 1.51 Transmission Customer:** Any Eligible Customer (or its Designated Agent) that executes a Service Agreement. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff. In addition, this term is used in Part I to include customers receiving Non-Firm Energy Exchange Transmission Service under Attachment N to the Tariff, unless specifically excluded in Attachment N.
- 1.52 Transmission Provider:** The utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff. JEA is the Transmission Provider.
- 1.53 Transmission Provider's Monthly Transmission System Peak:** The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.
- 1.54 Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.
- 1.55 Transmission System:** The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

2 Initial Allocation and Renewal Procedures

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- 2.1 Initial Allocation of Available Transfer Capability:** For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.
- 2.2 Reservation Priority for Existing Firm Service Customers:** Existing firm service customers (wholesale requirements and transmission-only, with a contract term of three years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service the existing firm service customer must agree to accept a contract term at least equal to the longer of a competing request by any new Eligible Customer or three years and to pay the current just and reasonable rate for such service. The existing firm service customer must provide notice to the Transmission Provider whether it will exercise its

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right of first refusal no less than one year prior to the expiration date of its transmission service agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of three years or longer unless modified by the service agreement or violates other sections of the tariff. Service agreements subject to a right of first refusal entered into prior to the inclusion of the Transmission Provider's Attachment K, unless terminated, will become subject to the three year/one year requirement on the first rollover date after the inclusion of the Transmission Provider's Attachment K.

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area: (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve Supplemental, and (v) Generator Imbalance. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the

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Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, 6 and 9) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in

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conjunction with its provision of transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.7 below list the seven Ancillary Services.

- 3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1.
- 3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:** The rates and/or methodology are described in Schedule 2.
- 3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.
- 3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.
- 3.5 Operating Reserve - Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.
- 3.6 Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.
- 3.7 Generator Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 9.

4 Open Access Same-Time Information System (OASIS)

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Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and 18 C.F.R. § 38 of the Commission's regulations (Business Practice Standards and Communication Protocols for Public Utilities). In the event available transfer capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

The Transmission Provider shall post on its public OASIS website all rules, standards and practices that (i) relate to the terms and conditions of transmission service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff.

5 Tax Exempt Bonds

5.1 Facilities Financed by Tax Exempt Bonds: Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide Transmission Service to any Eligible Customer pursuant to this Tariff if the provision of such Transmission Service would jeopardize the tax-exempt status of any bond(s) used to finance the Transmission Provider's facilities that would be used in providing such Transmission Service.

5.2 Opinions of Bond Counsel: Any request for service may require an opinion of JEA's bond counsel. The Internal Revenue Service is currently considering proposed regulations dealing with the effect of providing transmission service on tax-exempt bonds issued to finance transmission facilities. Pending the issuance of the regulations, JEA's bond counsel has advised that any new proposals for transmission service for more than 3 years, including

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extensions, should be reviewed by bond counsel to determine whether they would adversely affect the exclusion of interest on the bonds from gross income for Federal income tax purposes. Costs of obtaining any necessary letters or opinions from bond counsel will be borne by the Transmission Customer.

5.3 Termination of Service Agreements: The Transmission Provider may terminate any Service Agreement which it determines may jeopardize the tax-exempt status of its bonds. This includes Section 23 transactions.

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of or takes transmission service from, a power pool, Regional Transmission Group, Regional Transmission Organization (RTO, Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the members of such power pool and Regional Transmission Group, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

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This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

7 Billing and Payment

7.1 Billing Procedure: Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds and be made by wire transfer to a bank named by the Transmission Provider.

7.2 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) shall accrue and be payable at a rate equal to the interest rate paid by the Transmission Provider on its retail deposits. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment.

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7.3 Customer Default and Termination of Service: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate procedures to terminate service. Prior to terminating service, the Transmission Provider shall provide written notice to the Transmission Customer of its intent to terminate service in 30 days. If the Transmission Customer does not request in writing to the Transmission Provider, within ten (10) calendar days of the Transmission Customer's receipt of notice, that the Transmission Provider initiate arbitration under the provisions of Section 12, the Transmission Provider shall terminate service on the date contained in its notice to the Customer. If the Transmission Customer requests in writing that the Transmission Provider initiate arbitration proceedings, the provisions of Sections 12.3 through 12.5 shall apply. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute according to the provisions of Section 12.2. If the Transmission Customer fails to meet these two requirements for continuation

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of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to terminate service.

8 Accounting for the Transmission Provider's Use of the Tariff

The Transmission Provider shall record the following amounts, as outlined below:

8.1 Transmission Revenues: Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

8.2 Study Costs and Revenues: Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expenses that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

9 Changes to this Tariff by the Transmission Provider and Tariff Availability

9.1 Unilateral Right to Change: Notwithstanding any other provision in this Tariff or a Service Agreement, the Transmission Provider shall have the right unilaterally to make a change in rates, charges, classification of service, or any rule, regulation, or Service Agreement related thereto. The Transmission Provider will notify current Transmission Customers 30 days before a change becomes effective, unless the change is mutually agreeable to both parties.

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9.2 Tariff Availability: Notwithstanding any other provision of this Tariff, the Transmission Provider may terminate this Tariff and all Service Agreements hereunder, effective immediately and without satisfying the requirements of any other provisions of this Tariff in its sole discretion. Further, nothing contained in this Tariff shall restrict the Transmission Provider's right unilaterally to withdraw the Tariff at any time. Except as otherwise provided in this Section 9.2, such withdrawal shall not affect existing Service Agreements for Firm Point-to-Point Transmission Service entered into under the Tariff. Upon such withdrawal of this Tariff, all Service Agreements for Non-Firm Point-to-Point Transmission Service shall terminate immediately, provided that the Transmission Provider shall complete Non-Firm Point-to-Point Transmission Service for specific scheduled Non-Firm Point-to-Point Transmission Service transactions prior to the date of termination of the Tariff (not to exceed service for three months). The Transmission Provider shall provide at least 30 days notice of its intent to terminate this Tariff to Transmission Customers that have entered into Service Agreements for Non-Firm Point-to-Point Transmission Service.

10 Force Majeure and Indemnification

10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. Neither the Transmission Provider nor the

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Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider. For purposes of this Indemnification, the term "Transmission Provider" shall mean the JEA as a body politic and corporate and shall include its governing board, officers, employees, agents and assigns. This Indemnification shall survive the term of this Tariff.

11 Creditworthiness

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to

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meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider and consistent with commercial practices established by the Uniform Commercial Code that protects the Transmission Provider against the risk of non-payment.

12 Dispute Resolution Procedures

12.1 Applicability of Section 12: The provisions of Section 12 shall be the exclusive basis by which to resolve all disputes arising under this Tariff or any Service Agreement.

12.2 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the Transmission Provider involving Transmission Service under this Tariff (including disputes involving the Transmission Provider's proposed termination of service under Section 7.3, disputes regarding changes to the rates, rate methodologies, or non-rate terms and conditions in this Tariff or any Service Agreement entered into under the Tariff, and disputes regarding the Transmission Provider's proposed charges for Direct Assignment Facilities, Network Upgrades, stranded costs, and redispatch costs) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

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12.3 External Arbitration Procedures: Disputes may be submitted to arbitration upon request from the Transmission Customer in the form of an Arbitration Commitment Letter and provision of the required letter of credit or other form of security. Any arbitration initiated under this Section 12 shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration (other than previous arbitration experience). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Regional Transmission Group rules.

12.4 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision to disputes under this Section 12 within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons, therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the

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above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court governed by the rules of the State of Florida.

12.5 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

1. the cost of the arbitrator chosen by the Party to sit on the three-member panel and one half of the cost of the third arbitrator chosen;
or
2. one half the cost of the single arbitrator jointly chosen by the Parties.

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The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery.

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority:

- (i) Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service.
- (ii) Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests with the same duration and pre-confirmation status (Pre-Confirmed or not confirmed), priority will be given to an Eligible Customer's request that offers the highest price, followed by the date and time of the request.

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- (iii) If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer-term request or equal duration service with a higher price before losing its reservation priority. A longer-term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point- To-Point Transmission Service. When a longer duration request preempts multiple shorter duration requests, the shorter duration requests shall have simultaneous opportunities to exercise the right of first refusal. Duration, pre-confirmation status, price and time of response will be used to determine the order by which the multiple shorter duration requests will be able to exercise the right of first refusal. After the

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conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

- (iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

13.3 Use of Firm Transmission Service by the Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after January 1, 1997, or agreements executed prior to the aforementioned date that require unbundling. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements: The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-to-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-to-Point Transmission Service pursuant to the Tariff. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has

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not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement. The Service Agreement shall, when applicable, specify any conditional curtailment options selected by the Transmission Customer. Where the Service Agreement contains conditional curtailment options and is subject to a biennial reassessment as described in Section 15.4, the Service Agreement shall contain the process governing any changes to the curtailment conditions.

13.5 Transmission Customer Obligations for Facility Additions or Redispatch

Costs: In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint by redispatching the Transmission Provider's resources, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27 and agrees to either (i) compensate the Transmission Provider for

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any necessary transmission facility additions or (ii) accept the service subject to a biennial reassessment by the Transmission Provider of redispatch requirement as described in Section 15.4. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

- 13.6 Curtailment of Firm Transmission Service:** In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such System and the system directly and indirectly interconnected with Transmission Provider's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures specified in Attachment J. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers, and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. Long-Term Firm Point-to-Point Service subject to conditions described in Section 15.4 shall be curtailed after secondary service and before Non-Firm Point-To-Point Transmission Service

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in cases where the conditions apply, but otherwise will be curtailed on a pro rata basis with other Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at

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the same generating plant in which case the units would be treated as a single Point of Receipt.

- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the

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Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of delivery that it has not reserved.

- 13.8 Scheduling of Firm Point-To-Point Transmission Service:** Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. E.P.T. (Eastern Prevailing Time) of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. E.P.T. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is less than 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such Party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to

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adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14 Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority: Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer-term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match

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the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a higher priority than Non-Firm Energy Exchange Transmission Service provided under Attachment N. Non-Firm Energy Exchange Transmission Service will have the lowest reservation priority under the Tariff.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the

Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under agreements executed on or after January 1, 1997 or agreements executed prior to the aforementioned date that require unbundling. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements: The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B)

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to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff.

14.5 Classification of Non-Firm Point-To-Point Transmission Service:

Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed twelve month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service: Except for Non-Firm Energy Exchange Transmission Service provided in accordance with Attachment N, schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. E.P.T. of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. E.P.T. will be accommodated, if

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practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is less than 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14.7 Curtailment or Interruption of Service: The Transmission Provider reserves the right to curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures specified in Attachment J. The

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Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, (4) transmission service for Network Customers from non-designated resources or (5) transmission service for Firm Point-to-Point Transmission Service during conditional curtailment periods as described in Section 15.4. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be curtailed or interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm

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Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a higher priority than any Non-Firm Energy Exchange Transmission Service provided under Attachment N. Non-Firm Energy Exchange Transmission Service will have the lowest reservation priority under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

15 Service Availability

15.1 General Conditions: The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.

15.2 Determination of Available Transfer Capability: A description of the Transmission Provider's specific methodology for assessing available transfer capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transfer capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.

15.3 Initiating Service in the Event of Disputed Terms and Conditions: If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all of the terms and conditions of the Point-To-Point Service Agreement, upon written request from the Transmission Customer, the Transmission Provider and Transmission Customer shall submit the disputed terms and conditions to the

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dispute resolution procedures of Section 12. The written request from the Transmission Customer shall be in the form of an Arbitration Commitment Letter which specifies the terms of the Service Agreement which are not acceptable to the Transmission Customer. Attached to the Arbitration Commitment Letter shall be an executed Point-To-Point Service Agreement complete in all regards. The Transmission Provider shall commence providing Transmission Service under the Point-To-Point Service Agreement for the requested Transmission Service subject to the Transmission Customer agreeing in the Arbitration Commitment Letter to (a) compensate the Transmission Provider as determined by the outcome of Section 12, (b) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3 or providing a letter of credit as required by the Transmission Provider. The procedures in this section may also be used for applications for Network Service.

15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment:

(a) If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, consistent with its planning obligations in Attachment K, provided the

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Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.

- (b) If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-to-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider may elect at its option to provide redispatch from its own resources until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide the redispatch, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. The Transmission Provider may consider redispatch arranged by the Transmission Customer from a third-party resource.
- (c) If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider may elect at its option offer the Firm Transmission Service with the condition that the Transmission Provider may curtail the service prior to the curtailment of other Firm Transmission Service or secondary service for JEA's native load for a specified number of hours per year or during System Condition(s).

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- 15.5 Deferral of Service:** The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.
- 15.6 Other Transmission Service Schedules:** Eligible Customers receiving transmission service under other agreements may continue to receive transmission service under those agreements until such time as those agreements may be modified.
- 15.7 Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Customer may elect to (1) supply the losses associated with all transmission service as calculated by the Transmission Provider or (2) have the Transmission Provider supply the losses (consistent with (1) above) at a rate equal to 100 percent of the Transmission Provider's forecasted average incremental cost after serving all other obligations (including economy and opportunity transactions). The applicable Real Power Loss factor is computed by May 1 of each year and is effective June 1 each year. The applicable Real Loss Factor and forecasted average incremental cost are posted on OASIS.

16 Transmission Customer Responsibilities

- 16.1 Conditions Required of Transmission Customers:** Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

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- (a) The Transmission Customer has a pending Completed Application for service;
- (b) The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- (c) The Transmission Customer will have arrangements in place for any other transmission service necessary to affect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
- (d) The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;
- (e) The Transmission Customer provides the information required by the Transmission Provider's planning process established in Attachment K; and
- (f) The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

16.2 Transmission Customer Responsibility for Third-Party Arrangements:

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service.

The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be

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transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

17 Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: Director, Bulk Power Systems, JEA, 7720 Ramona Blvd., Jacksonville, FL 32221 (Internet: TSERVE@JEA.COM) at least 60 days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by electronic mail to the Internet address in this Section. This method will provide a time-stamped record for establishing the priority of the Application.

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17.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number, facsimile number, and Internet address of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service; and

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- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A Statement indicating whether the Transmission Customer commits to a Pre-Confirmed Request, i.e., will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service; and
- (x) Any additional information required by the Transmission Provider's planning process established in Attachment K.

The Transmission Provider shall treat this information in a manner consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 Deposit: A Completed Application for requests for Firm Point-To-Point Transmission Service for reservations greater than one year shall also include a deposit of one month's charge for Reserved Capacity. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request for Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to provide the service.

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If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service or deducted from the Transmission Customer's first month billing if no facilities modifications were necessary as part of this request. Applicable interest shall accrue and be payable at a rate equal to the interest rate paid by the Transmission Provider on its retail deposits and shall be calculated from the day the deposit check is credited to the Transmission Provider's account.

- 17.4 Notice of Deficient Application:** If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the

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Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

17.5 Response to a Completed Application: Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transfer capability as required in Section 15.2. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1. Responses by the Transmission Provider must be made as soon as practical to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

17.6 Execution of Service Agreement: Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or submit an

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Arbitration Commitment Letter with a Service Agreement attached and provide the required letter of credit or other form of security pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service: The Transmission Customer can obtain up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof. If the Eligible Customer does not pay this non-refundable reservation fee within 15 days of notifying the Transmission Provider it intends to extend the commencement of service, the Eligible Customer's application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to

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release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

18.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by transmitting the required information to the Transmission Provider by electronic mail at the Internet address in Section 17.1. This method will provide a time-stamped record for establishing the service priority of the Application.

18.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and

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- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- (viii) A Statement indication whether the Transmission Customer commits to a Pre-Confirmed Request, i.e., will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service: Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no

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earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon E.P.T. the day before service is to commence. Except for requests for Non-Firm Energy Exchange Transmission Service that are governed by Attachment N, requests for service received later than 2:00 p.m. E.P.T. prior to the day service is scheduled to commence will be accommodated if practicable.

18.4 Determination of Available Transfer Capability: Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service: (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

19 Additional Study Procedures for Firm Point-To-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it

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shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects not to have the Transmission Provider study redispach or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these option. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are

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reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 20.

19.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints identified with specificity by transmission element or flowgate, and (2) additional Direct Assignment Facilities or Network Upgrades required providing the requested service. At the Transmission Provider's option, the System Impact Study may identify (1) redispatch options, (when requested by a Transmission Customer) including an estimate of the cost of redispatch, (2) conditional curtailment options (when requested by a Transmission Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and

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provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached and provide the required letter of credit or other form of security pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities

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Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached pursuant to Section 15.3 and provide the

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required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

19.5 Facilities Study Modifications: Any change in design arising from the inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

19.6 Due Diligence in Completing New Facilities: The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

19.7 Partial Interim Service: If the Transmission Provider determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service

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that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

19.8 Expedited Procedures for New Facilities: In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an Expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding, and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

20 Procedures if the Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

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- 20.1 Delays in Construction of New Facilities:** If any event occurs that will materially affect the time for completion of new facilities or the ability to complete them, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.
- 20.2 Alternatives to the Original Facility Additions:** When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative

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exists, and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12.

20.3 Refund Obligation for Unfinished Facility Additions: If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest. However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

21 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities

21.1 Responsibility for Third-Party System Additions: The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

21.2 Coordination of Third-Party System Additions: In circumstances where the need for transmission facilities or upgrades is identified pursuant to the

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provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12.

22 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

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- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.
- (b) The sum of all Firm and Non-Firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modifications on a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the

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existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service: Except for Non-Firm Energy Exchange Transmission Service provided in accordance with Attachment N, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall be at rates established by agreement with the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. A Reseller should notify the Transmission Provider as soon as possible after any assignment or transfer of service occurs but, in any event, notification must be provided prior to any provision of service to the Assignee. The Reseller remains responsible to the Transmission Provider for the obligations under its Service Agreement, regardless of any sale or reassignment. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

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23.2 Limitations on Assignment or Transfer of Service: If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service: In accordance with Section 4, all sales or assignments of capacity must be conducted through or otherwise posted on the Transmission Provider's OASIS on or before the date the reassigned services commence and are subject to Section 23.1. Resellers may also use the Transmission Provider's OASIS to post transmission capacity available for resale.

24 Metering and Power Factor Correction at Receipt and Delivery Points(s)

24.1 Transmission Customer Obligations: Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and

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to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

24.2 Transmission Provider Access to Metering Data: The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

24.3 Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

25 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). The Transmission Provider shall use Part II of the Tariff to make its Third-Party Sales. The Transmission Provider shall account for such use at the applicable Tariff rates, pursuant to Section 8.

26 Stranded Cost Recovery

The Transmission Provider may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff consistent with the terms and conditions set forth for public utilities in FERC Order No. 888. However, the Transmission Provider's proposed stranded cost recovery shall be subject to the dispute resolution procedures of this Tariff.

27 Compensation for New Facilities and Redispatch Costs

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Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved by redispatching the Transmission Provider's resources and the Transmission Provider agrees to accept the redispatch to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the Transmission Provider utilizes its Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

28 Nature of Network Integration Transmission Service

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28.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider's Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

28.2 Transmission Provider Responsibilities: The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transfer capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

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- 28.3 Network Integration Transmission Service:** The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers.
- 28.4 Secondary Service:** The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff. However, all other requirements of Part III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.
- 28.5 Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factor is computed by May 1 of each year and is effective June 1 each year. The applicable Real Loss Factor is posted on OASIS.

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28.6 Restrictions on Use of Service: The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System. The Transmission Provider shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load.

29 Initiating Service

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement in the form of Attachment F for service under Part III of the Tariff or submits an Arbitration Commitment Letter with a Service Agreement attached and provides the required letter of credit or other form of security pursuant to Section 15.3, and (iv) the Eligible Customer executes a

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Network Operating Agreement with the Transmission Provider in the form of Attachment G.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by electronic mail at the Internet address in Section 17.1. This method will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number, facsimile number, and Internet address of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

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- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10-year load forecast provided in response to (iii) above;
- (v) A description of Network Resources (current and 10-year projection), for each on-system Network Resource, such description shall include:

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- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions:
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource,

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource

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- Amount of power to which the customer has rights
- Identification of the control area(s) from which the power will originate
- Delivery point(s) to the Transmission Provider's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restriction, if any
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations.

(vi) Description of Eligible Customer's transmission system:

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- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (e) above
- 10-year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

(vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

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- (viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis; and
- (ix) Any additional information required of the Transmission Customer as specified in the Transmission Provider's planning process established in Attachment K.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application

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through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to Commencement of Service: Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities: The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for

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constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

30 Network Resources

30.1 Designation of Network Resources: Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29. This request must include a statement that the new network resource satisfies the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under part III of the Tariff; and (2) The Network Resources do not include any

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resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. The Network Customer's request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the Transmission Provider through OASIS by the following deadlines: (i) for periods of a day or longer, no later than the firm pre-schedule deadline, and (ii) for un-designation of less than one day, by a time established by the Transmission Provider, which shall be no later than 20 minutes before the first hour for which un-designation applies, as soon as reasonably practicable, but not later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status must be submitted on OASIS and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

- (i) Effective date and time of temporary termination;

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- (ii) Effective date and time of redesignation, following period of temporary termination;
- (iii) Identification and capacity of resource(s) or portions thereof to be temporarily terminated;
- (iv) Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 30.2 or statement incorporating previous information as unchanged; and
- (v) Identification of any related transmission service request to be evaluated concomitantly with the request for temporary termination, such that the requests for un-designation and the request for these related transmission service requests must be approved or denied as a single request. The evaluating of these related transmission service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

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30.4 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load plus non-firm sales delivered pursuant to Part II of the Tariff, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

30.5 Network Customer Redispatch Obligation: As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to

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redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

30.6 Transmission Arrangements for Network Resources Not Physically

Interconnected with The Transmission Provider: The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

30.7 Limitation on Designation of Network Resources: The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

30.8 Use of Interface Capacity by the Network Customer: There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission

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Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load. .

30.9 Network Customer Owned Transmission Facilities: The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration, the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities added by the Network Customer subsequent to July 17, 2007, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider's annual transmission revenue requirement. Calculation of and credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

31 Designation of Network Load

31.1 Network Load: The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

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31.2 New Network Loads Connected with the Transmission Provider: The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer.

31.3 Network Load Not Physically Interconnected with the Transmission Provider: This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as

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part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

31.4 New Interconnection Points: To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable.

31.5 Changes in Service Requests: Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g., the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load and Resource Information Updates: The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff including, but not limited to, any information provided under section 29.2(ix) pursuant to the Transmission Provider's planning process in Attachment K. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other

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information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

32 Additional Study Procedures for Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.2 System Impact Study Agreement and Cost Reimbursement:

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- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to

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complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required providing the requested service. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached and provide the required letter of credit or other form of security pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the

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Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with

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commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached pursuant to Section 15.3 and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

33 Load Shedding and Curtailments

33.1 Procedures: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

33.2 Transmission Constraints: During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that is reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission

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Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

- 33.3 Cost Responsibility for Relieving Transmission Constraints:** Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.
- 33.4 Curtailments of Scheduled Deliveries:** If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries; the Parties shall curtail such schedules in accordance with the Network Operating Agreement or pursuant to the Transmission Loading Relief procedures specified in Attachment J.
- 33.5 Allocation of Curtailments:** The Transmission Provider shall, on a non-discriminatory basis, curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider

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and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would curtail the Transmission Provider's schedules under similar circumstances.

- 33.6 Load Shedding:** To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.
- 33.7 System Reliability:** Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give

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the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34 Rates and Charges

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, along with the following:

34.1 Monthly Demand Charge: The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying the Network Customer's monthly Network Load times the monthly Network Service Rate specified in Attachment H.

34.2 Determination of Network Customer's Monthly Network Load: The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) adjusted for losses coincident with the Transmission Provider's Monthly Transmission System Peak.

34.3 Determination of Transmission Provider's Monthly Transmission System Load: The Transmission Provider's monthly Transmission System load is the Transmission Provider's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to Part II of this

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Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.

34.4 Redispatch Charge: The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.

34.5 Stranded Cost Recovery: The Transmission Provider may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms and conditions set forth for public utilities in FERC Order No. 888.

35 Operating Arrangements

35.1 Operation under the Network Operating Agreement: The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

35.2 Network Operating Agreement: The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying

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equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. 39.1, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

35.3 Network Operating Committee: A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement.

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Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

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Page No. 106**SCHEDULE 1****Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below.

There is no charge for Scheduling, System Control and Dispatch Service at this time.

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Page No. 107**SCHEDULE 2****Reactive Supply and Voltage Control from Generation or Other Sources Service**

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator. The charges for such service will be based on the rates set forth below.

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The charge for Reactive Supply and Voltage Control from Generation Sources Service is no greater than:

Point-to-Point Service and Network Service

\$0.78819 per kW-year,
\$0.06568 per kW-month,
\$0.01516 per kW-week,
\$0.00303 per kW-day, provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or
\$0.00019 per kW-hour, provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units

The rates above will be applied to the Network Customer's Monthly Network Load, or the capacity reserved for Point-to-Point Service Customers.

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Page No. 109**SCHEDULE 3****Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The amount of and charges for Regulation and Frequency Response Service are set forth below.

Rate Treatment

The charge for Regulation and Frequency Response Service is no greater than:

\$2.51717 per kW-year
\$0.20976 per kW-month,
\$0.04841 per kW-week,

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\$0.00968 per kW-day; provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or

\$0.00061 per kW-hour; provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units

For customers with load factors in the range of 87% to 100% within each hour, the rates above will be applied to the Network Customer's Monthly Network Load, or the capacity reserved for Point-to-Point Service Customers. The charges for customers with load factors less than 87% for each hour shall be based on the Transmission Customer's maximum deviation from the schedule within any hour. The rate shall be capped at \$14.54 per kW-month.

Self-Supply of Service

A Transmission Customer that is located within the JEA's Control Area shall purchase Regulation and Frequency Response Service from the JEA unless it provides the service itself or purchases it from a third party through automatic generation control or dynamic scheduling.

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Page No. 111**SCHEDULE 4****Energy Imbalance Service**

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under Schedule 9 or hourly energy imbalances under this Schedule for the same imbalance, but not both.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s)

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will be settled financially, at the end of each month, at 1 and non-generation resources capable of providing this service that are 10 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost of 75 percent of decremental cost.

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched to supply the Transmission Provider's Native Load Customers, based on the replacement cost of fuel, unit heat rates, start-up costs (including any commitment and redispatch costs), incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

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Page No. 113**SCHEDULE 5****Operating Reserve - Spinning Reserve Service**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The amount of and charges for Spinning Reserve Service are set forth below.

Rate Treatment

The charge for Operating Reserve Service - Spinning shall be the sum of the capacity and energy charges set forth below. These charges are not for providing backup service. These charges are to reimburse JEA for its costs incurred in meeting spinning reserve responsibilities.

A) Spinning Reservation Charge:

The charge for spinning reservation charge is no greater than:

\$98.51872 per kW-year
\$8.20989 per kW-month,
\$1.89459 per kW-week,

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\$0.37892 per kW-day; provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or
 \$0.02368 per kW-hour; provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units:

The rates above will be applied to Network Customer's Monthly Network Load or the capacity reserved for Point-to-Point Service Customers, multiplied by the spinning reserve factor. The spinning reserve factor is 0.25 for load within FRCC and 0.5 for load outside of FRCC.

Energy Use Charge:

These charges are applicable if the Transmission Customer's load is within the JEA's control area or the load is "metered into" JEA's control area.

A) Within 30 Minutes:

JEA will provide energy to the Transmission Customer for 30 minutes following a system contingency. The 30 minutes begin upon a schedule change due to the contingency. The energy delivered during these 30 minutes which exceeds the new scheduled amount is an energy imbalance. The charge for the energy imbalance will be \$100/MWh or 110% of JEA's cost of providing such energy, whichever is higher.

B) After 30 Minutes:

If the Transmission Customer's schedule and load are not in balance after 30 minutes, then this is deemed an unauthorized use of capacity and energy. At its sole option, the JEA will either elect to separate the Transmission Customer's load from the JEA's system or it will provide the required energy and capacity. If JEA elects to supply the energy and capacity, the charges for such service will be equal to the rates stated for Imbalances Outside Deviation Band in Schedule 4, Energy Imbalance Service. For the purposes of this schedule, the capacity charge will be multiplied by the highest difference between scheduled and actual kW use during any 15-minute period until the schedule and the load are balanced.

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Page No. 115**Self-Supply of Service**

A Transmission Customer that is located within the JEA's Control Area shall purchase Operating Reserve Service - Spinning from the JEA unless it provides comparable service from its own generators or from a third party. The provided Spinning Reserve Service must be available from on-line generation located within peninsular Florida in an amount equal to the reserve capability required of JEA. There must also be a firm transmission path between the generators providing the reserves and the Transmission Customer's loads for the period of transaction. The self-supply of service must be of such a nature that it relieves JEA of an appropriate amount of spinning reserve obligation. If it becomes apparent that self-supply of service is not comparable, the Transmission Customer must purchase this service from the JEA.

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Page No. 116**SCHEDULE 6****Operating Reserve - Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not necessarily available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The amount of and charges for Supplemental Reserve Service are set forth below.

Rate Treatment

The charge for Operating Reserve Service - Supplemental shall be the sum of the capacity and energy charges set forth below. These charges are not for providing backup service. These charges are to reimburse JEA for its costs incurred in meeting non-spinning reserve responsibilities.

A) Supplemental Reservation Charge:

The supplemental reservation charge is no greater than:

\$63.30901 per kW-year
\$5.27575 per kW-month,

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\$1.21748 per kW-week,
 \$0.24350 per kW-day; provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or
 \$0.01522 per kW-hour; provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units:

The rates above will be applied to Network Customer's Monthly Network Load or the capacity reserved for Point-to-Point Service Customers, multiplied by the operating reserve factor. The operating reserve factor is 0.75 for load within FRCC and 0.5 for load outside of FRCC.

- B) Energy Use Charge: These charges are applicable if the Transmission Customer's load is within the JEA's control area, or the load is "metered into" JEA's control area. These Energy Use Charges shall be waived if the Transmission Customer purchases Operating Reserve Service - Spinning from the JEA (in which case the energy use charges in the Operating Reserve Service - Spinning schedule will apply).

1) Within 30 Minutes:

JEA will provide energy to the Transmission Customer for 30 minutes following a system contingency. The 30 minutes begin upon a schedule change due to the contingency. The energy delivered during these 30 minutes which exceeds the new scheduled amount is an energy imbalance. The charge for the energy imbalance will be \$100/MWh or 110% of JEA's cost of providing such energy, whichever is higher.

2) After 30 Minutes:

If the Transmission Customer's schedule and load are not in balance after 30 minutes, then this is deemed an unauthorized use of capacity and energy. At its sole option, the JEA will either elect to separate the Transmission Customer's load from the JEA's system or it will provide the required energy and capacity. If JEA elects to supply the energy and capacity, the charges for such service will be equal to the rates stated for Imbalances Outside Deviation Band in Schedule 4, Energy Imbalance Service. For the purposes

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of this schedule, the capacity charge will be multiplied by the highest difference between scheduled and actual kW use during any 15-minute period until the schedule and the load are balanced.

Self-Supply of Service

A Transmission Customer that is located within the JEA's Control Area shall purchase Operating Reserve Service - Supplemental from the JEA unless it provides comparable service from its own generators or from a third party. The provided Supplemental Reserve Service must be available from on-line, unloaded generation, quick-start generation or interruptible load located within peninsular Florida in an amount equal to the reserve capability required of JEA. There must also be a firm transmission path between the generators providing the reserves and the Transmission Customer's loads for the period of transaction. The self-supply of service must be of such a nature that it relieves JEA of an appropriate amount of non-spinning reserve obligation. If it becomes apparent that self-supply of service is not comparable, the Transmission Customer must purchase this service from the JEA.

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The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity up to the sum of the applicable charges set forth below:

Yearly delivery:	\$15.96/kW of Reserved Capacity per year.
Monthly delivery:	\$1.33/kW of Reserved Capacity per month.
Weekly delivery:	\$0.31/kW of Reserved Capacity per week.
Daily delivery:	\$0.06/kW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for daily delivery, shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Discounts:

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

Excess use:

In the event that the Transmission Customer exceeds its firm reserved capacity at any Point of Receipt and/or Point of Delivery (except as otherwise specified in Section 22 of this Tariff), the Transmission Customer shall pay 150% of the Schedule 7 charge for the delivery period (*i.e.*, yearly, monthly, weekly, or daily) for which the Transmission Customer is reserving capacity for the maximum amount that the Transmission Customer exceeds its firm reserved capacity at any Point of Receipt

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and/or Point of Delivery. In the event that the non-firm transmission service provided to the Transmission Customer for secondary receipt and delivery points exceeds the capacity reservation under which such services are provided, the Transmission Customer shall pay 150% of the applicable Schedule 8 transmission charge for the maximum amount that the Transmission Customer exceeds its capacity reservation.

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Open Access Transmission Tariff
Page No. 121**SCHEDULE 8****Non-Firm Point-To-Point Transmission Service****Rate Treatment**

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:

Monthly delivery:	\$1.33/kW of Reserved Capacity per month.
Weekly delivery:	\$0.31/kW of Reserved Capacity per week.
Daily delivery:	\$0.06/kW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for daily delivery, shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Hourly delivery: The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$3.84/MWH.

The total demand charge in any day, pursuant to a reservation for hourly delivery, shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Discounts:

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for

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the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

Excess use:

In the event the Transmission Customer exceeds its reserved capacity at any Point of Receipt and/or Point of Delivery, the Transmission Customer shall pay 150% of the applicable transmission charge for the maximum amount that the Transmission Customer exceeds its capacity reservation.

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Open Access Transmission Tariff
Page No. 123**SCHEDULE 9****Generator Imbalance Service**

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission provider must offer this service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area Operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or hourly energy imbalances under Schedule 4 for the same imbalance, but not both.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's

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scheduled transactions(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of incremental or decremental cost, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent or (10 MW) of the schedule transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of incremental cost or 75 percent of decremental cost, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched to supply the Transmission Provider's actual average hourly cost of the last 10 MW dispatched to supply the Transmission Provider's Native Load Customers, based on the replacement cost of fuel, unit heat rates, start-up costs

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(including any commitment and redispatch costs), incremental operator and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

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ATTACHMENT A

Service Agreement For Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, 20__, is entered into, by and between JEA (formerly Jacksonville Electric Authority or the “Transmission Provider”), and _____, (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the JEA Open Access Transmission Tariff (“Tariff”). Said application is found in the “Application” for Firm Point-To-Point Transmission Service, which is attached hereto as Exhibit A, and by this reference is made a part hereof.
- 3.0 The Transmission Customer has provided to the Transmission Provider a Completed Application in accordance with the provisions of Section 17.1 of the Tariff and a deposit in the amount of \$_____.
- 4.0 Service under this agreement shall commence on _____ and shall terminate on _____ based Transmission Customer’s confirmation of Transaction ID # _____ on JEA’s Open Access Same-time Information System (OASIS) and the attached application.
- 5.0 The Transmission Provider agrees to provide, and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made in writing to the representative of the other Party as indicated below.

JEA:

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Attention: Sr. Director, Energy Operations
JEA
7720 Ramona Blvd. West
Jacksonville, FL 32221

Internet e-mail: TSERVE@JEA.COM

Transmission Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

8.0 Such other terms and conditions that the Parties may agree on or may be required by the nature of the service requested.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

JEA:

By: _____ Sr. Director Energy Operations _____
Name Title Date

By: _____
Name Title Date

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Exhibit A

Application For Firm Point-To-Point Transmission Service

1.0 Term _____ of _____ Transaction:

Start _____ Date:

Termination _____ Date:

2.0 Description of capacity and energy to be transmitted by JEA including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 The maximum amount of capacity and energy to be transmitted is _____ based on Transmission Customer's confirmation of Transaction ID _____ on JEA's OASIS. ____

6.0 Designation of party(ies) subject to reciprocal service obligation:

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7.0 Name(s) of any intervening systems providing transmission service:

8.0 Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charges are _____ based on Transmission Customer's confirmation of Transaction ID _____ on JEA's OASIS.

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges are _____ based on Transmission Customer's confirmation of Transaction ID _____ on JEA's OASIS.

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ATTACHMENT B

SERVICE AGREEMENT FOR NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE

- 1.0 This Service Agreement, dated _____, is entered into, by and between JEA (“Transmission Provider”), and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by JEA to be a Transmission Customer under Part II of the JEA Open Access Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.1 of the JEA Open Access Tariff.
- 3.0 Service under this agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.
- 4.0 Attached are listed the valid representatives of the Transmission Customer. Each Transmission Customer is liable for business conducted by the valid representative until the JEA receives notification that the aforementioned representative is no longer valid.
- 5.0 The Transmission Customer agrees to supply information JEA deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 6.0 The Transmission Provider agrees to provide, and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the JEA Open Access Tariff and this Service Agreement. Non-Firm Point-To-Point Transmission Service is recallable by the JEA. The Transmission Customer must relinquish service within ten minutes when service is recalled by JEA.
- 7.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

JEA:

Attention: Sr. Director, Energy Operations
JEA

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7720 Ramona Blvd.
Jacksonville, FL 32221

Internet e-mail: TSERVE@JEA.COM

Transmission Customer:

8.0 The JEA Open Access Tariff is, by this reference, incorporated herein and made a part hereof, as if set out in its entirety.

9.0 The Parties may agree to such other terms and conditions as may be required by the nature of the service requested.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

JEA:

By: _____ Sr. Director, Energy Operations _____
Name Title Date

By: _____
Name Title Date

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Open Access Transmission Tariff
Page No. 132**ATTACHMENT C****Methodology to Access Available Transfer Capability****DEFINITIONS:**

The JEA Open Access Tariff is, by this reference, incorporated herein and made a part hereof, as if set out in its entirety. The following definitions are based on the NERC "Available Transfer Capability Definitions and Determination document approved May 1996:

- i) **Available Transfer Capability (ATC)** - The measure of the transfer capability remaining in the physical transmission network for further commercial activity, over and above already committed uses.
- ii) **Total Transfer Capability (TTC)** - The amount of electric power that can be transferred over the interconnected transmission network in a reliable manner while meeting all of a specific set of defined pre- and post- contingency system conditions.
- iii) **Transmission Reliability Margin (TRM)** - The amount of transmission transfer capability necessary to ensure that the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions.
- iv) **Capacity Benefit Margin (CBM)** - The amount of transmission transfer capability reserved by load serving entities to ensure access to generation from interconnected systems to meet generation reliability requirements.
- v) **Recallability** - The right of a transmission provider to interrupt all or part of a transmission service for any reason, including economic, that is consistent with FERC policy and the transmission provider's transmission service tariffs or contract provisions.

Methodology:

JEA will determine the Available Transmission Capability ("ATC") of its interfaces consistent with the "North American Electric Reliability Council" ("NERC") Guidelines contained in "Transfer Capability; A Reference Document for Calculating and Reporting the Electric Power Transfer Capability of Interconnected Electric Systems" issued May, 1995 and "Available Transfer Capability Definitions and Determination: A Framework for Determining Available Transfer Capabilities of the Interconnected Transmission Networks for a Commercially Viable Electricity Market", issued May, 1996.

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The "area-to-area" method will be used to determine the interface capabilities with other control areas. The Florida/Southern interface is a shared interface which is allocated among its interface owners pursuant to specific allocation agreements. Therefore, JEA will base its ATC calculations for the Florida/Southern interface on its allocated share of the TTC for the Florida/Southern interface.

Determination of ATC

The TTC will be determined using the most current load flow base cases with all facilities available, dispatching each area economically to meet their commitments and adjusted for projected system conditions (e.g., generating plants online, transmission facilities out of service, scheduled transactions). The criteria used will be consistent with JEA's latest FERC 715 filing.

The NRes will be determined by adding the CBM to the existing firm (nonrecallable) commitments (EC). i.e., $NRes = CBM + EC$.

The CBM will be determined by using reliability analyses (e.g., "Loss of Load Probability" ("LOLP") or other applicable analyses), and the appropriate amount of transmission interface capability will be reserved for CBM on a per interface basis.

The TRM will be determined by the difference between TTC, with all generating units available, and the amount of transfer capability with a critical generating unit to the particular interface being unavailable, plus the appropriate amount of "Operating Reserves" ("ORes") for that interface. TRM must recognize changing operating conditions that may occur in very short periods of time and cannot be definitely projected without the provision of a transfer capability margin. Therefore, a security margin may need to be a consideration as part of the TRM determination.

The ORes will be determined within Florida on an interface-by-interface basis by modeling each utility's allocated share of the statewide operating reserve requirements consistent with the latest FRCC Procedures for operating reserves or other methods which may be applicable in the future. ORes is only applicable to interfaces within Florida.

The "Nonrecallable Available Transfer Capability" ("NATC") will be determined by subtracting from the interface's TTC, its associated TRM and NRes. i.e., $NATC = TTC - (TRM + NRes)$.

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The “Recallable Available Transfer Capability” (“RATC”) will be determined by subtracting from the interface's TTC, the applicable portion of the TRM, NRes and "Recallable Reserved" ("RRes"). i.e., $RATC = TTC - (aTRM + NRes + RRes)$, where

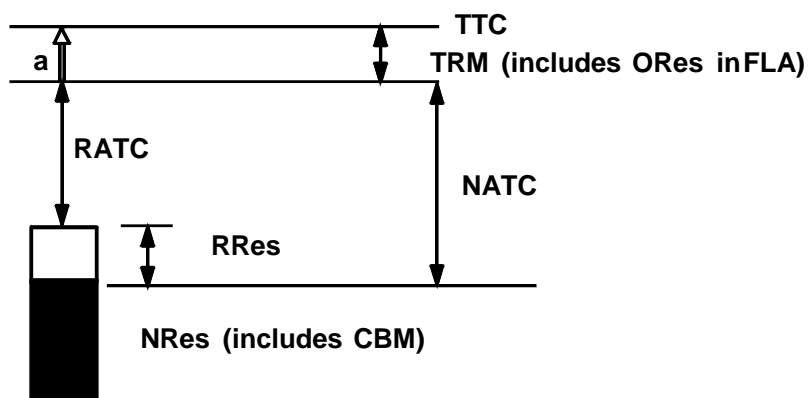


Figure 1.

$0 \leq a \leq 1$ determines the amount of TRM which can be made available to ATC on a recallable basis based on the system's reliability concerns.

Refer to Figure 1 for an illustration of the terms used above and assume for simplicity that the reserved amounts are equal to the actual scheduled amounts.

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Open Access Transmission Tariff
Page No. 135**ATTACHMENT D****Methodology for Completing a System Impact Study**

The JEA routinely conducts planning studies to determine the adequacy of its transmission lines to serve its native load. The criteria and processes used in these studies are documented in FERC Form No. 715, Annual Transmission Planning and Evaluation Report. This document is updated and filed each year by the JEA.

JEA will review each Application for transmission service. JEA will notify the customer within 30 days as to which condition exists:

1. More information is needed to assess the Application

JEA will ask the Transmission Customer to provide additional information or data relating to the requested transaction. The Application is not complete until this information is received.

2. Adequate transmission capacity exists

JEA will respond to the applicant that there is adequate transmission capacity. Documentation and information will be exchanged to develop a complete Service Agreement. This step may require more or less time depending on whether an opinion from JEA's Bond Counsel on the Private Use of Tax-Exempt Bonds is required. Failure of the Transmission Customer to execute and return the Service Agreement within fifteen (15) days after it is tendered by the JEA will be deemed a withdrawal and termination of the Application.

3. JEA is unsure about the amount of transmission capacity that exists for a particular transaction

JEA will contact the Transmission Customer and determine if the Transmission Customer wishes JEA to perform a System Impact Study.

4. Adequate transmission capacity does not exist

JEA will respond to the applicant with the amount of transmission capacity known to exist and determine if the prospective Transmission Customer wishes JEA to begin a Facilities Study.

The System Impact Study will evaluate the impact of the requested transaction on the JEA system. Consideration may be given to the impact on systems interconnected with JEA but JEA's findings will not be binding on any other system.

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JEA will begin a System Impact Study by providing the Transmission Customer the following:

1. A list of assumptions;
2. The type of studies to be performed, e.g., load flows, stability, short circuit;
3. An estimate of the cost of the study;
4. An estimate of the cost of review by JEA's Bond Counsel, if appropriate;
5. An estimate of the schedule of time the JEA will need to perform the study.

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EXHIBIT 1 TO ATTACHMENT D

**FORM OF
SYSTEM IMPACT STUDY AGREEMENT
BETWEEN
JEA
AND
TRANSMISSION SERVICE CUSTOMER**

THIS SYSTEM IMPACT STUDY AGREEMENT ("Study Agreement") between
JEA ("Transmission Provider") and _____
("Transmission Customer") is made and entered into this _____ day of _____,
_____.

WITNESSETH

WHEREAS, Transmission Customer, has requested that JEA provide it with Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service under JEA's Open Access Transmission Tariff;

WHEREAS, in order to conduct the System Impact Study ("Study") that will analyze the impact of the type of transmission service requested by the Transmission Customer on JEA's transmission system, the Transmission Customer has provided JEA certain information as may be required to perform the Study; and

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NOW, THEREFORE, in consideration of the foregoing premises and of the benefits to be obtained from the covenants herein, JEA and the Transmission Customer agree as follows:

1. This Study Agreement shall not be used by either Party for any purpose other than enforcement of the terms of the Study Agreement.
2. JEA and the Transmission Customer agree that any data provided pursuant to this Study Agreement and designated confidential by the providing Party will be kept confidential, and that neither Party will disclose such designated data; provided, however, that either Party may disclose such confidential designated data in any manner consistent with a written consent to such disclosure obtained from the providing Party prior to such disclosure.
3. In the event that one Party is required by a state or federal regulatory authority or court to disclose data previously provided under the Study by the other Party under a confidentiality designation, the Party subject to such requirement shall exercise reasonable best efforts to obtain a confidentiality agreement or appropriate protective order with such state or federal regulatory authority or court, as applicable, to preserve the confidentiality of the designated data to be

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disclosed. Further, upon receipt of such a demand for the data, the receiving Party shall immediately notify the other Party.

4. JEA and the Transmission Customer agree that the purpose of the Study will be to identify any impacts which the Transmission Service requested by the Transmission Customer could reasonably be anticipated to have on the operation and reliability of JEA's Transmission System. The System Impact Study shall identify any system constraints, additional Direct Assignment Facilities or Network Upgrades required to provide the requested Transmission Service.
5. Appendix No. 1 of this Study Agreement sets out the informational data to be provided by the Transmission Customer upon which the Study will be based. Part I of Appendix No. 1 sets out the principal information required to be provided by the Transmission Customer for the Study in response to a Point-To-Point Transmission Service request; Part II of Appendix No. 1 sets out the principal information required to be provided by the Transmission Customer in response to a Network Integration Transmission Service request.
6. Appendix No. 2 of this Study Agreement sets out the criteria and a description of the principal procedures to be employed by JEA in performing the Study.

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7. JEA shall provide the Study results to the Transmission Customer no later than sixty (60) days following the latter of 1) the execution of this Study Agreement, or 2) the Transmission Customer having provided JEA the data specified in Appendix No. 1 to this Study. To the extent JEA completes the Study in a shorter period of time; JEA will provide the Transmission Customer with the results of this Study as soon as it is completed.

8. After JEA presents the Study results to the Transmission Customer: 1) if the Study indicates that JEA can provide all the requested service from existing capacity, JEA will provide the Transmission Customer an executable Service Agreement, or 2) if the Study indicates that JEA will be required to construct and/or install incremental facilities, and if the Transmission Customer so requests, JEA will provide the Transmission Customer within thirty (30) days a Facilities Study Agreement, the form of which is incorporated as Exhibit 2 to this Attachment D.

9. The actual cost of the Study is estimated by JEA to be _____ dollars (\$ _____). The Transmission Customer will be responsible for such cost. The Transmission Customer will deposit with JEA dollars (\$ _____) within fifteen (15) days of the date of execution of this Study Agreement. The actual cost of the Study, less the _____ dollars (\$ _____)

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deposit, will be billed to the Transmission Customer, subject to JEA providing the Transmission Customer with the results of the Study. Payment by the Transmission Customer to JEA of such cost will be due no later than twenty (20) days from the date of mailing (as determined by postmark) of the bill. JEA will provide the Transmission Customer with documentation of the costs at the time JEA bills the Transmission Customer for the Study.

10. In the event JEA is unable to complete the Study within the time period specified above, JEA shall notify the Transmission Customer and shall provide an estimate completion date along with an explanation of the reasons why additional time is required to complete the Study.

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IN WITNESS WHEREOF, the Parties hereto have caused this Study Agreement to be executed by their duly authorized officers effective as of the date first written above.

JEA

Date: _____

By: _____

Title: _____

TRANSMISSION CUSTOMER

Date: _____

By: _____

Title: _____

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**APPENDIX NO. 1
TO
EXHIBIT 1
TO
ATTACHMENT D
INFORMATION TO BE PROVIDED BY TRANSMISSION CUSTOMER**

PART I

To be provided by the Transmission Customer when a System Impact Study is performed in response to a Long-Term Firm Point-To-point Transmission Service request.

Informational Data:

The informational data provided pursuant to Section 18.2 of JEA's Open Access Transmission Tariff and any other pertinent information necessary to properly analyze the Transmission Customer's request for Long-Term Firm Point-To-Point Transmission Service shall be specifically delineated in this Appendix and agreed to between JEA and the Transmission Customer.

PART II

To be provided by Transmission Customer when a System Impact Study is performed in response to a Network Integration Transmission Service request.

Informational Data:

The informational data provided pursuant to Section 29.2 of JEA's Open Access Transmission Tariff and any other pertinent information necessary to properly analyze the Transmission Customer's request for Network Integration Transmission Service shall be specifically delineated in this Appendix and agreed to between JEA and the Transmission Customer. More specifically, the following are the typical types of information that will be needed to be provided to JEA by the Transmission Customer in paper summary and in electronic format, as applicable.

LOAD: Coincident (with the Transmission Customer's load) and non-coincident load projection for the term of the transmission service for each delivery point along with the corresponding power factor.

GENERATION: Capacity plan along with the capability of each generating unit (i.e., real and reactive power) and heat rate curves and/or sufficient data to dispatch the Transmission Customer's resources.

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On Peak /Off Peak cases will be analyzed.

INTERCHANGE

SCHEDULE: Long-term firm transactions, specifying receipt and delivery points, duration of transactions, and underlying agreements.

STUDY

HORIZON: Expected system conditions for planning horizon will be represented in the Study. It may be necessary to represent other years beyond the planning horizon depending on the results of the Study.

MODEL: Latest transmission model for utility and/or member systems, including, but not limited to, compensating devices, line impedances, transformers, and other pertinent data. Also, transient stability and short circuit data for generators.

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**APPENDIX NO. 2
TO
EXHIBIT 1
TO
ATTACHMENT D
CRITERIA AND STUDY PROCEDURE**

CRITERIA:

Criteria will be in conformance with criteria in JEA's latest Form 715 filing.

STUDY PROCEDURE:

Task 1.0: Case Development

The FRCC data bank for years _____ will be used as a basis with the necessary detailed data added for the Study.

Task 2.0: Analyses

Load flow analyses for the JEA system will be performed. Thermal and reactive limitations will be identified.

Transient Stability Analysis will be performed as required to determine reliability impact of request on the JEA system. Cases will be used with worst but probable dispatches.

Short Circuit Analysis will be performed as required to determine reliability impact on the JEA system.

In addition, JEA may perform other special studies as may be necessary.

Task 3.0: Documentation of Results

Document in report form the assumptions, methodology, and results of the study.

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**APPENDIX NO. 2
TO
ATTACHMENT D
FORM OF
FACILITIES STUDY AGREEMENT
BETWEEN
JEA
AND
TRANSMISSION SERVICE CUSTOMER**

THIS FACILITIES STUDY AGREEMENT ("Facilities Agreement") between JEA
("Transmission Provider") and _____
("Transmission Customer") is made and entered into this ____ day of _____, ____.

WITNESSETH

WHEREAS, Transmission Customer has requested that JEA provide it with Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service under JEA's Open Access Transmission Tariff;

WHEREAS, in order to provide the requested transmission service JEA has conducted a System Impact Study as requested by the Transmission Customer, and the results

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of such Study have determined that JEA will be required to construct and/or install incremental facilities; and

NOW, THEREFORE, in consideration of the foregoing premises and of the benefits to be obtained from the covenants herein, JEA and the Transmission Customer agree as follows:

1. This Facilities Agreement shall not be used by either Party for any purpose other than enforcement of the terms of the Facilities Agreements.
2. JEA and the Transmission Customer agree that any data provided pursuant to this Facilities Agreement and designated confidential by the providing Party will be kept confidential, and that neither Party will disclose such designated data; provided, however, that either Party may disclose such confidential designated data in any manner consistent with a written consent to such disclosure obtained from the providing Party prior to such disclosure.
3. In the event that one Party is required by a state or federal regulatory authority or court to disclose data previously provided under the Facilities Agreement by the other Party under a confidentiality designation, the Party subject to such requirement shall exercise reasonable best efforts to obtain a confidentiality agreement or appropriate protective order with such state or federal regulatory authority or court, as applicable, to preserve the confidentiality of the designated data to be disclosed.

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Further, upon receipt of such a demand for the data, the receiving Party shall immediately notify the other Party.

4. JEA and the Transmission Customer agree that the purpose of the Facilities Study is to identify what specific incremental facilities, including enhancements, modifications, additions or deletions that will be required in order for JEA to provide the requested Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service and the associated costs thereof.
5. JEA shall provide the Facilities Study results no later than sixty (60) days following the latter of 1) execution of this Facilities Agreement, or 2) the Transmission Customer having provided JEA any information requested by JEA in order to complete the Facilities Study. To the extent JEA completes the Facilities Study in a shorter period of time, JEA will provide the Transmission Customer with the results of this Facilities Study as soon as completed. To the extent JEA is unable to complete the Facilities Study within the time frame specified above, JEA will notify the Transmission Customer and provide an estimate of the time needed to complete the Facilities Study.
6. The results of the Facilities Study will include a good faith estimate of 1) the cost of the Direct Assignment Facilities to be charged to the Transmission Customer, 2) JEA's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and 3) the time required to complete such construction and initiate the requested Transmission Service.

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7. The actual cost of the Facilities Study is estimated by JEA to be _____ dollars (\$). The Transmission Customer will be responsible for such cost. The Transmission Customer will deposit with JEA _____ dollars (\$) within fifteen (15) days of the date of execution of this Facilities Agreement. The actual cost of the Facilities Study, less the _____ dollars (\$) deposit, will be billed to the Transmission Customer, subject to JEA providing the Transmission Customer with copies of the results of the Facilities Study. Payment by the Transmission Customer to JEA of such cost will be due no later than twenty (20) days from the date of mailing (as determined by postmark) of the Facilities Study bill. JEA will provide the Transmission Customer with documentation of the costs at the time JEA bills the Transmission Customer for the Facilities Study.
8. Upon completion of the Facilities Study and at the request of the Transmission Customer, JEA shall provide the customer an executable Service Agreement. The Transmission Customer shall have thirty (30) days to execute the Service Agreement.
9. At the time the Transmission Customer executes the Service Agreement, and prior to the commencement of any construction and other activities attendant thereto, the Transmission Customer shall provide JEA with an unconditional and irrevocable letter of credit or other form of security acceptable to JEA equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the

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Uniform Commercial Code that protects JEA against the risk of non-payment for such costs.

IN WITNESS WHEREOF, the Parties hereto have caused this Facilities Agreement to be executed by their duly authorized officers effective as of the date first written above.

JEA

Date: _____

By: _____

Title: _____

TRANSMISSION CUSTOMER

Date: _____

By: _____

Title: _____

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ATTACHMENT E

Index of Point-To-Point Transmission Service Customers

Customer

Date of
Service Agreement

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ATTACHMENT F

Form of Service Agreement for Network Integration Transmission Service

This Service Agreement, dated as of _____, is entered into by and between JEA ("Transmission Provider") and _____ ("Network Customer").

- 1.0 The Network Customer is _____ and has been determined by JEA to have submitted a complete Application for Network Integration Transmission Service under Part III of the Tariff.
- 2.0 Service under this Service Agreement shall commence on the later of: (1) 0001 hours on _____, 19 ____, or (2) the date on which construction of transmission facilities and/or Network Upgrades identified by the System Impact Study are completed.
- 3.0 JEA agrees to provide, and the Network Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of the Tariff and this Service Agreement. Any notice or request made to or by any Party regarding this Service Agreement shall be made in writing and shall be delivered either in person, or by prepaid mail (return receipt requested) to the representative of

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the other Party as indicated below. Such representative and address for notices or requests may be changed from time to time by notice by one Party to the other.

JEA:

Attention: Sr. Director, Energy Operations
JEA
7720 Ramona Blvd.
Jacksonville, FL 32221

NETWORK CUSTOMER:

- 5.0 The amount of credit, if any, for a Network Customer's owned transmission facilities that meet the requirements of Section 30.9 of the Tariff is as follows:

- 6.0 Such other terms and conditions that the Parties may agree on or may be required by the nature of the service requested.

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IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized representatives as of the date first above written.

JEA

By:_____

NETWORK CUSTOMER

By:_____

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JEA

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Page No. 155**SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE**

1.0 Term of Network Integration Transmission Service:

Start Date:

Termination Date:

2.0 Description of capacity and/or energy to be transmitted by Transmission Provider across the Transmission Provider's Transmission System (including electric control area in which the transaction originates).

3.0 Network Resources

(1) Transmission Customer Generation Owned:

Resource	Capacity	Capacity Designated
----------	----------	---------------------

(2) Transmission Customer Generation Purchased:

Source	Capacity
--------	----------

Total Network Resources: (1)+(2) = _____

4.0 Network Load

(1) Transmission Customer Network Load:

Network Load	Transmission Voltage Level
--------------	----------------------------

(2) Member Systems Loads Designated as Network Load:

Member System Load	Transmission Voltage Level
--------------------	----------------------------

Total Network Load (Estimated): (1)+(2) = _____

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ATTACHMENT G

Form of a Network Operating Agreement

THIS NETWORK OPERATING AGREEMENT ("Operating Agreement")
between JEA ("Transmission Provider") and the Network Customer ("Network Customer") is
made and entered into this _____ day of _____, 19____.

WITNESSETH

WHEREAS, the Network Customer has requested and JEA has agreed to provide
Network Integration Transmission Service under Part III of the Tariff; and

WHEREAS JEA and the Network Customer have agreed to enter into this
Operating Agreement to set forth certain operating understandings in order for JEA to provide
the requested network service.

NOW, THEREFORE, in consideration of the foregoing premises and of the
benefits to be obtained from the covenants herein, JEA and the Network Customer agree as
follows:

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Open Access Transmission Tariff
Page No. 158**ARTICLE 1 – Definitions**

Along with the definitions set forth below, the definitions in the Tariff are hereby incorporated into this Operating Agreement.

- 1.1 **Data Acquisition Equipment:** Supervisory control and data acquisition ("SCADA"), remote terminal units ("RTUs") to obtain information from a Party's facilities, telephone equipment, leased telephone circuits, fiber optic circuits, and other communications equipment necessary to transmit data to remote locations, and any other equipment or service necessary to provide for the telemetry and control requirements of the Tariff.
- 1.2 **Data Link:** The direct communications link between the Network Customer's energy control center and JEA's control center that will enable JEA's control center to receive real time telemetry and data from the Customer's energy control center and the Customer's energy control center to receive real time telemetry and data from JEA's control center.
- 1.3 **Metering Equipment:** High accuracy, solid state kW, kWh meters, metering cabinets, metering panels, conduits, cabling, high accuracy current transformers and high accuracy potential transformers, which directly or indirectly provide input to meters or transducers, meter recording devices (e.g., Solid State Data Receivers), telephone circuits, signal or pulse dividers,

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transducers, pulse accumulators, and any other metering equipment necessary to implement the provisions of the Tariff.

- 1.4 **Member System:** An Eligible Customer operating as a part of a lawful combination, partnership, association or joint action agency composed exclusively of Eligible Customers.
- 1.5 **Power Factor Requirements (PFR) On-Peak Hours:** The PFR On-Peak hours are the hours during the PFR On Peak Period; the PFR On Peak Period is (1) from December 1 through March 31 during the hours from 6 a.m. to 10 a.m., and 6 p.m. to 10 p.m. and; (2) from April 1 through November 30 during the hours from 10 a.m. to 10 p.m., unless and until otherwise changed by mutual agreement of the Operating Committee.
- 1.6 **Power Factor Requirements (PFR) Off-Peak Hours:** All other hours besides the PFR "On-Peak hours".
- 1.7 **Protective Equipment:** Protective relays, relaying panels, relaying cabinets, circuit breakers, conduits, cabling, current transformers, potential transformers, coupling capacitor voltage transformers, wave traps, transfer trip and fault recorders, which directly or indirectly provide input to relays, fiber optic communication equipment, power line carrier equipment and telephone circuits, and any other protective equipment necessary to implement the protection provision of this Tariff.

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ARTICLE 2 - Term of Service

- 2.1 The term of this Operating Agreement between JEA and the Network Customer shall be concurrent with the Service Agreement.

ARTICLE 3 - Network Customer Control Area

- 3.1 **Network Customer's Control Area:** The Network Customer shall include its designated Network Resources and Network Load and operate as a single independent Control Area ("Network Customer Control Area") and shall plan, construct, operate and maintain the Network Customer's Control Area in accordance with Good Utility Practice, which shall include, but not be limited to, all applicable guidelines of the North American Electrical Reliability Council, the Southeastern Electric Reliability Council, and the Florida Regional Reliability Council, or their successor; provided, however, that JEA will not require adherence to any such applicable guidelines to the extent that JEA does not adhere to such applicable guideline.

- 3.1.1 The Network Customer may contract with another entity to provide Control Area services to the Network Customer, in which event such

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entity shall be required to meet all of the control area requirements set forth in this Article.

3.1.2 If the Network Customer desires to merge the Network Customer's Control Area with another entity's Control Area such that a common control scheme is applied to the Network Customer's and the other entity's generation and load (i.e., a pooling arrangement) then the Network Customer must submit a new Application for service under the Tariff.

3.1.3 The Network Customer shall provide and operate automatic generation control equipment (or contract with a third party to perform these services) in accordance with Good Utility Practice so as to avoid burdening demands upon JEA's system or the systems of others.

3.2 **Control Area Operations:** JEA and the Network Customer shall operate and maintain their respective Control Areas in a manner that will allow JEA to safely and reliably operate the Transmission System in accordance with the Tariff and with Good Utility Practice, so that either Party shall not unduly burden the other Party; provided, however, that notwithstanding any other

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provision of the Tariff, JEA shall retain the sole responsibility and authority for all operating decisions that could affect the integrity, reliability and security of the Transmission System.

3.3 **Control Area Equipment:** The Network Customer shall be responsible for the purchase, installation, upgrading, operation, maintenance and replacement of all Data Acquisition Equipment, Metering Equipment, Protection Equipment, and any other associated equipment and software, which may be required by either Party for the Network Customer to operate a Control Area in accordance with Good Utility Practice. JEA shall have the right to review and approve such equipment and software as may be required to ensure conformance with Good Utility Practices, prior to its installation.

3.4 **Control Area Data:** The Network Customer shall incorporate the information obtained from the Network Customer's Metering Equipment and Data Acquisition Equipment into the Network Customer's energy control center as the Parties determine to be necessary to incorporate the Member Systems into a single Control Area operating within the JEA Transmission System consistent with the terms and conditions of the Tariff.

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- 3.5 **Regulation:** The Network Customer shall be responsible for operating in a manner to provide for its Network Load at all times, and to hold deviations from frequency-biased net interchange schedules to a minimum in accordance with the North American Electric Reliability Council, Southeastern Electric Reliability Council, and the Florida Regional Reliability Council, or their successor requirements.
- 3.6 **Data Link Operations:** The selection of real time telemetry and data to be received by JEA and the Network Customer shall be as necessary for reliability, security, economics, and/or monitor-ing of real-time condition that affect JEA's Transmission System. This telemetry shall include, but is not limited to, loads, line flows, voltages, generator output, and breaker status at any of the Network Customer's transmission and generation facilities (See Exhibit 2 to this Operating Agreement). To the extent that JEA or the Network Customer requires data that are not available from existing equipment, the Network Customer shall, at its own expense, install any Metering Equipment, Data Acquisition Equipment, or other equipment and software necessary for the telemetry to be received by JEA or the Network Customer via the Data Link. JEA shall have the right to inspect equipment and software associated with the Data Link in order to assure conformance Good Utility Practice.

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- 3.7 **Computer Modifications:** Each Party shall be responsible for implementing any computer modifications or changes required to its own computer system(s) as necessary to implement the provisions of the Tariff.
- 3.8 **Metering:** The Network Load shall be metered on an hourly integrated basis in accordance with JEA's standards or practices for similarly determining JEA's load. The actual hourly Network Load during each calendar month shall be provided to JEA by the Network Customer by the seventh day of the following calendar month.
- 3.9 **Voltage Support:** The Network Customer will use reasonable best efforts to have in the shortest practicable time, but under no circumstances greater than one (1) year after service begins under the Tariff, sufficient reactive compensation and control to meet the power factor requirements specified below (such range to be adhered to except for momentary deviations or at JEA's written consent) at each interconnection or point of delivery with each Member System. If the Network Customer does not provide the necessary reactive compensation and control to comply with the objectives described in this Section, JEA shall have the unilateral right to install such equipment to meet these standards at the Network Customer's expense.

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POWER FACTOR REQUIREMENTS	
On-Peak Hours	.95 (lagging) to 0.95 (leading)
Off-Peak Hours	.90 (lagging) to 1.00 (unity)

3.10 **Real Time System Data Requirements:** The Network Customer shall provide JEA via the Data Link, at least once every one minute (this time interval is subject to modification as agreed to by the Network Operating Committee), loads, line flows, voltages, generator outputs, breaker status, etc. as necessary for JEA to provide service under the Tariff and ensuring the security and reliability of the JEA Transmission System.

3.11 **Disturbances:** Each Party shall, insofar as practicable, protect, operate and maintain its system and facilities so as to avoid or minimize the likelihood of disturbances which might cause impairment of or jeopardy to service to the customers of the other Party, or to other interconnected systems.

3.12 **Notification:** The Network Customer shall notify and coordinate with JEA prior to the commencement of any work by the Network Customer, Member System, or contractors or agents performing on behalf of either or both, which may directly or indirectly have an adverse effect on the Network

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Customer's or JEA's Control Area, the Data Link, or the reliability of the JEA Transmission System.

3.13 **Maintenance of Equipment:** The Network Customer shall, on a regular basis or at JEA's request, and at the Network Customer's own expense, test, calibrate, verify and validate the Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine Network Load. JEA shall have the right to inspect such tests, calibrations, verifications and validations of the Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine the Network Load. Upon JEA's request, the Network Customer will provide JEA a copy of the installation, test and calibration records of the Metering Equipment, Data Acquisition Equipment, and other equipment or software. JEA shall, at the Network Customer's expense, have the right to monitor the factory acceptance test, the field acceptance test, and the installation of any Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine the Network Load.

3.14 **Control Area Costs:** The Network Customer shall be responsible for all costs to establish, operate and maintain the Network Customer's Control Area, including, but not limited to, engineering, administrative and general

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expenses, material, and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, relocation of equipment, or software.

ARTICLE 4 - Network Operating Committee

- 4.1 **Network Operating Committee:** Each Party shall in writing appoint a member(s) and an alternate(s) to a Network Operating Committee and to notify the other Party of such appointment(s). Such appointments may be changed at any time by similar written notice. The Network Operating Committee shall meet as necessary and review the duties set forth herein. The Network Operating Committee shall hold meetings at the request of either Party, at a time and place agreed upon by the members of the Network Operating Committee. The Network Operating Committee shall meet once each year to discuss the information provided pursuant to Article V and the information exchanged pursuant to this Section. Each member and alternate shall be a responsible person working with the day-to-day operations of each respective power system. The Network Operating Committee shall represent the Parties in all operational matters that may be delegated to it by mutual agreement of the Parties hereto. The duties of the Network Operating

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Committee shall include those specifically referred to elsewhere in the Tariff, including but not limited to, the following:

- (1) The coordination of operation and maintenance schedules;
- (2) The exchange of information regarding each party's long range transmission plans;
- (3) Establishment of maintenance control and operating procedures consistent with the provisions of the Tariff;
- (4) Establishment of data requirements necessary for JEA to provide Network Integration Service as delineated in the Tariff;
- (5) Review of Metering Equipment, Data Acquisition Equipment, Protection Equipment, and any other equipment or software requirements, standards and procedures; and
- (6) Such other duties as may be conferred upon it by mutual agreement of the Parties hereto.

4.2 **Network Operating Committee Agreements:** Each Party shall cooperate in providing to the Network Operating Committee all information required in the performance of the Network Operating Committee's duties. All decisions and agreements, if any, made by the Network Operating Committee shall be evidenced in writing and shall be in accordance with the Tariff.

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Page No. 169**ARTICLE 5 - Technical Data**

5.1 **Annual Load Forecast:** The Network Customer shall provide JEA by November 1st of each year the Network Customer's best forecast of the following calendar year's (i) monthly coincident peak Network Load of the Member Systems expressed in kW along with the power factor of each of the Member Systems at such time and, (ii) each individual Member System's monthly non-coincident peak loads expressed in kW along with the power factor of each of the Member Systems at such time. Such forecast shall be made using prudent forecasting techniques available and generally deemed acceptable in the electric utility industry.

5.2 **Annual Network Resource Availability Forecast:** The Network Customer shall provide to JEA by November 1st of each year the Network Customer's best forecast of the following calendar year's planned Network Resource availability forecast (e.g., all planned resource outages, including off-line and on-line dates). Such forecast shall be made using prudent forecasting techniques available and generally deemed acceptable in the electric utility industry. The Network Customer shall inform JEA, in a timely manner, of

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any changes to Network Customer's planned Network Resource Availability Forecast.

- 5.3 **Annual Operating Conflicts:** In the event that JEA determines that the annual Network Resource Availability Forecast cannot be accommodated due to a transmission constraint on the JEA Transmission System, and such constraint may jeopardize the security of the JEA Transmission System or adversely affect the economic operation of either JEA or the Network Customer, to the extent possible, the Network Operating Committee will coordinate the annual Operating Network Resource Availability Forecast of both Parties to mitigate the transmission constraint.
- 5.4 **Daily Operating Forecast:** The Network Customer shall provide JEA, at least 36 hours in advance of every calendar day, the Network Customer's best hourly forecast for the calendar day of the (i) maximum non-coincident flow (both import and export) at each of the JEA interfaces with the Network Customer and/or the Member Systems, (ii) first contingency maximum non-coincident flow (both import and export) at each of the JEA interfaces with each Member System, (iii) any planned transmission or generation outage(s) on the system of any of the Member Systems or on a system other than that of JEA where a Network Resource is located, (iv) the individual coincident

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Member Systems loads along with the commitment/dispatch of the Network Resources at peak operating period(s) (the peak operating period(s) will be determined by JEA operating personnel and may be changed from time-to-time as necessary), and (v) and any other information that JEA's operating personnel reasonably deem appropriate to safely and reliability operate the JEA Transmission System. The Network Customer shall keep JEA informed in a timely manner, of any changes to its current Daily Operating Forecast.

5.5 **Daily Operating Conflicts:** In the event that JEA determines that the Daily Operating Forecast cannot be accommodated due to a transmission constraint on the JEA Transmission System, and such constraint may jeopardize the security and reliability of the JEA Transmission System or adversely affect the economic operation of either JEA or the Network Customer, the load curtailment provisions of the Tariff will be implemented in accordance with Exhibit 1 of this Operating Agreement.

5.6 **Network Planning Information:** In order for JEA to plan, on an ongoing basis, to meet the Network Customer's firm-long term requirements for Network Integration Transmission Service the Network Customer shall provide JEA with the information set forth in Sections 5.7 - 5.10. This type of information is consistent with JEA's information requirements for

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planning to serve JEA's Native Load Network Customers and is consistent with JEA's ten (10) year planning process.

5.7 **Annual Planning Network Load Forecast:** The Network Customer shall provide JEA by November 1st of each year the Network Customer's best forecast of the following ten (10) calendar years' (i) monthly coincident Network Load and non-coincident Member Systems' Network Loads expressed in kW and, (ii) each individual Member System's monthly coincident and non-coincident loads expressed in kW along with the respective power factor. Such forecast shall be made using prudent forecasting techniques available and generally deemed acceptable in the electric utility industry.

5.8 **Annual Planning Network Resource Forecast:** The Network Customer shall provide to JEA by November 1st of each year (i) the Network Customer's best forecast of the next ten (10) years' planned Network Resources and all pertinent information regarding such Network Resources, (ii) a copy of the Network Customer's most current firm purchased power commitments (including the underlying agreement for purchased power) for the next ten (10) years on a unit specific basis for any Network Resource(s) which is a firm unit specific purchased power resource, and (iii) for

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purchased power commitments that are non-unit specific, any information necessary for JEA (including the underlying agreement for purchased power) to model how the purchased power commitment would be dispatched by the Network Customer to meet the Network Load; provided, however, that the information provided by the Network Customer pursuant to this Section 5.8 shall not be deemed a substitute for written notice required for designating new Network Resources.

5.9 **Annual Planning Network Transmission Facilities:** The Network Customer shall provide JEA any planned internal transmission facilities on the Network Customer and/or each Member Systems' system (lines, transformers, reactive equipment, etc.) for each of the subsequent ten (10) calendar years.

5.10 **Technical Data Format:** The Network Customer shall provide JEA the best available data associated with Network Resources and transmission facilities, for modeling purposes in an electronic format specified by JEA. The electronic format specified by JEA shall be a format commonly used in the electric utility industry.

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5.11 Such other terms and conditions that the Parties may agree on or may be required by the nature of the service requested.

IN WITNESS WHEREOF, the Parties hereto have caused this Operating Agreement to be executed by their duly authorized officers effective as of the date first written above.

JEA

Date: _____

By: _____

Title: _____

[Network Customer]

Date: _____

By: _____

Title: _____

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Page No. 175**EXHIBIT 1 TO ATTACHMENT G**
Out of dispatch Cost Methodology

JEA's system operations will determine the least-cost re-dispatch for both JEA and the Network Customers that would relieve the constraint, without regard to resource ownership. Both JEA and the Network Customer will be required to redispatch their resources (including reducing purchases and sales) in accordance with the results produced by JEA's system operations until the constraint has been removed. JEA's system operations will then determine JEA's, and the Network Customer's total combined additional costs incurred to alleviate the constraint.

This total combined cost will be shared by JEA and all Network Customers such that the Network Customer will be responsible for its load ratio share of that cost.

Out of dispatch Costs Computation Methodology:

PC_{JEA} - JEA's total production costs, including sales and purchases, before the constraint procedures are implemented.

PC_{TC} - The Network Customer's total production costs, including sales and purchases, before the constraint procedures are implemented.

PC_{JEA}' - JEA's total production costs, including sales and purchases, after the constraint procedures are implemented.

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PC_{TC}' - The Network Customer's total production costs, including sales and purchases, after the constraint procedures are implemented.

LRP_{TC} - The load ratio percentage of the Network Customer.

PC - The total incremental production costs to relieve the constraint or defined as $PC = (PC_{JEA}' + PC_{TC}') - (PC_{JEA} + PC_{TC})$.

CR_{TC} - The cost responsibility of the Network Customer for the total incremental production costs to relieve the constraint or defined as $CR_{TC} = \square PC * LRP_{TC}$.

AC_{TC} - The incremental costs/saving incurred by the Network Customer to relieve the constraint or defined as $AC_{TC} = (PC_{TC}' - PC_{TC})$.

OCC - The Out of Dispatch charge (negative) or credit (positive) to the Network Customer bill or defined as $OCC = AC_{TC} - CR_{TC}$

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**EXHIBIT 2 TO ATTACHMENT G
OF THE NETWORK OPERATING AGREEMENT**

General Requirements

1. Periodicity of data sent to JEA will be compatible with JEA's own, i.e., as required by JEA's EMS.
2. If a data link is used, IECG protocol will be used. If the communication is direct from RTU's, it will be 44 - 500 protocol.
3. Forecast data, i.e., system load, unit outage, etc. will be communicated to the system operators.
4. The Network Customer will provide to JEA all their independent schedules into and out of network.

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Page No. 178**Specific Data Requirements**

The list below shows the required data that the Network Customer must provide to JEA. Real time data updated at least every 2 minutes is required in order to guarantee that the information is current when a data snapshot is taken by the security applications. This time is currently about half of the periodicity of these applications. In the future this data snapshot will be required at a faster rate to match expected reduced run times for these applications:

1. The Network Customer will provide to JEA all their independent schedules into & out of the network
2. Network Load
 - A. Instantaneous - MW, MVAR
 - B. Hourly - MWHr, refresh hourly for day
3. Generation
 - A. Instantaneous - MW, MVAR, Voltage, Dynamic schedules for Jointly Owned Units
 - B. Hourly - MWHr, refresh hourly for day
 - C. Dispatch Data, Efficiency, Fuel Cost, High and Low Limits

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- D. Availability of Network Resources
- 4. Actual Net Interchange (for all ties)
 - A. Instantaneous - MW, MVAR
 - B. Hourly - MWHr, refresh hourly for day
- 5. Data for Transmission Facilities key to JEA's Security Assessment
 - A. Status
 - B. MW, MVAR, AMPS loading
 - C. Voltages
 - D. MVA, AMP ratings
 - E. Settings (i.e., capacitor banks and auto transformers)
 - F. Distribution load per station
 - G. Transmission facilities modeling data
- 6. Forecasted Data
 - A. 36 hour forecasted load
 - B. Unit maintenance / deration
 - C. Projected hourly loss schedule for next day
 - D. Line and equipment outages

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7. Information sufficient to determine uses of the Network Resources for purposes other than serving Network Load.

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ATTACHMENT H

Annual Network Transmission Service Rate

The Annual Network Transmission Service Rate shall be \$18.12/kW-year. This rate shall be applied by multiplying \$1.51/kW-month times the Customer's monthly Network Load. All quantities used in calculating the Network Customer's monthly Network Load shall be adjusted to the transmission system input level, i.e., shall include the transmission capacity associated with any applicable losses.

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ATTACHMENT I

Index of Network Integration Transmission Service Customers

Customer	Date of Service Agreement
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ATTACHMENT J

Procedures for Addressing Parallel Flows

The North American Electric Reliability Council's (NERC) Transmission Loading Relief
("TLR") Procedures as may be amended from time to time.

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Page No. 184**ATTACHMENT K****Transmission Planning Process**

The Transmission Provider shall establish a coordinated, open and transparent planning process with its Network and Firm Point-to-Point Transmission Customers and other interested parties, including the coordination of such planning with interconnected systems within its region, to ensure that the Transmission System is planned to meet the needs of both the Transmission Provider and its network and Firm Point-to-Point Transmission Customers on a comparable and nondiscriminatory basis. The Transmission Provider's coordinated, open and transparent planning process shall be provided as an attachment to the Transmission Provider's Tariff.

The Transmission Provider's planning process shall satisfy the following nine principles, as defined in the Final Rule in Docket No. RM05-25-000: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies, and cost allocation for new projects. The planning process shall also provide a mechanism for the recovery and allocation of planning costs consistent with the Final Rule in Docket No. RM05-25-000.

The Transmission Provider's planning process must include sufficient detail to enable Transmission Customers to understand:

- (i) The process for consulting with customers and neighboring transmission providers;
- (ii) The notice procedures and anticipated frequency of meetings;
- (iii) The methodology, criteria, and processes used to develop transmission plans;
- (iv) The method of disclosure of criteria, assumptions and data underlying transmission system plans;
- (v) The obligation of and methods for customers to submit data to the transmission provider;
- (vi) The dispute resolution process;
- (vii) The transmission provider's study procedures for economic upgrades to address congestion or the integration of new resources; and
- (viii) The relevant cost allocation procedures or principles.

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Page No. 185**ATTACHMENT L****Creditworthiness Procedures**

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices and must specify quantitative and qualitative criteria to determine the level of secured and unsecured credit.

The Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider and consistent with commercial practices established by the Uniform Commercial Code that protects the Transmission Provider against the risk of non-payment.

Additionally, the Transmission Provider must include, at a minimum, the following information concerning its creditworthiness procedures:

- (1) a summary of the procedure for determining the level of secured and unsecured credit;
- (2) a list of the acceptable types of collateral/security;
- (3) a procedure for providing customers with reasonable notice of changes in credit levels and collateral requirements;
- (4) a procedure for providing customers, upon request, a written explanation for any change in credit levels or collateral requirements;
- (5) a reasonable opportunity to contest determinations of credit levels or collateral requirements; and
- (6) a reasonable opportunity to post additional collateral, including curing any non-creditworthy determination.

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Page No. 186**ATTACHMENT N****NON-FIRM ENERGY EXCHANGE TRANSMISSION SERVICE****Section 1. Scope and Application**

- 1.1 This Attachment N applies solely to the provision of Non-Firm Energy Exchange Transmission Service by the Transmission Provider.
- 1.2 Any capitalized terms not defined specifically herein have the meaning ascribed to them in Part I of the Tariff.
- 1.3 To the extent any provision of the Tariff conflicts with this Attachment, this Attachment controls as to the provision of Non-Firm Energy Exchange Transmission Service.

Section 2. Definitions

- 2.1 “ENERGY EXCHANGE” is the “Energy Exchange” as that term is defined in the Energy Exchange Agreement.
- 2.2 “ENERGY EXCHANGE PARTICIPANT” is a “Participant” as that term is defined in the Energy Exchange Agreement.
- 2.3 “ENERGY EXCHANGE MEMBER” is a “Member” as that term is defined in the Energy Exchange Agreement.
- 2.4 “ENERGY EXCHANGE SYSTEM” is the “Southeast EEM System” as that term is defined in the Energy Exchange Agreement.
- 2.5 “ENERGY EXCHANGE AGREEMENT” means the “Southeast Energy Exchange Market Agreement on file with Commission, as it may be amended from time to time.
- 2.6 “NON-FIRM ENERGY EXCHANGE TRANSMISSION SERVICE CUSTOMER” means a Transmission Customer taking Non-Firm Energy Exchange Transmission Service provided in accordance with this Attachment N of this Tariff pursuant to an executed Service Agreement for Non-Firm Energy Exchange Transmission Service, Attachment N-1 to this Tariff.

Section 3. Nature of Non-Firm Energy Exchange Transmission Service

- 3.1 Term. Non-Firm Energy Exchange Transmission Service will be available on an as-available basis for 15-minute Energy Exchanges.

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- 3.2 Reservation Priority. Non-Firm Energy Exchange Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term Firm, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service and Secondary Point-to-Point Transmission Service. Non-Firm Energy Exchange Transmission Service will have the lowest reservation priority under the Tariff.
- 3.3 Scheduling and Reservation. Non-Firm Energy Exchange Transmission Service may only be reserved, scheduled, and tagged through the reservation, scheduling and e-tagging functions of the Energy Exchange System, rather than directly through the Transmission Provider's OASIS.
- 3.4 Availability. Non-Firm Energy Exchange Transmission Service will be made available for Energy Exchanges from Available Transfer Capability after procurement and scheduling deadlines have passed for the next operating hour, taking into account other higher priority confirmed reservations and the limitations of the Transmission System of the Transmission Provider. Additional Non-Firm Energy Exchange Transmission Service may be made available for Energy Exchanges considering capacity from unscheduled reservations.
- 3.5 Curtailment and Interruption. The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Energy Exchange Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System, or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Energy Exchange Transmission Service provided under the Tariff to accommodate (1) transmission service for Network Customers, (2) Transmission Service for Firm Point-to-Point Transmission Service; or (3) Transmission Service for Non-Firm Point-to-Point Transmission Service. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Energy Exchange Transmission Service shall be subordinate to all other types of transmission service provided under this Tariff.
- 3.6 Transmission Losses. Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Non-Firm Energy Exchange Transmission Service Customer is responsible for replacing losses associated with all transmission service as calculated by Transmission Provider and pursuant to Section 6.1.2 of this Attachment N.

3.7 Transmission Provider's Obligations.

- 3.7.1 Transmission Provider will provide the Energy Exchange System with all

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information required by Participating Transmission Providers, as that term is defined in Appendix B of the Energy Exchange Agreement.

3.7.2 Transmission Provider is not obligated to (i) plan, construct, or maintain its Transmission System for the benefit of any Energy Exchange Participant; (ii) provide Non-Firm Energy Exchange Transmission Service in a manner that is contrary to the terms of this Tariff, or contrary to Good Utility Practice, each as determined in the sole judgement of the Transmission Provider; (iii) provide Non-Firm Energy Exchange Transmission Service to any Transmission Customer who is not an Energy Exchange Participant; (iv) provide Non-Firm Energy Exchange Transmission Service following Transmission Provider's removal or withdrawal from the Energy Exchange Agreement; or (v) file its Tariff with FERC if the Tariff is not already required to be filed with FERC.

3.7.3 Transmission Provider's participation in the Energy Exchange System is voluntary and may be terminated at any time in accordance with the provisions of the Energy Exchange Agreement. It is therefore expressly understood, and a condition of service, that Non-Firm Energy Exchange Transmission Service Customer has no reliance interest in provision of Non-Firm Energy Exchange Transmission Service and has no right to rely on Transmission Provider continuing to provide Non-Firm Energy Exchange Transmission Service.

Section 4. Initiation of Non-Firm Energy Exchange Transmission Service

4.1 Non-Firm Energy Exchange Transmission Service is available only to Eligible Customers that:

4.1.1 Are in good financial standing with the Transmission Provider.

4.1.2 Have submitted a Completed Application for Non-Firm Energy Exchange Transmission Service to the Transmission Provider:

JEA
Sr. Director, Energy Operations
7720 Ramona Blvd
Jacksonville, FL 32221

Internet e-mail: TSERVE@JEA.COM

4.1.2.1 A Completed Application for Non-Firm Energy Exchange Transmission Service must include:

(i) The identity, address, telephone number and email address of the

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entity requesting service;

(ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer;

(iii) A statement that the entity requesting service is, or will be upon commencement of service, an Energy Exchange Participant; and

(iv) The service commencement date of the requested Non-Firm Energy Exchange Transmission Service.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

4.1.3 Meet the creditworthiness criteria set forth in Part I, Section 11 of the Tariff.

4.1.4 Have executed a Service Agreement for Non-Firm Energy Exchange Transmission Service, Attachment N-1 of this Tariff.

Section 5. Limitations on Usage of Non-Firm Energy Exchange Transmission Service

5.1 Non-Firm Energy Exchange Transmission Service can be used solely for Energy Exchanges.

5.2 Non-Firm Energy Exchange Transmission Service may not be reassigned, redirected, or sold by the Non-Firm Energy Exchange Transmission Service Customer.

Section 6. Charges for Non-Firm Energy Exchange Transmission Service

6.1 The Non-Firm Energy Exchange Transmission Service Customer shall compensate the Transmission Provider for Non-Firm Energy Exchange Transmission Service as follows:

6.1.1 Rate for Non-Firm Energy Exchange Transmission Service: The rate for intra-hourly delivery shall be \$0/MW of Reserved Capacity per 15-minute increment.

6.1.2 Charges for Real Power Losses: The charges for Real Power Losses shall be based on the applicable Real Power Loss Factor and the Real Power Loss Rate applied to deliveries of Non-Firm Energy Exchange Transmission Service.

6.1.2.1 The applicable Real Power Loss factor shall be the same as specified in Section 15.7 of the Tariff.

6.1.2.2 The Real Power Loss Rate shall be a rate equal to 100 percent of the

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Transmission Provider's forecasted average incremental cost after serving all other obligations (including economy and opportunity transactions).

6.1.3 Ancillary Services: As described in Section 6.2.1, the charge for Schedule 1 or Schedule 2 Ancillary Services is \$0.

6.2 Ancillary Services

6.2.1 Notwithstanding the requirements in Tariff Section 3, the Non-Firm Energy Exchange Transmission Service Customer shall pay for the following Ancillary Services at the rate established in Section 6.1.3 of Attachment N: (a) Scheduling, System Control and Dispatch, and (b) Reactive Supply and Voltage Control from Generation or Other Sources.

6.2.2 The Non-Firm Energy Exchange Transmission Service Customer serving load within the Transmission Provider's Control Area must demonstrate that it already has made alternate arrangements for the following Ancillary Services, or it must acquire them from the Transmission Provider, from a third party, or by self-supply: (i) Regulation and Frequency Response, (ii) Energy Imbalance. A Non-Firm Energy Exchange Transmission Service Customer delivering power from a generator in Transmission Provider's Control Area off system must demonstrate that it already has made alternate arrangements for the following Ancillary Services, or it must acquire them from the Transmission Provider, from a third party, or by self-supply: (i) Regulation and Frequency Response and (ii) Generator Imbalance.

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Open Access Transmission Tariff
Page No. 191**ATTACHMENT N-1**

Form of Service Agreement for Non-Firm Energy Exchange Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the "Transmission Provider"), and _____ ("Non-Firm Energy Exchange Transmission Service Customer").
- 2.0 The Non-Firm Energy Exchange Transmission Service Customer has been determined by the Transmission Provider to be an Eligible Customer under Part I of the Tariff and an Energy Exchange Participant as defined in Attachment N of the Tariff, and as has submitted a Completed Application for Non-Firm Energy Exchange Transmission Service in accordance with Section 4 of Attachment N of the Tariff.
- 3.0 Service under this Service Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Non-Firm Energy Exchange Transmission Service Customer and subject to the scheduling procedures outlined in the Energy Exchange Agreement.
- 4.0 Non-Firm Energy Exchange Transmission Service Customer has all the rights and obligations of a Transmission Customer as set forth in Part I of the Tariff, except as specifically excluded in Attachment N to the Tariff.
- 5.0 The Non-Firm Energy Exchange Transmission Service Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for the Transmission Provider to provide the requested service.
- 6.0 The Transmission Provider agrees to provide, and the Non-Firm Energy Exchange Transmission Service Customer agrees to take and pay for Non-Firm Energy Exchange Transmission Service in accordance with the provisions of Attachment N of the Tariff and this Service Agreement.
- 7.0 The Non-Firm Energy Exchange Transmission Service Customer is responsible for replacing Real Power Losses associated with all Non-Firm Energy Exchange Transmission Service. Transmission Provider will supply, and the Non-Firm Energy Exchange Transmission Service Customer will pay for such Real Power Losses in accordance with Section 3.6 of Attachment N.
- 8.0 The Non-Firm Energy Exchange Transmission Service Customer or the Transmission Provider can cancel this Service Agreement at any time.
- 9.0 Transmission Provider's participation in the Energy Exchange System is voluntary and may be terminated at any time in accordance with the provisions of

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the Energy Exchange Agreement. It is therefore expressly understood, and a condition of service, that Non-Firm Energy Exchange Transmission Service Customer has no reliance interest in provision of Non-Firm Energy Exchange Transmission Service and has no right to rely on Transmission Provider continuing to provide Non-Firm Energy Exchange Transmission Service. Accordingly, if the Transmission Provider terminates its participation in the Energy Exchange System, the Transmission Provider can cancel this Service Agreement.

- 10.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Non-Firm Energy Exchange Transmission Service Customer:

- 11.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____
Name Title Date

Non-Firm Energy Exchange Transmission Service Customer:

By: _____
Name Title Date

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JEA OPEN ACCESS TRANSMISSION TARIFF

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Open Access Transmission Tariff
Page No. 12**I COMMON SERVICE PROVISIONS****1 Definitions**

- 1.1 Affiliate:** For the purposes of this Tariff, means The Energy Authority.
- 1.2 Ancillary Services:** Those services that is necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.
- 1.3 Annual Network Transmission Service Rate:** The total annual rate for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider.
- 1.4 Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.5 Arbitration Commitment Letter:** A letter requesting the submittal of disputed terms and conditions to arbitration as described in Sections 12.3 and 15.3.
- 1.6 Commission:** The Federal Energy Regulatory Commission.
- 1.7 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

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1.8 Control Area: An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

1. match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
2. Maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
3. Maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
4. Provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.9 Curtailment: A reduction in firm or nonfirm transmission service in response to a transfer capability shortage as a result of system reliability conditions.

1.10 Delivering Party: The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.11 Designated Agent: Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

1.12 Direct Assignment Facilities: Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct

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Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer.

1.13 Eligible Customer: (i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that would be prohibited by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider. (ii) Any retail customer taking unbundled Transmission Service pursuant to a state requirement that the Transmission Provider offer the transmission service or pursuant to a voluntary offer of such service by the Transmission Provider is an Eligible Customer under the Tariff.

1.14 Facilities Study: An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications that will be required to provide the requested transmission service.

1.15 Firm Point-To-Point Transmission Service: Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

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- 1.16 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).
- 1.17 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.
- 1.18 Load Ratio Share:** Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve-month basis.
- 1.19 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.
- 1.20 Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

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- 1.21 Native Load Customers:** The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.
- 1.22 Network Customer:** An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.
- 1.23 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.
- 1.24 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.
- 1.25 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the

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implementation of Network Integration Transmission Service under Part III of the Tariff.

1.26 Network Operating Committee: A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

1.27 Network Resource: Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

1.28 Network Upgrades: Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.29 Non-Firm Point-To-Point Transmission Service: Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

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1.30 Non-Firm Energy Exchange Transmission Service (NFEETS): The transmission service provided in accordance with Attachment N of the Tariff.

1.310 Non-Firm Sale: An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

1.324 Open Access Same-Time Information System (OASIS): The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.332 Part I: Tariff Definitions and Common Service Provisions contained in Sections 1 through 12.

1.343 Part II: Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.354 Part III: Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.365 Parties: The Transmission Provider and the Transmission Customer receiving service under the Tariff.

1.376 Point(s) of Delivery: Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

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1.3~~87~~ **Point(s) of Receipt:** Point(s) of interconnection on the Transmission

Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.3~~98~~ **Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.4~~039~~ **Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.4~~10~~ **Pre-Confirmed Application:** An application that commits the Transmission Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

1.4~~21~~ **Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.4~~32~~ **Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.4~~43~~ **Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved

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Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.4~~54~~ **Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

1.4~~65~~ **Service Commencement Date:** The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.4~~76~~ **Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.4~~87~~ **System Condition:** A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

1.4~~98~~ **System Impact Study:** An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

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1.5049 Third-Party Sale: Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.519 Transmission Customer: Any Eligible Customer (or its Designated Agent) that executes a Service Agreement. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff. In addition, this term is used in Part I to include customers receiving Non-Firm Energy Exchange Transmission Service under Attachment N to the Tariff, unless specifically excluded in Attachment N.

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1.524 Transmission Provider: The utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff. JEA is the Transmission Provider.

1.532 Transmission Provider's Monthly Transmission System Peak: The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

1.543 Transmission Service: Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.554 Transmission System: The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

2 Initial Allocation and Renewal Procedures

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2.1 Initial Allocation of Available Transfer Capability: For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

2.2 Reservation Priority for Existing Firm Service Customers: Existing firm service customers (wholesale requirements and transmission-only, with a contract term of three years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service the existing firm service customer must agree to accept a contract term at least equal to the longer of a competing request by any new Eligible Customer or three years and to pay the current just and reasonable rate for such service. The existing firm service customer must provide notice to the Transmission Provider whether it will exercise its

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right of first refusal no less than one year prior to the expiration date of its transmission service agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of three years or longer unless modified by the service agreement or violates other sections of the tariff. Service agreements subject to a right of first refusal entered into prior to the inclusion of the Transmission Provider's Attachment K, unless terminated, will become subject to the three year/one year requirement on the first rollover date after the inclusion of the Transmission Provider's Attachment K.

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area: (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve Supplemental, and (v) Generator Imbalance. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the

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Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, 6 and 9) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in

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conjunction with its provision of transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.7 below list the seven Ancillary Services.

- 3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1.
- 3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:** The rates and/or methodology are described in Schedule 2.
- 3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.
- 3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.
- 3.5 Operating Reserve - Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.
- 3.6 Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.
- 3.7 Generator Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 9.

4 Open Access Same-Time Information System (OASIS)

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Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and 18 C.F.R. § 38 of the Commission's regulations (Business Practice Standards and Communication Protocols for Public Utilities). In the event available transfer capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

The Transmission Provider shall post on its public OASIS website all rules, standards and practices that (i) relate to the terms and conditions of transmission service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff.

5 Tax Exempt Bonds

5.1 Facilities Financed by Tax Exempt Bonds: Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide Transmission Service to any Eligible Customer pursuant to this Tariff if the provision of such Transmission Service would jeopardize the tax-exempt status of any bond(s) used to finance the Transmission Provider's facilities that would be used in providing such Transmission Service.

5.2 Opinions of Bond Counsel: Any request for service may require an opinion of JEA's bond counsel. The Internal Revenue Service is currently considering proposed regulations dealing with the effect of providing transmission service on tax-exempt bonds issued to finance transmission facilities. Pending the issuance of the regulations, JEA's bond counsel has advised that any new proposals for transmission service for more than 3 years, including

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extensions, should be reviewed by bond counsel to determine whether they would adversely affect the exclusion of interest on the bonds from gross income for Federal income tax purposes. Costs of obtaining any necessary letters or opinions from bond counsel will be borne by the Transmission Customer.

- 5.3 Termination of Service Agreements:** The Transmission Provider may terminate any Service Agreement which it determines may jeopardize the tax-exempt status of its bonds. This includes Section 23 transactions.

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of or takes transmission service from, a power pool, Regional Transmission Group, Regional Transmission Organization (RTO, Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the members of such power pool and Regional Transmission Group, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

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This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

7 Billing and Payment

7.1 Billing Procedure: Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds and be made by wire transfer to a bank named by the Transmission Provider.

7.2 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) shall accrue and be payable at a rate equal to the interest rate paid by the Transmission Provider on its retail deposits. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment.

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7.3 Customer Default and Termination of Service: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate procedures to terminate service. Prior to terminating service, the Transmission Provider shall provide written notice to the Transmission Customer of its intent to terminate service in 30 days. If the Transmission Customer does not request in writing to the Transmission Provider, within ten (10) calendar days of the Transmission Customer's receipt of notice, that the Transmission Provider initiate arbitration under the provisions of Section 12, the Transmission Provider shall terminate service on the date contained in its notice to the Customer. If the Transmission Customer requests in writing that the Transmission Provider initiate arbitration proceedings, the provisions of Sections 12.3 through 12.5 shall apply. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute according to the provisions of Section 12.2. If the Transmission Customer fails to meet these two requirements for continuation

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of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to terminate service.

8 Accounting for the Transmission Provider's Use of the Tariff

The Transmission Provider shall record the following amounts, as outlined below:

8.1 Transmission Revenues: Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

8.2 Study Costs and Revenues: Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expenses that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

9 Changes to this Tariff by the Transmission Provider and Tariff Availability

9.1 Unilateral Right to Change: Notwithstanding any other provision in this Tariff or a Service Agreement, the Transmission Provider shall have the right unilaterally to make a change in rates, charges, classification of service, or any rule, regulation, or Service Agreement related thereto. The Transmission Provider will notify current Transmission Customers 30 days before a change becomes effective, unless the change is mutually agreeable to both parties.

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9.2 Tariff Availability: Notwithstanding any other provision of this Tariff, the Transmission Provider may terminate this Tariff and all Service Agreements hereunder, effective immediately and without satisfying the requirements of any other provisions of this Tariff in its sole discretion. Further, nothing contained in this Tariff shall restrict the Transmission Provider's right unilaterally to withdraw the Tariff at any time. Except as otherwise provided in this Section 9.2, such withdrawal shall not affect existing Service Agreements for Firm Point-to-Point Transmission Service entered into under the Tariff. Upon such withdrawal of this Tariff, all Service Agreements for Non-Firm Point-to-Point Transmission Service shall terminate immediately, provided that the Transmission Provider shall complete Non-Firm Point-to-Point Transmission Service for specific scheduled Non-Firm Point-to-Point Transmission Service transactions prior to the date of termination of the Tariff (not to exceed service for three months). The Transmission Provider shall provide at least 30 days notice of its intent to terminate this Tariff to Transmission Customers that have entered into Service Agreements for Non-Firm Point-to-Point Transmission Service.

10 Force Majeure and Indemnification

10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. Neither the Transmission Provider nor the

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Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider. For purposes of this Indemnification, the term "Transmission Provider" shall mean the JEA as a body politic and corporate and shall include its governing board, officers, employees, agents and assigns. This Indemnification shall survive the term of this Tariff.

11 Creditworthiness

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to

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meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider and consistent with commercial practices established by the Uniform Commercial Code that protects the Transmission Provider against the risk of non-payment.

12 Dispute Resolution Procedures

12.1 Applicability of Section 12: The provisions of Section 12 shall be the exclusive basis by which to resolve all disputes arising under this Tariff or any Service Agreement.

12.2 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the Transmission Provider involving Transmission Service under this Tariff (including disputes involving the Transmission Provider's proposed termination of service under Section 7.3, disputes regarding changes to the rates, rate methodologies, or non-rate terms and conditions in this Tariff or any Service Agreement entered into under the Tariff, and disputes regarding the Transmission Provider's proposed charges for Direct Assignment Facilities, Network Upgrades, stranded costs, and redispatch costs) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

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12.3 External Arbitration Procedures: Disputes may be submitted to arbitration upon request from the Transmission Customer in the form of an Arbitration Commitment Letter and provision of the required letter of credit or other form of security. Any arbitration initiated under this Section 12 shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration (other than previous arbitration experience). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Regional Transmission Group rules.

12.4 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision to disputes under this Section 12 within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons, therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the

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above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court governed by the rules of the State of Florida.

12.5 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

1. the cost of the arbitrator chosen by the Party to sit on the three-member panel and one half of the cost of the third arbitrator chosen; or
2. one half the cost of the single arbitrator jointly chosen by the Parties.

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Page No. 36**II POINT-TO-POINT TRANSMISSION SERVICE****Preamble**

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery.

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority:

- (i) Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service.
- (ii) Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests with the same duration and pre-confirmation status (Pre-Confirmed or not confirmed), priority will be given to an Eligible Customer's request that offers the highest price, followed by the date and time of the request.

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- (iii) If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer-term request or equal duration service with a higher price before losing its reservation priority. A longer-term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration requests, the shorter duration requests shall have simultaneous opportunities to exercise the right of first refusal. Duration, pre-confirmation status, price and time of response will be used to determine the order by which the multiple shorter duration requests will be able to exercise the right of first refusal. After the

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conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

- (iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

13.3 Use of Firm Transmission Service by the Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after January 1, 1997, or agreements executed prior to the aforementioned date that require unbundling. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements: The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-to-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-to-Point Transmission Service pursuant to the Tariff. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has

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not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement. The Service Agreement shall, when applicable, specify any conditional curtailment options selected by the Transmission Customer. Where the Service Agreement contains conditional curtailment options and is subject to a biennial reassessment as described in Section 15.4, the Service Agreement shall contain the process governing any changes to the curtailment conditions.

13.5 Transmission Customer Obligations for Facility Additions or Redispatch

Costs: In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint by redispatching the Transmission Provider's resources, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27 and agrees to either (i) compensate the Transmission Provider for

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any necessary transmission facility additions or (ii) accept the service subject to a biennial reassessment by the Transmission Provider of redispatch requirement as described in Section 15.4. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

- 13.6 Curtailment of Firm Transmission Service:** In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such System and the system directly and indirectly interconnected with Transmission Provider's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures specified in Attachment J. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers, and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. Long-Term Firm Point-to-Point Service subject to conditions described in Section 15.4 shall be curtailed after secondary service and before Non-Firm Point-To-Point Transmission Service

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in cases where the conditions apply, but otherwise will be curtailed on a pro rata basis with other Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at

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the same generating plant in which case the units would be treated as a single Point of Receipt.

- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the

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Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of delivery that it has not reserved.

- 13.8 Scheduling of Firm Point-To-Point Transmission Service:** Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. E.P.T. (Eastern Prevailing Time) of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. E.P.T. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is less than 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such Party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to

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adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14 Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority: Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer-term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match

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the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service.

Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a higher priority than Non-Firm Energy Exchange Transmission Service provided under Attachment N. Non-Firm Energy Exchange Transmission Service will have the lowest reservation priority under the Tariff.

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~~Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.~~

14.3 Use of Non-Firm Point-To-Point Transmission Service by the

Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under agreements executed on or after January 1, 1997 or agreements executed prior to the aforementioned date that require unbundling. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

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14.4 Service Agreements: The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff.

14.5 Classification of Non-Firm Point-To-Point Transmission Service:

Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed twelve month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service: Except for Non-Firm Energy Exchange Transmission Service provided in accordance with Attachment N, sSchedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no

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later than 2:00 p.m. E.P.T. of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. E.P.T. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is less than 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

- 14.7 Curtailment or Interruption of Service:** The Transmission Provider reserves the right to curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System or the systems directly and indirectly interconnected with Transmission Provider's Transmission System.

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Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures specified in Attachment J. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, (4) transmission service for Network Customers from non-designated resources or (5) transmission service for Firm Point-to-Point Transmission Service during conditional curtailment periods as described in Section 15.4. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be curtailed or interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than

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designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a ~~lower~~^{higher} priority than any Non-Firm ~~Point-To-Point~~^{Energy Exchange} Transmission Service ~~provided under the Tariff~~^{Attachment N. Non-Firm Energy Exchange Transmission Service will have the lowest reservation priority under the Tariff.} The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

15 Service Availability

- 15.1 General Conditions:** The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.
- 15.2 Determination of Available Transfer Capability:** A description of the Transmission Provider's specific methodology for assessing available transfer capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transfer capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.
- 15.3 Initiating Service in the Event of Disputed Terms and Conditions:** If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all of the terms and conditions of the Point-To-Point Service Agreement, upon written

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request from the Transmission Customer, the Transmission Provider and Transmission Customer shall submit the disputed terms and conditions to the dispute resolution procedures of Section 12. The written request from the Transmission Customer shall be in the form of an Arbitration Commitment Letter which specifies the terms of the Service Agreement which are not acceptable to the Transmission Customer. Attached to the Arbitration Commitment Letter shall be an executed Point-To-Point Service Agreement complete in all regards. The Transmission Provider shall commence providing Transmission Service under the Point-To-Point Service Agreement for the requested Transmission Service subject to the Transmission Customer agreeing in the Arbitration Commitment Letter to (a) compensate the Transmission Provider as determined by the outcome of Section 12, (b) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3 or providing a letter of credit as required by the Transmission Provider. The procedures in this section may also be used for applications for Network Service.

15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment:

(a) If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its

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Transmission System to provide the requested Firm Transmission Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.

- (b) If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-to-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider may elect at its option to provide redispatch from its own resources until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide the redispatch, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. The Transmission Provider may consider redispatch arranged by the Transmission Customer from a third-party resource.
- (c) If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider may elect at its option offer the Firm Transmission Service with the condition that the Transmission Provider may curtail the service prior to the curtailment of other Firm Transmission Service or

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secondary service for JEA's native load for a specified number of hours per year or during System Condition(s).

15.5 Deferral of Service: The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

15.6 Other Transmission Service Schedules: Eligible Customers receiving transmission service under other agreements may continue to receive transmission service under those agreements until such time as those agreements may be modified.

15.7 Real Power Losses: Real Power Losses are associated with all transmission service. The Transmission Customer may elect to (1) supply the losses associated with all transmission service as calculated by the Transmission Provider or (2) have the Transmission Provider supply the losses (consistent with (1) above) at a rate equal to 100 percent of the Transmission Provider's forecasted average incremental cost after serving all other obligations (including economy and opportunity transactions). The applicable Real Power Loss factor is computed by May 1 of each year and is effective June 1 each year. The applicable Real Loss Factor and forecasted average incremental cost are posted on OASIS.

16 Transmission Customer Responsibilities

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Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- (a) The Transmission Customer has a pending Completed Application for service;
- (b) The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- (c) The Transmission Customer will have arrangements in place for any other transmission service necessary to affect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
- (d) The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;
- (e) The Transmission Customer provides the information required by the Transmission Provider's planning process established in Attachment K; and
- (f) The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

16.2 Transmission Customer Responsibility for Third-Party Arrangements:

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service.

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The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

17 Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: Director, Bulk Power Systems, JEA, 7720 Ramona Blvd., Jacksonville, FL 32221 (Internet: TSERVE@JEA.COM) at least 60 days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by electronic mail to the Internet address in

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this Section. This method will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number, facsimile number, and Internet address of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements
- (v) A description of the supply characteristics of the capacity and energy to be delivered;

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- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service; and
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A Statement indicating whether the Transmission Customer commits to a Pre-Confirmed Request, i.e., will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service; and
- (x) Any additional information required by the Transmission Provider's planning process established in Attachment K.

The Transmission Provider shall treat this information in a manner consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 Deposit: A Completed Application for requests for Firm Point-To-Point Transmission Service for reservations greater than one year shall also include a deposit of one month's charge for Reserved Capacity. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request for Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the

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Transmission Provider in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service or deducted from the Transmission Customer's first month billing if no facilities modifications were necessary as part of this request. Applicable interest shall accrue and be payable at a rate equal to the interest rate paid by the Transmission Provider on its retail deposits and shall be calculated from the day the deposit check is credited to the Transmission Provider's account.

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- 17.4 Notice of Deficient Application:** If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.
- 17.5 Response to a Completed Application:** Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transfer capability as required in Section 15.2. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1. Responses by the Transmission Provider must be made as soon as practical to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.
- 17.6 Execution of Service Agreement:** Whenever the Transmission Provider determines that a System Impact Study is not required and that the service

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can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached and provide the required letter of credit or other form of security pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service: The Transmission Customer can obtain up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof. If the Eligible Customer does not pay this non-refundable reservation fee within 15 days of notifying the Transmission Provider it intends to extend the commencement of service, the Eligible Customer's application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission

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Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

18.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by transmitting the required information to the Transmission Provider by electronic mail at the Internet address in Section 17.1. This method will provide a time-stamped record for establishing the service priority of the Application.

18.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;

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- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

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(viii) A Statement indication whether the Transmission Customer commits to a Pre-Confirmed Request, i.e., will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

- 18.3 Reservation of Non-Firm Point-To-Point Transmission Service:** Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon E.P.T. the day before service is to commence. Except for requests for Non-Firm Energy Exchange Transmission Service that are governed by Attachment N, rRequests for service received later than 2:00 p.m. E.P.T. prior to the day service is scheduled to commence will be accommodated if practicable.
- 18.4 Determination of Available Transfer Capability:** Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service: (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

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19.1 Notice of Need for System Impact Study: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects not to have the Transmission Provider study redispach or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these option. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement:

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- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 20.

19.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints identified with specificity by transmission element or flowgate, and (2) additional Direct Assignment Facilities or Network Upgrades required providing the

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requested service. At the Transmission Provider's option, the System Impact Study may identify (1) redispatch options, (when requested by a Transmission Customer) including an estimate of the cost of redispatch, (2) conditional curtailment options (when requested by a Transmission Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached and provide the required letter of credit or other form of security pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

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19.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service.

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The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached pursuant to Section 15.3 and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

19.5 Facilities Study Modifications: Any change in design arising from the inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

19.6 Due Diligence in Completing New Facilities: The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

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19.7 Partial Interim Service: If the Transmission Provider determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

19.8 Expedited Procedures for New Facilities: In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an Expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding, and the Eligible Customer must agree in writing to

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compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

20 Procedures if the Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

20.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities or the ability to complete them, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

20.2 Alternatives to the Original Facility Additions: When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its

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Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists, and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12.

20.3 Refund Obligation for Unfinished Facility Additions: If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest. However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

21 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities

21.1 Responsibility for Third-Party System Additions: The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution

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facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

- 21.2 Coordination of Third-Party System Additions:** In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12.

22 Changes in Service Specifications

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22.1 Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.
- (b) The sum of all Firm and Non-Firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm

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Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modifications on a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service: Except for Non-Firm Energy Exchange Transmission Service provided in accordance with

Attachment N, aA Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall be at rates established by agreement with the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service

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for the Assignee will be the same as that of the Reseller. A Reseller should notify the Transmission Provider as soon as possible after any assignment or transfer of service occurs but, in any event, notification must be provided prior to any provision of service to the Assignee. The Reseller remains responsible to the Transmission Provider for the obligations under its Service Agreement, regardless of any sale or reassignment. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

23.2 Limitations on Assignment or Transfer of Service: If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service: In accordance with Section 4, all sales or assignments of capacity must be conducted through or

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otherwise posted on the Transmission Provider's OASIS on or before the date the reassigned services commence and are subject to Section 23.1. Resellers may also use the Transmission Provider's OASIS to post transmission capacity available for resale.

24 Metering and Power Factor Correction at Receipt and Delivery Points(s)

24.1 Transmission Customer Obligations: Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

24.2 Transmission Provider Access to Metering Data: The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

24.3 Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

25 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). The Transmission Provider shall use Part II of the Tariff to make its Third-Party Sales.

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The Transmission Provider shall account for such use at the applicable Tariff rates, pursuant to Section 8.

26 Stranded Cost Recovery

The Transmission Provider may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff consistent with the terms and conditions set forth for public utilities in FERC Order No. 888. However, the Transmission Provider's proposed stranded cost recovery shall be subject to the dispute resolution procedures of this Tariff.

27 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved by redispatching the Transmission Provider's resources and the Transmission Provider agrees to accept the redispatch to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement.

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Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the Transmission Provider utilizes its Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

28 Nature of Network Integration Transmission Service

28.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider's Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

28.2 Transmission Provider Responsibilities: The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network

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Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transfer capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

28.3 Network Integration Transmission Service: The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers.

28.4 Secondary Service: The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff. However, all other requirements of Part III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network

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Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

- 28.5 Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factor is computed by May 1 of each year and is effective June 1 each year. The applicable Real Loss Factor is posted on OASIS.

- 28.6 Restrictions on Use of Service:** The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System. The Transmission Provider shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load.

29 Initiating Service

- 29.1 Condition Precedent for Receiving Service:** Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide

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Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement in the form of Attachment F for service under Part III of the Tariff or submits an Arbitration Commitment Letter with a Service Agreement attached and provides the required letter of credit or other form of security pursuant to Section 15.3, and (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider in the form of Attachment G.

- 29.2 Application Procedures:** An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by electronic mail at the Internet address in Section 17.1. This method will provide a time-stamped record for establishing the service priority of the Application. A Completed

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Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number, facsimile number, and Internet address of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any

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limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10-year load forecast provided in response to (iii) above;

- (v) A description of Network Resources (current and 10-year projection), for each on-system Network Resource, such description shall include:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions:
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations

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- Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource,

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area(s) from which the power will originate
- Delivery point(s) to the Transmission Provider's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restriction, if any
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit

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- Any must-run unit designations required for system reliability or contract reasons
 - Approximate variable generating cost (\$/MWH) for redispatch computations.
- (vi) Description of Eligible Customer's transmission system:
 - Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
 - Operating restrictions needed for reliability
 - Operating guides employed by system operators
 - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
 - Location of Network Resources described in subsection (e) above
 - 10-year projection of system expansions or upgrades

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- Transmission System maps that include any proposed expansions or upgrades
 - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;
- (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.
- (viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis; and

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- (ix) Any additional information required of the Transmission Customer as specified in the Transmission Provider's planning process established in Attachment K.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to Commencement of

Service: Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network

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Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

- 29.4 Network Customer Facilities:** The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

30 Network Resources

- 30.1 Designation of Network Resources:** Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service

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Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29. This request must include a statement that the new network resource satisfies the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under part III of the Tariff; and (2) The Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. The Network Customer's request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the Transmission Provider through OASIS by the following deadlines: (i) for periods of a day or longer, no later than the firm pre-schedule deadline, and (ii) for un-designation of less than

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one day, by a time established by the Transmission Provider, which shall be no later than 20 minutes before the first hour for which un-designation applies, as soon as reasonably practicable, but not later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status must be submitted on OASIS and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

- (i) Effective date and time of temporary termination;
- (ii) Effective date and time of redesignation, following period of temporary termination;
- (iii) Identification and capacity of resource(s) or portions thereof to be temporarily terminated;
- (iv) Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 30.2 or statement incorporating previous information as unchanged; and
- (v) Identification of any related transmission service request to be evaluated concomitantly with the request for temporary termination, such that the requests for un-designation and the request for these related transmission service requests must be

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approved or denied as a single request. The evaluating of these related transmission service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

- 30.4 Operation of Network Resources:** The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load plus non-firm sales delivered pursuant to Part II of the Tariff, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery

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within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

30.5 Network Customer Redispatch Obligation: As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected with The Transmission Provider: The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

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- 30.7 Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.
- 30.8 Use of Interface Capacity by the Network Customer:** There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load. .
- 30.9 Network Customer Owned Transmission Facilities:** The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration, the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities added by the Network Customer subsequent to July 17, 2007, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider's facilities; provided however, the Network Customer's

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transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider's annual transmission revenue requirement. Calculation of and credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

31 Designation of Network Load

31.1 Network Load: The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

31.2 New Network Loads Connected with the Transmission Provider: The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer.

31.3 Network Load Not Physically Interconnected with the Transmission

Provider: This section applies to both initial designation pursuant to Section

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31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

31.4 New Interconnection Points: To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable.

31.5 Changes in Service Requests: Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g., the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission

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Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load and Resource Information Updates: The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff including, but not limited to, any information provided under section 29.2(ix) pursuant to the Transmission Provider's planning process in Attachment K. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

32 Additional Study Procedures for Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a

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Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the

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service requests, the costs of that study shall be pro-rated among the Eligible Customers.

- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required providing the requested service. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or

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part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached and provide the required letter of credit or other form of security pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an

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explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached pursuant to Section 15.3 and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

33 Load Shedding and Curtailments

33.1 Procedures: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission

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Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

33.2 Transmission Constraints: During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that is reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

33.3 Cost Responsibility for Relieving Transmission Constraints: Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

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- 33.4 Curtailments of Scheduled Deliveries:** If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries; the Parties shall curtail such schedules in accordance with the Network Operating Agreement or pursuant to the Transmission Loading Relief procedures specified in Attachment J.
- 33.5 Allocation of Curtailments:** The Transmission Provider shall, on a non-discriminatory basis, curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would curtail the Transmission Provider's schedules under similar circumstances.
- 33.6 Load Shedding:** To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.
- 33.7 System Reliability:** Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission

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Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34 Rates and Charges

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, along with the following:

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34.1 Monthly Demand Charge: The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying the Network Customer's monthly Network Load times the monthly Network Service Rate specified in Attachment H.

34.2 Determination of Network Customer's Monthly Network Load: The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) adjusted for losses coincident with the Transmission Provider's Monthly Transmission System Peak.

34.3 Determination of Transmission Provider's Monthly Transmission System Load: The Transmission Provider's monthly Transmission System load is the Transmission Provider's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.

34.4 Redispatch Charge: The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.

34.5 Stranded Cost Recovery: The Transmission Provider may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms and conditions set forth for public utilities in FERC Order No. 888.

35 Operating Arrangements

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- 35.1 Operation under the Network Operating Agreement:** The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.
- 35.2 Network Operating Agreement:** The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability

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Organization (ERO) as defined in 18 C.F.R. 39.1, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

35.3 Network Operating Committee: A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

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Page No. 106**SCHEDULE 1****Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below.

There is no charge for Scheduling, System Control and Dispatch Service at this time.

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Page No. 107**SCHEDULE 2****Reactive Supply and Voltage Control from Generation or Other Sources Service**

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator. The charges for such service will be based on the rates set forth below.

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The charge for Reactive Supply and Voltage Control from Generation Sources Service is no greater than:

Point-to-Point Service and Network Service

\$0.78819 per kW-year,
\$0.06568 per kW-month,
\$0.01516 per kW-week,
\$0.00303 per kW-day, provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or
\$0.00019 per kW-hour, provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units

The rates above will be applied to the Network Customer's Monthly Network Load, or the capacity reserved for Point-to-Point Service Customers.

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Page No. 109**SCHEDULE 3****Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The amount of and charges for Regulation and Frequency Response Service are set forth below.

Rate Treatment

The charge for Regulation and Frequency Response Service is no greater than:

\$2.51717 per kW-year
\$0.20976 per kW-month,
\$0.04841 per kW-week,

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\$0.00968 per kW-day; provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or

\$0.00061 per kW-hour; provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units

For customers with load factors in the range of 87% to 100% within each hour, the rates above will be applied to the Network Customer's Monthly Network Load, or the capacity reserved for Point-to-Point Service Customers. The charges for customers with load factors less than 87% for each hour shall be based on the Transmission Customer's maximum deviation from the schedule within any hour. The rate shall be capped at \$14.54 per kW-month.

Self-Supply of Service

A Transmission Customer that is located within the JEA's Control Area shall purchase Regulation and Frequency Response Service from the JEA unless it provides the service itself or purchases it from a third party through automatic generation control or dynamic scheduling.

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SCHEDULE 4
Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under Schedule 9 or hourly energy imbalances under this Schedule for the same imbalance, but not both.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s)

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will be settled financially, at the end of each month, at 1 and non-generation resources capable of providing this service that are 10 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost of 75 percent of decremental cost.

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched to supply the Transmission Provider's Native Load Customers, based on the replacement cost of fuel, unit heat rates, start-up costs (including any commitment and redispatch costs), incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

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Open Access Transmission Tariff
Page No. 113**SCHEDULE 5****Operating Reserve - Spinning Reserve Service**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The amount of and charges for Spinning Reserve Service are set forth below.

Rate Treatment

The charge for Operating Reserve Service - Spinning shall be the sum of the capacity and energy charges set forth below. These charges are not for providing backup service. These charges are to reimburse JEA for its costs incurred in meeting spinning reserve responsibilities.

A) Spinning Reservation Charge:

The charge for spinning reservation charge is no greater than:

\$98.51872 per kW-year
\$8.20989 per kW-month,
\$1.89459 per kW-week,

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\$0.37892 per kW-day; provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or
 \$0.02368 per kW-hour; provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units:

The rates above will be applied to Network Customer's Monthly Network Load or the capacity reserved for Point-to-Point Service Customers, multiplied by the spinning reserve factor. The spinning reserve factor is 0.25 for load within FRCC and 0.5 for load outside of FRCC.

Energy Use Charge:

These charges are applicable if the Transmission Customer's load is within the JEA's control area or the load is "metered into" JEA's control area.

A) Within 30 Minutes:

JEA will provide energy to the Transmission Customer for 30 minutes following a system contingency. The 30 minutes begin upon a schedule change due to the contingency. The energy delivered during these 30 minutes which exceeds the new scheduled amount is an energy imbalance. The charge for the energy imbalance will be \$100/MWh or 110% of JEA's cost of providing such energy, whichever is higher.

B) After 30 Minutes:

If the Transmission Customer's schedule and load are not in balance after 30 minutes, then this is deemed an unauthorized use of capacity and energy. At its sole option, the JEA will either elect to separate the Transmission Customer's load from the JEA's system or it will provide the required energy and capacity. If JEA elects to supply the energy and capacity, the charges for such service will be equal to the rates stated for Imbalances Outside Deviation Band in Schedule 4, Energy Imbalance Service. For the purposes of this schedule, the capacity charge will be multiplied by the highest difference between scheduled and actual kW use during any 15-minute period until the schedule and the load are balanced.

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Open Access Transmission Tariff
Page No. 115**Self-Supply of Service**

A Transmission Customer that is located within the JEA's Control Area shall purchase Operating Reserve Service - Spinning from the JEA unless it provides comparable service from its own generators or from a third party. The provided Spinning Reserve Service must be available from on-line generation located within peninsular Florida in an amount equal to the reserve capability required of JEA. There must also be a firm transmission path between the generators providing the reserves and the Transmission Customer's loads for the period of transaction. The self-supply of service must be of such a nature that it relieves JEA of an appropriate amount of spinning reserve obligation. If it becomes apparent that self-supply of service is not comparable, the Transmission Customer must purchase this service from the JEA.

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Page No. 116**SCHEDULE 6****Operating Reserve - Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not necessarily available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The amount of and charges for Supplemental Reserve Service are set forth below.

Rate Treatment

The charge for Operating Reserve Service - Supplemental shall be the sum of the capacity and energy charges set forth below. These charges are not for providing backup service. These charges are to reimburse JEA for its costs incurred in meeting non-spinning reserve responsibilities.

A) Supplemental Reservation Charge:

The supplemental reservation charge is no greater than:

\$63.30901 per kW-year
\$5.27575 per kW-month,

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\$1.21748 per kW-week,
 \$0.24350 per kW-day; provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or
 \$0.01522 per kW-hour; provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units:

The rates above will be applied to Network Customer's Monthly Network Load or the capacity reserved for Point-to-Point Service Customers, multiplied by the operating reserve factor. The operating reserve factor is 0.75 for load within FRCC and 0.5 for load outside of FRCC.

- B) **Energy Use Charge:** These charges are applicable if the Transmission Customer's load is within the JEA's control area, or the load is "metered into" JEA's control area. These Energy Use Charges shall be waived if the Transmission Customer purchases Operating Reserve Service - Spinning from the JEA (in which case the energy use charges in the Operating Reserve Service - Spinning schedule will apply).

- 1) Within 30 Minutes:

JEA will provide energy to the Transmission Customer for 30 minutes following a system contingency. The 30 minutes begin upon a schedule change due to the contingency. The energy delivered during these 30 minutes which exceeds the new scheduled amount is an energy imbalance. The charge for the energy imbalance will be \$100/MWh or 110% of JEA's cost of providing such energy, whichever is higher.

- 2) After 30 Minutes:

If the Transmission Customer's schedule and load are not in balance after 30 minutes, then this is deemed an unauthorized use of capacity and energy. At its sole option, the JEA will either elect to separate the Transmission Customer's load from the JEA's system or it will provide the required energy and capacity. If JEA elects to supply the energy and capacity, the charges for such service will be equal to the rates stated for Imbalances Outside Deviation Band in Schedule 4, Energy Imbalance Service. For the purposes

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of this schedule, the capacity charge will be multiplied by the highest difference between scheduled and actual kW use during any 15-minute period until the schedule and the load are balanced.

Self-Supply of Service

A Transmission Customer that is located within the JEA's Control Area shall purchase Operating Reserve Service - Supplemental from the JEA unless it provides comparable service from its own generators or from a third party. The provided Supplemental Reserve Service must be available from on-line, unloaded generation, quick-start generation or interruptible load located within peninsular Florida in an amount equal to the reserve capability required of JEA. There must also be a firm transmission path between the generators providing the reserves and the Transmission Customer's loads for the period of transaction. The self-supply of service must be of such a nature that it relieves JEA of an appropriate amount of non-spinning reserve obligation. If it becomes apparent that self-supply of service is not comparable, the Transmission Customer must purchase this service from the JEA.

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Page No. 119**SCHEDULE 7****Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service****Rate Treatment**

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity up to the sum of the applicable charges set forth below:

Yearly delivery:	\$15.96/kW of Reserved Capacity per year.
Monthly delivery:	\$1.33/kW of Reserved Capacity per month.
Weekly delivery:	\$0.31/kW of Reserved Capacity per week.
Daily delivery:	\$0.06/kW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for daily delivery, shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Discounts:

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

Excess use:

In the event that the Transmission Customer exceeds its firm reserved capacity at any Point of Receipt and/or Point of Delivery (except as otherwise specified in Section 22 of this Tariff), the Transmission Customer shall pay 150% of the Schedule 7 charge for the delivery period (i.e., yearly, monthly, weekly, or daily) for which the Transmission Customer is reserving capacity for the maximum amount that the Transmission Customer exceeds its firm reserved capacity at any Point of Receipt

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and/or Point of Delivery. In the event that the non-firm transmission service provided to the Transmission Customer for secondary receipt and delivery points exceeds the capacity reservation under which such services are provided, the Transmission Customer shall pay 150% of the applicable Schedule 8 transmission charge for the maximum amount that the Transmission Customer exceeds its capacity reservation.

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The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:

Monthly delivery: \$1.33/kW of Reserved Capacity per month.
 Weekly delivery: \$0.31/kW of Reserved Capacity per week.
 Daily delivery: \$0.06/kW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for daily delivery, shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Hourly delivery: The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$3.84/MWH.

The total demand charge in any day, pursuant to a reservation for hourly delivery, shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Discounts:

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for

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the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

Excess use:

In the event the Transmission Customer exceeds its reserved capacity at any Point of Receipt and/or Point of Delivery, the Transmission Customer shall pay 150% of the applicable transmission charge for the maximum amount that the Transmission Customer exceeds its capacity reservation.

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Page No. 123**SCHEDULE 9****Generator Imbalance Service**

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission provider must offer this service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area Operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or hourly energy imbalances under Schedule 4 for the same imbalance, but not both.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's

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scheduled transactions(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of incremental or decremental cost, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent or (10 MW) of the schedule transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of incremental cost or 75 percent of decremental cost, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched to supply the Transmission Provider's actual average hourly cost of the last 10 MW dispatched to supply the Transmission Provider's Native Load Customers, based on the replacement cost of fuel, unit heat rates, start-up costs

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(including any commitment and redispatch costs), incremental operator and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

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For Firm Point-To-Point
Transmission Service**

- 1.0 This Service Agreement, dated as of _____, 20__, is entered into, by and between JEA (formerly Jacksonville Electric Authority or the "Transmission Provider"), and _____, ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the JEA Open Access Transmission Tariff ("Tariff"). Said application is found in the "Application" for Firm Point-To-Point Transmission Service, which is attached hereto as Exhibit A, and by this reference is made a part hereof.
- 3.0 The Transmission Customer has provided to the Transmission Provider a Completed Application in accordance with the provisions of Section 17.1 of the Tariff and a deposit in the amount of \$_____.
- 4.0 Service under this agreement shall commence on _____ and shall terminate on _____ based Transmission Customer's confirmation of Transaction ID # _____ on JEA's Open Access Same-time Information System (OASIS) and the attached application.
- 5.0 The Transmission Provider agrees to provide, and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made in writing to the representative of the other Party as indicated below.

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Attention: Sr. Director, ~~Bulk Power Systems~~Energy Operations
JEA
7720 Ramona Blvd. West
Jacksonville, FL 32221

Internet e-mail: TSERVE@JEA.COM

Transmission Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

8.0 Such other terms and conditions that the Parties may agree on or may be required by the nature of the service requested.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

JEA:

By: _____ Sr. Director ~~Bulk Power Systems~~Energy Operations

Name

Title

Date

By: _____

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Name

Title

Date

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Exhibit A

Application For Firm Point-To-Point Transmission Service

1.0 Term _____ of _____ Transaction:

Start _____ Date:

Termination _____ Date:

2.0 Description of capacity and energy to be transmitted by JEA including the electric
Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 The maximum amount of capacity and energy to be transmitted is _____ based
on Transmission Customer's confirmation of Transaction ID _____ on JEA's
OASIS. ____

6.0 Designation of party(ies) subject to reciprocal service obligation:

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7.0 Name(s) of any intervening systems providing transmission service:

8.0 Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charges are _____ based on Transmission Customer's confirmation of Transaction ID _____ on JEA's OASIS.

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges are _____ based on Transmission Customer's confirmation of Transaction ID _____ on JEA's OASIS.

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Page No. 131**ATTACHMENT B****SERVICE AGREEMENT
FOR NON-FIRM POINT-TO-POINT
TRANSMISSION SERVICE**

- 1.0 This Service Agreement, dated _____, is entered into, by and between JEA ("Transmission Provider"), and _____ ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by JEA to be a Transmission Customer under Part II of the JEA Open Access Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.1 of the JEA Open Access Tariff.
- 3.0 Service under this agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.
- 4.0 Attached are listed the valid representatives of the Transmission Customer. Each Transmission Customer is liable for business conducted by the valid representative until the JEA receives notification that the aforementioned representative is no longer valid.
- 5.0 The Transmission Customer agrees to supply information JEA deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 6.0 The Transmission Provider agrees to provide, and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the JEA Open Access Tariff and this Service Agreement. Non-Firm Point-To-Point Transmission Service is recallable by the JEA. The Transmission Customer must relinquish service within ten minutes when service is recalled by JEA.
- 7.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

JEA:

Attention: Sr. Director, Bulk Power Systems Energy Operations
JEA

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7720 Ramona Blvd.
Jacksonville, FL 32221

Internet e-mail: TSERVE@JEA.COM

Transmission Customer:

8.0 The JEA Open Access Tariff is, by this reference, incorporated herein and made a part hereof, as if set out in its entirety.

9.0 The Parties may agree to such other terms and conditions as may be required by the nature of the service requested.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

JEA:

By: _____ Sr. Director, ~~Bulk Power Systems~~ Energy Operations _____

Name

Title

Date

By: _____

Name

Title

Date

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Page No. 133**ATTACHMENT C****Methodology to Access Available Transfer Capability****DEFINITIONS:**

The JEA Open Access Tariff is, by this reference, incorporated herein and made a part hereof, as if set out in its entirety. The following definitions are based on the NERC "Available Transfer Capability Definitions and Determination" document approved May 1996:

- i) **Available Transfer Capability (ATC)** - The measure of the transfer capability remaining in the physical transmission network for further commercial activity, over and above already committed uses.
- ii) **Total Transfer Capability (TTC)** - The amount of electric power that can be transferred over the interconnected transmission network in a reliable manner while meeting all of a specific set of defined pre- and post- contingency system conditions.
- iii) **Transmission Reliability Margin (TRM)** - The amount of transmission transfer capability necessary to ensure that the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions.
- iv) **Capacity Benefit Margin (CBM)** - The amount of transmission transfer capability reserved by load serving entities to ensure access to generation from interconnected systems to meet generation reliability requirements.
- v) **Recallability** - The right of a transmission provider to interrupt all or part of a transmission service for any reason, including economic, that is consistent with FERC policy and the transmission provider's transmission service tariffs or contract provisions.

Methodology:

JEA will determine the Available Transmission Capability ("ATC") of its interfaces consistent with the "North American Electric Reliability Council" ("NERC") Guidelines contained in "Transfer Capability; A Reference Document for Calculating and Reporting the Electric Power Transfer Capability of Interconnected Electric Systems" issued May, 1995 and "Available Transfer Capability Definitions and Determination: A Framework for Determining Available Transfer Capabilities of the Interconnected Transmission Networks for a Commercially Viable Electricity Market", issued May, 1996.

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The "area-to-area" method will be used to determine the interface capabilities with other control areas. The Florida/Southern interface is a shared interface which is allocated among its interface owners pursuant to specific allocation agreements. Therefore, JEA will base its ATC calculations for the Florida/Southern interface on its allocated share of the TTC for the Florida/Southern interface.

Determination of ATC

The TTC will be determined using the most current load flow base cases with all facilities available, dispatching each area economically to meet their commitments and adjusted for projected system conditions (e.g., generating plants online, transmission facilities out of service, scheduled transactions). The criteria used will be consistent with JEA's latest FERC 715 filing.

The NRes will be determined by adding the CBM to the existing firm (nonrecallable) commitments (EC). i.e., $NRes = CBM + EC$.

The CBM will be determined by using reliability analyses (e.g., "Loss of Load Probability" ("LOLP") or other applicable analyses), and the appropriate amount of transmission interface capability will be reserved for CBM on a per interface basis.

The TRM will be determined by the difference between TTC, with all generating units available, and the amount of transfer capability with a critical generating unit to the particular interface being unavailable, plus the appropriate amount of "Operating Reserves" ("ORes") for that interface. TRM must recognize changing operating conditions that may occur in very short periods of time and cannot be definitely projected without the provision of a transfer capability margin. Therefore, a security margin may need to be a consideration as part of the TRM determination.

The ORes will be determined within Florida on an interface-by-interface basis by modeling each utility's allocated share of the statewide operating reserve requirements consistent with the latest FRCC Procedures for operating reserves or other methods which may be applicable in the future. ORes is only applicable to interfaces within Florida.

The "Nonrecallable Available Transfer Capability" ("NATC") will be determined by subtracting from the interface's TTC, its associated TRM and NRes. i.e., $NATC = TTC - (TRM + NRes)$.

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The "Recallable Available Transfer Capability" ("RATC") will be determined by subtracting from the interface's TTC, the applicable portion of the TRM, NRes and "Recallable Reserved" ("RRes"). i.e., $RATC = TTC - (aTRM + NRes + RRes)$, where

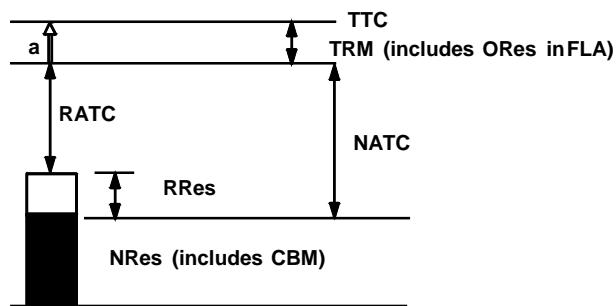


Figure 1.

$0 \leq a \leq 1$ determines the amount of TRM which can be made available to ATC on a recallable basis based on the system's reliability concerns.

Refer to Figure 1 for an illustration of the terms used above and assume for simplicity that the reserved amounts are equal to the actual scheduled amounts.

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Open Access Transmission Tariff
Page No. 136**ATTACHMENT D****Methodology for Completing a System Impact Study**

The JEA routinely conducts planning studies to determine the adequacy of its transmission lines to serve its native load. The criteria and processes used in these studies are documented in FERC Form No. 715, Annual Transmission Planning and Evaluation Report. This document is updated and filed each year by the JEA.

JEA will review each Application for transmission service. JEA will notify the customer within 30 days as to which condition exists:

1. More information is needed to assess the Application

JEA will ask the Transmission Customer to provide additional information or data relating to the requested transaction. The Application is not complete until this information is received.

2. Adequate transmission capacity exists

JEA will respond to the applicant that there is adequate transmission capacity. Documentation and information will be exchanged to develop a complete Service Agreement. This step may require more or less time depending on whether an opinion from JEA's Bond Counsel on the Private Use of Tax-Exempt Bonds is required. Failure of the Transmission Customer to execute and return the Service Agreement within fifteen (15) days after it is tendered by the JEA will be deemed a withdrawal and termination of the Application.

3. JEA is unsure about the amount of transmission capacity that exists for a particular transaction

JEA will contact the Transmission Customer and determine if the Transmission Customer wishes JEA to perform a System Impact Study.

4. Adequate transmission capacity does not exist

JEA will respond to the applicant with the amount of transmission capacity known to exist and determine if the prospective Transmission Customer wishes JEA to begin a Facilities Study.

The System Impact Study will evaluate the impact of the requested transaction on the JEA system. Consideration may be given to the impact on systems interconnected with JEA but JEA's findings will not be binding on any other system.

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JEA will begin a System Impact Study by providing the Transmission Customer the following:

1. A list of assumptions;
2. The type of studies to be performed, e.g., load flows, stability, short circuit;
3. An estimate of the cost of the study;
4. An estimate of the cost of review by JEA's Bond Counsel, if appropriate;
5. An estimate of the schedule of time the JEA will need to perform the study.

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EXHIBIT 1 TO ATTACHMENT D

**FORM OF
SYSTEM IMPACT STUDY AGREEMENT
BETWEEN
JEA
AND
TRANSMISSION SERVICE CUSTOMER**

THIS SYSTEM IMPACT STUDY AGREEMENT ("Study Agreement") between
JEA ("Transmission Provider") and _____
("Transmission Customer") is made and entered into this _____ day of _____,
_____.

WITNESSETH

WHEREAS, Transmission Customer, has requested that JEA provide it with Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service under JEA's Open Access Transmission Tariff;

WHEREAS, in order to conduct the System Impact Study ("Study") that will analyze the impact of the type of transmission service requested by the Transmission Customer on JEA's transmission system, the Transmission Customer has provided JEA certain information as may be required to perform the Study; and

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NOW, THEREFORE, in consideration of the foregoing premises and of the benefits to be obtained from the covenants herein, JEA and the Transmission Customer agree as follows:

1. This Study Agreement shall not be used by either Party for any purpose other than enforcement of the terms of the Study Agreement.
2. JEA and the Transmission Customer agree that any data provided pursuant to this Study Agreement and designated confidential by the providing Party will be kept confidential, and that neither Party will disclose such designated data; provided, however, that either Party may disclose such confidential designated data in any manner consistent with a written consent to such disclosure obtained from the providing Party prior to such disclosure.
3. In the event that one Party is required by a state or federal regulatory authority or court to disclose data previously provided under the Study by the other Party under a confidentiality designation, the Party subject to such requirement shall exercise reasonable best efforts to obtain a confidentiality agreement or appropriate protective order with such state or federal regulatory authority or court, as applicable, to preserve the confidentiality of the designated data to be

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disclosed. Further, upon receipt of such a demand for the data, the receiving Party shall immediately notify the other Party.

4. JEA and the Transmission Customer agree that the purpose of the Study will be to identify any impacts which the Transmission Service requested by the Transmission Customer could reasonably be anticipated to have on the operation and reliability of JEA's Transmission System. The System Impact Study shall identify any system constraints, additional Direct Assignment Facilities or Network Upgrades required to provide the requested Transmission Service.
5. Appendix No. 1 of this Study Agreement sets out the informational data to be provided by the Transmission Customer upon which the Study will be based. Part I of Appendix No. 1 sets out the principal information required to be provided by the Transmission Customer for the Study in response to a Point-To-Point Transmission Service request; Part II of Appendix No. 1 sets out the principal information required to be provided by the Transmission Customer in response to a Network Integration Transmission Service request.
6. Appendix No. 2 of this Study Agreement sets out the criteria and a description of the principal procedures to be employed by JEA in performing the Study.

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7. JEA shall provide the Study results to the Transmission Customer no later than sixty (60) days following the latter of 1) the execution of this Study Agreement, or 2) the Transmission Customer having provided JEA the data specified in Appendix No. 1 to this Study. To the extent JEA completes the Study in a shorter period of time; JEA will provide the Transmission Customer with the results of this Study as soon as it is completed.

8. After JEA presents the Study results to the Transmission Customer: 1) if the Study indicates that JEA can provide all the requested service from existing capacity, JEA will provide the Transmission Customer an executable Service Agreement, or 2) if the Study indicates that JEA will be required to construct and/or install incremental facilities, and if the Transmission Customer so requests, JEA will provide the Transmission Customer within thirty (30) days a Facilities Study Agreement, the form of which is incorporated as Exhibit 2 to this Attachment D.

9. The actual cost of the Study is estimated by JEA to be _____ dollars (\$ _____). The Transmission Customer will be responsible for such cost. The Transmission Customer will deposit with JEA dollars (\$ _____) within fifteen (15) days of the date of execution of this Study Agreement. The actual cost of the Study, less the _____ dollars (\$ _____)

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deposit, will be billed to the Transmission Customer, subject to JEA providing the Transmission Customer with the results of the Study. Payment by the Transmission Customer to JEA of such cost will be due no later than twenty (20) days from the date of mailing (as determined by postmark) of the bill. JEA will provide the Transmission Customer with documentation of the costs at the time JEA bills the Transmission Customer for the Study.

10. In the event JEA is unable to complete the Study within the time period specified above, JEA shall notify the Transmission Customer and shall provide an estimate completion date along with an explanation of the reasons why additional time is required to complete the Study.

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IN WITNESS WHEREOF, the Parties hereto have caused this Study Agreement to be executed by their duly authorized officers effective as of the date first written above.

JEA

Date: _____

By: _____

Title: _____

TRANSMISSION CUSTOMER

Date: _____

By: _____

Title: _____

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**APPENDIX NO. 1
TO
EXHIBIT 1
TO
ATTACHMENT D
INFORMATION TO BE PROVIDED BY TRANSMISSION CUSTOMER**

PART I

To be provided by the Transmission Customer when a System Impact Study is performed in response to a Long-Term Firm Point-To-point Transmission Service request.

Informational Data:

The informational data provided pursuant to Section 18.2 of JEA's Open Access Transmission Tariff and any other pertinent information necessary to properly analyze the Transmission Customer's request for Long-Term Firm Point-To-Point Transmission Service shall be specifically delineated in this Appendix and agreed to between JEA and the Transmission Customer.

PART II

To be provided by Transmission Customer when a System Impact Study is performed in response to a Network Integration Transmission Service request.

Informational Data:

The informational data provided pursuant to Section 29.2 of JEA's Open Access Transmission Tariff and any other pertinent information necessary to properly analyze the Transmission Customer's request for Network Integration Transmission Service shall be specifically delineated in this Appendix and agreed to between JEA and the Transmission Customer. More specifically, the following are the typical types of information that will be needed to be provided to JEA by the Transmission Customer in paper summary and in electronic format, as applicable.

LOAD: Coincident (with the Transmission Customer's load) and non-coincident load projection for the term of the transmission service for each delivery point along with the corresponding power factor.

GENERATION: Capacity plan along with the capability of each generating unit (i.e., real and reactive power) and heat rate curves and/or sufficient data to dispatch the Transmission Customer's resources.

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On Peak /Off Peak cases will be analyzed.

INTERCHANGE

SCHEDULE: Long-term firm transactions, specifying receipt and delivery points, duration of transactions, and underlying agreements.

STUDY

HORIZON: Expected system conditions for planning horizon will be represented in the Study. It may be necessary to represent other years beyond the planning horizon depending on the results of the Study.

MODEL: Latest transmission model for utility and/or member systems, including, but not limited to, compensating devices, line impedances, transformers, and other pertinent data. Also, transient stability and short circuit data for generators.

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**APPENDIX NO. 2
TO
EXHIBIT 1
TO
ATTACHMENT D
CRITERIA AND STUDY PROCEDURE**

CRITERIA:

Criteria will be in conformance with criteria in JEA's latest Form 715 filing.

STUDY PROCEDURE:**Task 1.0: Case Development**

The FRCC data bank for years _____ will be used as a basis with the necessary detailed data added for the Study.

Task 2.0: Analyses

Load flow analyses for the JEA system will be performed. Thermal and reactive limitations will be identified.

Transient Stability Analysis will be performed as required to determine reliability impact of request on the JEA system. Cases will be used with worst but probable dispatches.

Short Circuit Analysis will be performed as required to determine reliability impact on the JEA system.

In addition, JEA may perform other special studies as may be necessary.

Task 3.0: Documentation of Results

Document in report form the assumptions, methodology, and results of the study.

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**APPENDIX NO. 2
TO
ATTACHMENT D
FORM OF
FACILITIES STUDY AGREEMENT
BETWEEN
JEA
AND
TRANSMISSION SERVICE CUSTOMER**

THIS FACILITIES STUDY AGREEMENT ("Facilities Agreement") between JEA
("Transmission Provider") and _____
("Transmission Customer") is made and entered into this ____ day of _____, ____.

WITNESSETH

WHEREAS, Transmission Customer has requested that JEA provide it with Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service under JEA's Open Access Transmission Tariff;

WHEREAS, in order to provide the requested transmission service JEA has conducted a System Impact Study as requested by the Transmission Customer, and the results

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of such Study have determined that JEA will be required to construct and/or install incremental facilities; and

NOW, THEREFORE, in consideration of the foregoing premises and of the benefits to be obtained from the covenants herein, JEA and the Transmission Customer agree as follows:

1. This Facilities Agreement shall not be used by either Party for any purpose other than enforcement of the terms of the Facilities Agreements.
2. JEA and the Transmission Customer agree that any data provided pursuant to this Facilities Agreement and designated confidential by the providing Party will be kept confidential, and that neither Party will disclose such designated data; provided, however, that either Party may disclose such confidential designated data in any manner consistent with a written consent to such disclosure obtained from the providing Party prior to such disclosure.
3. In the event that one Party is required by a state or federal regulatory authority or court to disclose data previously provided under the Facilities Agreement by the other Party under a confidentiality designation, the Party subject to such requirement shall exercise reasonable best efforts to obtain a confidentiality agreement or appropriate protective order with such state or federal regulatory authority or court, as applicable, to preserve the confidentiality of the designated data to be disclosed.

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Further, upon receipt of such a demand for the data, the receiving Party shall immediately notify the other Party.

4. JEA and the Transmission Customer agree that the purpose of the Facilities Study is to identify what specific incremental facilities, including enhancements, modifications, additions or deletions that will be required in order for JEA to provide the requested Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service and the associated costs thereof.
5. JEA shall provide the Facilities Study results no later than sixty (60) days following the latter of 1) execution of this Facilities Agreement, or 2) the Transmission Customer having provided JEA any information requested by JEA in order to complete the Facilities Study. To the extent JEA completes the Facilities Study in a shorter period of time, JEA will provide the Transmission Customer with the results of this Facilities Study as soon as completed. To the extent JEA is unable to complete the Facilities Study within the time frame specified above, JEA will notify the Transmission Customer and provide an estimate of the time needed to complete the Facilities Study.
6. The results of the Facilities Study will include a good faith estimate of 1) the cost of the Direct Assignment Facilities to be charged to the Transmission Customer, 2) JEA's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and 3) the time required to complete such construction and initiate the requested Transmission Service.

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7. The actual cost of the Facilities Study is estimated by JEA to be _____ dollars (\$ _____). The Transmission Customer will be responsible for such cost. The Transmission Customer will deposit with JEA _____ dollars (\$ _____) within fifteen (15) days of the date of execution of this Facilities Agreement. The actual cost of the Facilities Study, less the _____ dollars (\$ _____) deposit, will be billed to the Transmission Customer, subject to JEA providing the Transmission Customer with copies of the results of the Facilities Study. Payment by the Transmission Customer to JEA of such cost will be due no later than twenty (20) days from the date of mailing (as determined by postmark) of the Facilities Study bill. JEA will provide the Transmission Customer with documentation of the costs at the time JEA bills the Transmission Customer for the Facilities Study.
8. Upon completion of the Facilities Study and at the request of the Transmission Customer, JEA shall provide the customer an executable Service Agreement. The Transmission Customer shall have thirty (30) days to execute the Service Agreement.
9. At the time the Transmission Customer executes the Service Agreement, and prior to the commencement of any construction and other activities attendant thereto, the Transmission Customer shall provide JEA with an unconditional and irrevocable letter of credit or other form of security acceptable to JEA equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the

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Uniform Commercial Code that protects JEA against the risk of non-payment for such costs.

IN WITNESS WHEREOF, the Parties hereto have caused this Facilities Agreement to be executed by their duly authorized officers effective as of the date first written above.

JEA

Date: _____

By: _____

Title: _____

TRANSMISSION CUSTOMER

Date: _____

By: _____

Title: _____

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ATTACHMENT E

Index of Point-To-Point Transmission Service Customers

Customer

Date of
Service Agreement

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JEA

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This Service Agreement, dated as of _____, is entered into by and between JEA ("Transmission Provider") and _____ ("Network Customer").

- 1.0 The Network Customer is _____ and has been determined by JEA to have submitted a complete Application for Network Integration Transmission Service under Part III of the Tariff.
- 2.0 Service under this Service Agreement shall commence on the later of: (1) 0001 hours on _____, 19 ____, or (2) the date on which construction of transmission facilities and/or Network Upgrades identified by the System Impact Study are completed.
- 3.0 JEA agrees to provide, and the Network Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of the Tariff and this Service Agreement. Any notice or request made to or by any Party regarding this Service Agreement shall be made in writing and shall be delivered either in person, or by prepaid mail (return receipt requested) to the representative of

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the other Party as indicated below. Such representative and address for notices or requests may be changed from time to time by notice by one Party to the other.

JEA:

Attention: Sr. Director, Bulk Power Systems Energy Operations
JEA
7720 Ramona Blvd.
Jacksonville, FL 32221

NETWORK CUSTOMER:

5.0 The amount of credit, if any, for a Network Customer's owned transmission facilities that meet the requirements of Section 30.9 of the Tariff is as follows:

6.0 Such other terms and conditions that the Parties may agree on or may be required by the nature of the service requested.

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IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized representatives as of the date first above written.

JEA

By: _____

NETWORK CUSTOMER

By: _____

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JEA

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Page No. 156**SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE**

1.0 Term of Network Integration Transmission Service:

Start Date:

Termination Date:

2.0 Description of capacity and/or energy to be transmitted by Transmission Provider across the Transmission Provider's Transmission System (including electric control area in which the transaction originates).

3.0 Network Resources

(1) Transmission Customer Generation Owned:

Resource	Capacity	Capacity Designated
----------	----------	---------------------

(2) Transmission Customer Generation Purchased:

Source	Capacity
--------	----------

Total Network Resources:	(1)+(2)	=	_____
--------------------------	---------	---	-------

4.0 Network Load

(1) Transmission Customer Network Load:

Network Load	Transmission Voltage Level
--------------	----------------------------

(2) Member Systems Loads Designated as Network Load:

Member System Load	Transmission Voltage Level
--------------------	----------------------------

Total Network Load (Estimated):	(1)+(2)	=	_____
---------------------------------	---------	---	-------

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ATTACHMENT G

Form of a Network Operating Agreement

THIS NETWORK OPERATING AGREEMENT ("Operating Agreement") between JEA ("Transmission Provider") and the Network Customer ("Network Customer") is made and entered into this _____ day of _____, 19____.

WITNESSETH

WHEREAS, the Network Customer has requested and JEA has agreed to provide Network Integration Transmission Service under Part III of the Tariff; and

WHEREAS JEA and the Network Customer have agreed to enter into this Operating Agreement to set forth certain operating understandings in order for JEA to provide the requested network service.

NOW, THEREFORE, in consideration of the foregoing premises and of the benefits to be obtained from the covenants herein, JEA and the Network Customer agree as follows:

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Open Access Transmission Tariff
Page No. 159**ARTICLE 1 – Definitions**

Along with the definitions set forth below, the definitions in the Tariff are hereby incorporated into this Operating Agreement.

- 1.1 **Data Acquisition Equipment:** Supervisory control and data acquisition ("SCADA"), remote terminal units ("RTUs") to obtain information from a Party's facilities, telephone equipment, leased telephone circuits, fiber optic circuits, and other communications equipment necessary to transmit data to remote locations, and any other equipment or service necessary to provide for the telemetry and control requirements of the Tariff.
- 1.2 **Data Link:** The direct communications link between the Network Customer's energy control center and JEA's control center that will enable JEA's control center to receive real time telemetry and data from the Customer's energy control center and the Customer's energy control center to receive real time telemetry and data from JEA's control center.
- 1.3 **Metering Equipment:** High accuracy, solid state kW, kWh meters, metering cabinets, metering panels, conduits, cabling, high accuracy current transformers and high accuracy potential transformers, which directly or indirectly provide input to meters or transducers, meter recording devices (e.g., Solid State Data Receivers), telephone circuits, signal or pulse dividers,

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transducers, pulse accumulators, and any other metering equipment necessary to implement the provisions of the Tariff.

- 1.4 **Member System:** An Eligible Customer operating as a part of a lawful combination, partnership, association or joint action agency composed exclusively of Eligible Customers.
- 1.5 **Power Factor Requirements (PFR) On-Peak Hours:** The PFR On-Peak hours are the hours during the PFR On Peak Period; the PFR On Peak Period is (1) from December 1 through March 31 during the hours from 6 a.m. to 10 a.m., and 6 p.m. to 10 p.m. and; (2) from April 1 through November 30 during the hours from 10 a.m. to 10 p.m., unless and until otherwise changed by mutual agreement of the Operating Committee.
- 1.6 **Power Factor Requirements (PFR) Off-Peak Hours:** All other hours besides the PFR "On-Peak hours".
- 1.7 **Protective Equipment:** Protective relays, relaying panels, relaying cabinets, circuit breakers, conduits, cabling, current transformers, potential transformers, coupling capacitor voltage transformers, wave traps, transfer trip and fault recorders, which directly or indirectly provide input to relays, fiber optic communication equipment, power line carrier equipment and telephone circuits, and any other protective equipment necessary to implement the protection provision of this Tariff.

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Page No. 161**ARTICLE 2 - Term of Service**

- 2.1 The term of this Operating Agreement between JEA and the Network Customer shall be concurrent with the Service Agreement.

ARTICLE 3 - Network Customer Control Area

- 3.1 **Network Customer's Control Area:** The Network Customer shall include its designated Network Resources and Network Load and operate as a single independent Control Area ("Network Customer Control Area") and shall plan, construct, operate and maintain the Network Customer's Control Area in accordance with Good Utility Practice, which shall include, but not be limited to, all applicable guidelines of the North American Electrical Reliability Council, the Southeastern Electric Reliability Council, and the Florida Regional Reliability Council, or their successor; provided, however, that JEA will not require adherence to any such applicable guidelines to the extent that JEA does not adhere to such applicable guideline.

- 3.1.1 The Network Customer may contract with another entity to provide Control Area services to the Network Customer, in which event such

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entity shall be required to meet all of the control area requirements set forth in this Article.

3.1.2 If the Network Customer desires to merge the Network Customer's Control Area with another entity's Control Area such that a common control scheme is applied to the Network Customer's and the other entity's generation and load (i.e., a pooling arrangement) then the Network Customer must submit a new Application for service under the Tariff.

3.1.3 The Network Customer shall provide and operate automatic generation control equipment (or contract with a third party to perform these services) in accordance with Good Utility Practice so as to avoid burdening demands upon JEA's system or the systems of others.

3.2 **Control Area Operations:** JEA and the Network Customer shall operate and maintain their respective Control Areas in a manner that will allow JEA to safely and reliably operate the Transmission System in accordance with the Tariff and with Good Utility Practice, so that either Party shall not unduly burden the other Party; provided, however, that notwithstanding any other

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provision of the Tariff, JEA shall retain the sole responsibility and authority for all operating decisions that could affect the integrity, reliability and security of the Transmission System.

3.3 **Control Area Equipment:** The Network Customer shall be responsible for the purchase, installation, upgrading, operation, maintenance and replacement of all Data Acquisition Equipment, Metering Equipment, Protection Equipment, and any other associated equipment and software, which may be required by either Party for the Network Customer to operate a Control Area in accordance with Good Utility Practice. JEA shall have the right to review and approve such equipment and software as may be required to ensure conformance with Good Utility Practices, prior to its installation.

3.4 **Control Area Data:** The Network Customer shall incorporate the information obtained from the Network Customer's Metering Equipment and Data Acquisition Equipment into the Network Customer's energy control center as the Parties determine to be necessary to incorporate the Member Systems into a single Control Area operating within the JEA Transmission System consistent with the terms and conditions of the Tariff.

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- 3.5 **Regulation:** The Network Customer shall be responsible for operating in a manner to provide for its Network Load at all times, and to hold deviations from frequency-biased net interchange schedules to a minimum in accordance with the North American Electric Reliability Council, Southeastern Electric Reliability Council, and the Florida Regional Reliability Council, or their successor requirements.
- 3.6 **Data Link Operations:** The selection of real time telemetry and data to be received by JEA and the Network Customer shall be as necessary for reliability, security, economics, and/or monitor-ing of real-time condition that affect JEA's Transmission System. This telemetry shall include, but is not limited to, loads, line flows, voltages, generator output, and breaker status at any of the Network Customer's transmission and generation facilities (See Exhibit 2 to this Operating Agreement). To the extent that JEA or the Network Customer requires data that are not available from existing equipment, the Network Customer shall, at its own expense, install any Metering Equipment, Data Acquisition Equipment, or other equipment and software necessary for the telemetry to be received by JEA or the Network Customer via the Data Link. JEA shall have the right to inspect equipment and software associated with the Data Link in order to assure conformance Good Utility Practice.

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- 3.7 **Computer Modifications:** Each Party shall be responsible for implementing any computer modifications or changes required to its own computer system(s) as necessary to implement the provisions of the Tariff.
- 3.8 **Metering:** The Network Load shall be metered on an hourly integrated basis in accordance with JEA's standards or practices for similarly determining JEA's load. The actual hourly Network Load during each calendar month shall be provided to JEA by the Network Customer by the seventh day of the following calendar month.
- 3.9 **Voltage Support:** The Network Customer will use reasonable best efforts to have in the shortest practicable time, but under no circumstances greater than one (1) year after service begins under the Tariff, sufficient reactive compensation and control to meet the power factor requirements specified below (such range to be adhered to except for momentary deviations or at JEA's written consent) at each interconnection or point of delivery with each Member System. If the Network Customer does not provide the necessary reactive compensation and control to comply with the objectives described in this Section, JEA shall have the unilateral right to install such equipment to meet these standards at the Network Customer's expense.

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POWER FACTOR REQUIREMENTS	
On-Peak Hours	.95 (lagging) to 0.95 (leading)
Off-Peak Hours	.90 (lagging) to 1.00 (unity)

- 3.10 **Real Time System Data Requirements:** The Network Customer shall provide JEA via the Data Link, at least once every one minute (this time interval is subject to modification as agreed to by the Network Operating Committee), loads, line flows, voltages, generator outputs, breaker status, etc. as necessary for JEA to provide service under the Tariff and ensuring the security and reliability of the JEA Transmission System.
- 3.11 **Disturbances:** Each Party shall, insofar as practicable, protect, operate and maintain its system and facilities so as to avoid or minimize the likelihood of disturbances which might cause impairment of or jeopardy to service to the customers of the other Party, or to other interconnected systems.
- 3.12 **Notification:** The Network Customer shall notify and coordinate with JEA prior to the commencement of any work by the Network Customer, Member System, or contractors or agents performing on behalf of either or both, which may directly or indirectly have an adverse effect on the Network

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Customer's or JEA's Control Area, the Data Link, or the reliability of the JEA Transmission System.

- 3.13 **Maintenance of Equipment:** The Network Customer shall, on a regular basis or at JEA's request, and at the Network Customer's own expense, test, calibrate, verify and validate the Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine Network Load. JEA shall have the right to inspect such tests, calibrations, verifications and validations of the Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine the Network Load. Upon JEA's request, the Network Customer will provide JEA a copy of the installation, test and calibration records of the Metering Equipment, Data Acquisition Equipment, and other equipment or software. JEA shall, at the Network Customer's expense, have the right to monitor the factory acceptance test, the field acceptance test, and the installation of any Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine the Network Load.

- 3.14 **Control Area Costs:** The Network Customer shall be responsible for all costs to establish, operate and maintain the Network Customer's Control Area, including, but not limited to, engineering, administrative and general

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expenses, material, and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, relocation of equipment, or software.

ARTICLE 4 - Network Operating Committee

- 4.1 **Network Operating Committee:** Each Party shall in writing appoint a member(s) and an alternate(s) to a Network Operating Committee and to notify the other Party of such appointment(s). Such appointments may be changed at any time by similar written notice. The Network Operating Committee shall meet as necessary and review the duties set forth herein. The Network Operating Committee shall hold meetings at the request of either Party, at a time and place agreed upon by the members of the Network Operating Committee. The Network Operating Committee shall meet once each year to discuss the information provided pursuant to Article V and the information exchanged pursuant to this Section. Each member and alternate shall be a responsible person working with the day-to-day operations of each respective power system. The Network Operating Committee shall represent the Parties in all operational matters that may be delegated to it by mutual agreement of the Parties hereto. The duties of the Network Operating

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Committee shall include those specifically referred to elsewhere in the Tariff, including but not limited to, the following:

- (1) The coordination of operation and maintenance schedules;
- (2) The exchange of information regarding each party's long range transmission plans;
- (3) Establishment of maintenance control and operating procedures consistent with the provisions of the Tariff;
- (4) Establishment of data requirements necessary for JEA to provide Network Integration Service as delineated in the Tariff;
- (5) Review of Metering Equipment, Data Acquisition Equipment, Protection Equipment, and any other equipment or software requirements, standards and procedures; and
- (6) Such other duties as may be conferred upon it by mutual agreement of the Parties hereto.

- 4.2 **Network Operating Committee Agreements:** Each Party shall cooperate in providing to the Network Operating Committee all information required in the performance of the Network Operating Committee's duties. All decisions and agreements, if any, made by the Network Operating Committee shall be evidenced in writing and shall be in accordance with the Tariff.

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Page No. 170**ARTICLE 5 - Technical Data**

- 5.1 **Annual Load Forecast:** The Network Customer shall provide JEA by November 1st of each year the Network Customer's best forecast of the following calendar year's (i) monthly coincident peak Network Load of the Member Systems expressed in kW along with the power factor of each of the Member Systems at such time and, (ii) each individual Member System's monthly non-coincident peak loads expressed in kW along with the power factor of each of the Member Systems at such time. Such forecast shall be made using prudent forecasting techniques available and generally deemed acceptable in the electric utility industry.
- 5.2 **Annual Network Resource Availability Forecast:** The Network Customer shall provide to JEA by November 1st of each year the Network Customer's best forecast of the following calendar year's planned Network Resource availability forecast (e.g., all planned resource outages, including off-line and on-line dates). Such forecast shall be made using prudent forecasting techniques available and generally deemed acceptable in the electric utility industry. The Network Customer shall inform JEA, in a timely manner, of

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any changes to Network Customer's planned Network Resource Availability Forecast.

5.3 **Annual Operating Conflicts:** In the event that JEA determines that the annual Network Resource Availability Forecast cannot be accommodated due to a transmission constraint on the JEA Transmission System, and such constraint may jeopardize the security of the JEA Transmission System or adversely affect the economic operation of either JEA or the Network Customer, to the extent possible, the Network Operating Committee will coordinate the annual Operating Network Resource Availability Forecast of both Parties to mitigate the transmission constraint.

5.4 **Daily Operating Forecast:** The Network Customer shall provide JEA, at least 36 hours in advance of every calendar day, the Network Customer's best hourly forecast for the calendar day of the (i) maximum non-coincident flow (both import and export) at each of the JEA interfaces with the Network Customer and/or the Member Systems, (ii) first contingency maximum non-coincident flow (both import and export) at each of the JEA interfaces with each Member System, (iii) any planned transmission or generation outage(s) on the system of any of the Member Systems or on a system other than that of JEA where a Network Resource is located, (iv) the individual coincident

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Member Systems loads along with the commitment/dispatch of the Network Resources at peak operating period(s) (the peak operating period(s) will be determined by JEA operating personnel and may be changed from time-to-time as necessary), and (v) and any other information that JEA's operating personnel reasonably deem appropriate to safely and reliability operate the JEA Transmission System. The Network Customer shall keep JEA informed in a timely manner, of any changes to its current Daily Operating Forecast.

5.5 **Daily Operating Conflicts:** In the event that JEA determines that the Daily Operating Forecast cannot be accommodated due to a transmission constraint on the JEA Transmission System, and such constraint may jeopardize the security and reliability of the JEA Transmission System or adversely affect the economic operation of either JEA or the Network Customer, the load curtailment provisions of the Tariff will be implemented in accordance with Exhibit 1 of this Operating Agreement.

5.6 **Network Planning Information:** In order for JEA to plan, on an ongoing basis, to meet the Network Customer's firm-long term requirements for Network Integration Transmission Service the Network Customer shall provide JEA with the information set forth in Sections 5.7 - 5.10. This type of information is consistent with JEA's information requirements for

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planning to serve JEA's Native Load Network Customers and is consistent with JEA's ten (10) year planning process.

5.7 **Annual Planning Network Load Forecast:** The Network Customer shall provide JEA by November 1st of each year the Network Customer's best forecast of the following ten (10) calendar years' (i) monthly coincident Network Load and non-coincident Member Systems' Network Loads expressed in kW and, (ii) each individual Member System's monthly coincident and non-coincident loads expressed in kW along with the respective power factor. Such forecast shall be made using prudent forecasting techniques available and generally deemed acceptable in the electric utility industry.

5.8 **Annual Planning Network Resource Forecast:** The Network Customer shall provide to JEA by November 1st of each year (i) the Network Customer's best forecast of the next ten (10) years' planned Network Resources and all pertinent information regarding such Network Resources, (ii) a copy of the Network Customer's most current firm purchased power commitments (including the underlying agreement for purchased power) for the next ten (10) years on a unit specific basis for any Network Resource(s) which is a firm unit specific purchased power resource, and (iii) for

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purchased power commitments that are non-unit specific, any information necessary for JEA (including the underlying agreement for purchased power) to model how the purchased power commitment would be dispatched by the Network Customer to meet the Network Load; provided, however, that the information provided by the Network Customer pursuant to this Section 5.8 shall not be deemed a substitute for written notice required for designating new Network Resources.

5.9 **Annual Planning Network Transmission Facilities:** The Network Customer shall provide JEA any planned internal transmission facilities on the Network Customer and/or each Member Systems' system (lines, transformers, reactive equipment, etc.) for each of the subsequent ten (10) calendar years.

5.10 **Technical Data Format:** The Network Customer shall provide JEA the best available data associated with Network Resources and transmission facilities, for modeling purposes in an electronic format specified by JEA. The electronic format specified by JEA shall be a format commonly used in the electric utility industry.

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5.11 Such other terms and conditions that the Parties may agree on or may be required by the nature of the service requested.

IN WITNESS WHEREOF, the Parties hereto have caused this Operating Agreement to be executed by their duly authorized officers effective as of the date first written above.

JEA

Date: _____

By: _____

Title: _____

[Network Customer]

Date: _____

By: _____

Title: _____

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Page No. 176**EXHIBIT 1 TO ATTACHMENT G**
Out of dispatch Cost Methodology

JEA's system operations will determine the least-cost re-dispatch for both JEA and the Network Customers that would relieve the constraint, without regard to resource ownership. Both JEA and the Network Customer will be required to redispatch their resources (including reducing purchases and sales) in accordance with the results produced by JEA's system operations until the constraint has been removed. JEA's system operations will then determine JEA's, and the Network Customer's total combined additional costs incurred to alleviate the constraint.

This total combined cost will be shared by JEA and all Network Customers such that the Network Customer will be responsible for its load ratio share of that cost.

Out of dispatch Costs Computation Methodology:

PC_{JEA} - JEA's total production costs, including sales and purchases, before the constraint procedures are implemented.

PC_{TC} - The Network Customer's total production costs, including sales and purchases, before the constraint procedures are implemented.

PC_{JEA}' - JEA's total production costs, including sales and purchases, after the constraint procedures are implemented.

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PC_{TC}' - The Network Customer's total production costs, including sales and purchases, after the constraint procedures are implemented.

LRP_{TC} - The load ratio percentage of the Network Customer.

PC - The total incremental production costs to relieve the constraint or defined as $PC = (PC_{JEA}' + PC_{TC}') - (PC_{JEA} + PC_{TC})$.

CR_{TC} - The cost responsibility of the Network Customer for the total incremental production costs to relieve the constraint or defined as $CR_{TC} = \square PC * LRP_{TC}$.

AC_{TC} - The incremental costs/saving incurred by the Network Customer to relieve the constraint or defined as $AC_{TC} = (PC_{TC}' - PC_{TC})$.

OCC - The Out of Dispatch charge (negative) or credit (positive) to the Network Customer bill or defined as $OCC = AC_{TC} - CR_{TC}$

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**EXHIBIT 2 TO ATTACHMENT G
OF THE NETWORK OPERATING AGREEMENT**

General Requirements

1. Periodicity of data sent to JEA will be compatible with JEA's own, i.e., as required by JEA's EMS.
2. If a data link is used, ICCC protocol will be used. If the communication is direct from RTU's, it will be 44 - 500 protocol.
3. Forecast data, i.e., system load, unit outage, etc. will be communicated to the system operators.
4. The Network Customer will provide to JEA all their independent schedules into and out of network.

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The list below shows the required data that the Network Customer must provide to JEA. Real time data updated at least every 2 minutes is required in order to guarantee that the information is current when a data snapshot is taken by the security applications. This time is currently about half of the periodicity of these applications. In the future this data snapshot will be required at a faster rate to match expected reduced run times for these applications:

1. The Network Customer will provide to JEA all their independent schedules into & out of the network
2. Network Load
 - A. Instantaneous - MW, MVAR
 - B. Hourly - MWhr, refresh hourly for day
3. Generation
 - A. Instantaneous - MW, MVAR, Voltage, Dynamic schedules for Jointly Owned Units
 - B. Hourly - MWhr, refresh hourly for day
 - C. Dispatch Data, Efficiency, Fuel Cost, High and Low Limits

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- D. Availability of Network Resources
- 4. Actual Net Interchange (for all ties)
 - A. Instantaneous - MW, MVAR
 - B. Hourly - MWHr, refresh hourly for day
- 5. Data for Transmission Facilities key to JEA's Security Assessment
 - A. Status
 - B. MW, MVAR, AMPS loading
 - C. Voltages
 - D. MVA, AMP ratings
 - E. Settings (i.e., capacitor banks and auto transformers)
 - F. Distribution load per station
 - G. Transmission facilities modeling data
- 6. Forecasted Data
 - A. 36 hour forecasted load
 - B. Unit maintenance / deration
 - C. Projected hourly loss schedule for next day
 - D. Line and equipment outages

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7. Information sufficient to determine uses of the Network Resources for purposes other than serving Network Load.

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ATTACHMENT H

Annual Network Transmission Service Rate

The Annual Network Transmission Service Rate shall be \$18.12/kW-year. This rate shall be applied by multiplying \$1.51/kW-month times the Customer's monthly Network Load. All quantities used in calculating the Network Customer's monthly Network Load shall be adjusted to the transmission system input level, i.e., shall include the transmission capacity associated with any applicable losses.

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ATTACHMENT I

Index of Network Integration Transmission Service Customers

Customer	Date of Service Agreement
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ATTACHMENT J

Procedures for Addressing Parallel Flows

The North American Electric Reliability Council's (NERC) Transmission Loading Relief ("TLR") Procedures as may be amended from time to time.

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The Transmission Provider shall establish a coordinated, open and transparent planning process with its Network and Firm Point-to-Point Transmission Customers and other interested parties, including the coordination of such planning with interconnected systems within its region, to ensure that the Transmission System is planned to meet the needs of both the Transmission Provider and its network and Firm Point-to-Point Transmission Customers on a comparable and nondiscriminatory basis. The Transmission Provider's coordinated, open and transparent planning process shall be provided as an attachment to the Transmission Provider's Tariff.

The Transmission Provider's planning process shall satisfy the following nine principles, as defined in the Final Rule in Docket No. RM05-25-000: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies, and cost allocation for new projects. The planning process shall also provide a mechanism for the recovery and allocation of planning costs consistent with the Final Rule in Docket No. RM05-25-000.

The Transmission Provider's planning process must include sufficient detail to enable Transmission Customers to understand:

- (i) The process for consulting with customers and neighboring transmission providers;
- (ii) The notice procedures and anticipated frequency of meetings;
- (iii) The methodology, criteria, and processes used to develop transmission plans;
- (iv) The method of disclosure of criteria, assumptions and data underlying transmission system plans;
- (v) The obligation of and methods for customers to submit data to the transmission provider;
- (vi) The dispute resolution process;
- (vii) The transmission provider's study procedures for economic upgrades to address congestion or the integration of new resources; and
- (viii) The relevant cost allocation procedures or principles.

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For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices and must specify quantitative and qualitative criteria to determine the level of secured and unsecured credit.

The Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider and consistent with commercial practices established by the Uniform Commercial Code that protects the Transmission Provider against the risk of non-payment.

Additionally, the Transmission Provider must include, at a minimum, the following information concerning its creditworthiness procedures:

- (1) a summary of the procedure for determining the level of secured and unsecured credit;
- (2) a list of the acceptable types of collateral/security;
- (3) a procedure for providing customers with reasonable notice of changes in credit levels and collateral requirements;
- (4) a procedure for providing customers, upon request, a written explanation for any change in credit levels or collateral requirements;
- (5) a reasonable opportunity to contest determinations of credit levels or collateral requirements; and
- (6) a reasonable opportunity to post additional collateral, including curing any non-creditworthy determination.

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Page No. 187**ATTACHMENT N**

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NON-FIRM ENERGY EXCHANGE TRANSMISSION SERVICE**Section 1. Scope and Application**

- 1.1 This Attachment N applies solely to the provision of Non-Firm Energy Exchange Transmission Service by the Transmission Provider.
- 1.2 Any capitalized terms not defined specifically herein have the meaning ascribed to them in Part I of the Tariff.
- 1.3 To the extent any provision of the Tariff conflicts with this Attachment, this Attachment controls as to the provision of Non-Firm Energy Exchange Transmission Service.

Section 2. Definitions

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- 2.1 "ENERGY EXCHANGE" is the "Energy Exchange" as that term is defined in the Energy Exchange Agreement.
- 2.2 "ENERGY EXCHANGE PARTICIPANT" is a "Participant" as that term is defined in the Energy Exchange Agreement.
- 2.3 ENERGY EXCHANGE MEMBER" is a "Member" as that term is defined in the Energy Exchange Agreement.
- 2.4 "ENERGY EXCHANGE SYSTEM" is the "Southeast EEM System" as that term is defined in the Energy Exchange Agreement.
- 2.5 "ENERGY EXCHANGE AGREEMENT" means the "Southeast Energy Exchange Market Agreement on file with Commission, as it may be amended from time to time.
- 2.6 "NON-FIRM ENERGY EXCHANGE TRANSMISSION SERVICE CUSTOMER" means a Transmission Customer taking Non-Firm Energy Exchange Transmission Service provided in accordance with this Attachment N of this Tariff pursuant to an executed Service Agreement for Non-Firm Energy Exchange Transmission Service, Attachment N-1 to this Tariff.

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Section 3. Nature of Non-Firm Energy Exchange Transmission Service

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- 3.1 Term. Non-Firm Energy Exchange Transmission Service will be available on an as-available basis for 15-minute Energy Exchanges.

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3.2 Reservation Priority. Non-Firm Energy Exchange Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term Firm, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service and Secondary Point-to-Point Transmission Service. Non-Firm Energy Exchange Transmission Service will have the lowest reservation priority under the Tariff.

3.3 Scheduling and Reservation. Non-Firm Energy Exchange Transmission Service may only be reserved, scheduled, and tagged through the reservation, scheduling and e-tagging functions of the Energy Exchange System, rather than directly through the Transmission Provider's OASIS.

3.4 Availability. Non-Firm Energy Exchange Transmission Service will be made available for Energy Exchanges from Available Transfer Capability after procurement and scheduling deadlines have passed for the next operating hour, taking into account other higher priority confirmed reservations and the limitations of the Transmission System of the Transmission Provider. Additional Non-Firm Energy Exchange Transmission Service may be made available for Energy Exchanges considering capacity from unscheduled reservations.

3.5 Curtailment and Interruption. The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Energy Exchange Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System, or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Energy Exchange Transmission Service provided under the Tariff to accommodate (1) transmission service for Network Customers, (2) Transmission Service for Firm Point-to-Point Transmission Service; or (3) Transmission Service for Non-Firm Point-to-Point Transmission Service. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Energy Exchange Transmission Service shall be subordinate to all other types of transmission service provided under this Tariff.

3.6 Transmission Losses. Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Non-Firm Energy Exchange Transmission Service Customer is responsible for replacing losses associated with all transmission service as calculated by Transmission Provider and pursuant to Section 6.1.2 of this Attachment N.

3.7 Transmission Provider's Obligations.

3.7.1 Transmission Provider will provide the Energy Exchange System with all

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information required by Participating Transmission Providers, as that term is defined in Appendix B of the Energy Exchange Agreement.

3.7.2 Transmission Provider is not obligated to (i) plan, construct, or maintain its Transmission System for the benefit of any Energy Exchange Participant; (ii) provide Non-Firm Energy Exchange Transmission Service in a manner that is contrary to the terms of this Tariff, or contrary to Good Utility Practice, each as determined in the sole judgement of the Transmission Provider; (iii) provide Non-Firm Energy Exchange Transmission Service to any Transmission Customer who is not an Energy Exchange Participant; (iv) provide Non-Firm Energy Exchange Transmission Service following Transmission Provider's removal or withdrawal from the Energy Exchange Agreement; or (v) file its Tariff with FERC if the Tariff is not already required to be filed with FERC.

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3.7.3 Transmission Provider's participation in the Energy Exchange System is voluntary and may be terminated at any time in accordance with the provisions of the Energy Exchange Agreement. It is therefore expressly understood, and a condition of service, that Non-Firm Energy Exchange Transmission Service Customer has no reliance interest in provision of Non-Firm Energy Exchange Transmission Service and has no right to rely on Transmission Provider continuing to provide Non-Firm Energy Exchange Transmission Service.

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Section 4. Initiation of Non-Firm Energy Exchange Transmission Service

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4.1 Non-Firm Energy Exchange Transmission Service is available only to Eligible Customers that:

4.1.1 Are in good financial standing with the Transmission Provider.

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4.1.2 Have submitted a Completed Application for Non-Firm Energy Exchange Transmission Service to the Transmission Provider:

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JEA
Sr. Director, Energy Operations
7720 Ramona Blvd
Jacksonville, FL 32221

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Internet e-mail: TSERVE@JEA.COM

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4.1.2.1 A Completed Application for Non-Firm Energy Exchange Transmission Service must include:

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(i) The identity, address, telephone number and email address of the

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Page No. 190entity requesting service;(ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer;(iii) A statement that the entity requesting service is, or will be upon commencement of service, an Energy Exchange Participant; and(iv) The service commencement date of the requested Non-Firm Energy Exchange Transmission Service.The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.**Formatted:** List Paragraph, Indent: Left: 1.13", No bullets or numbering**Formatted:** Indent: Left: 1.13", No bullets or numbering**Formatted:** Indent: Left: 1.13", First line: 0"**Formatted:** Indent: Left: 0.5", No bullets or numbering**Formatted:** Indent: Left: 1.13", First line: 0"4.1.3 Meet the creditworthiness criteria set forth in Part I, Section 11 of the Tariff.**Formatted:** Indent: Left: 0.19", First line: 0.06"4.1.4 Have executed a Service Agreement for Non-Firm Energy Exchange Transmission Service, Attachment N-1 of this Tariff.**Formatted:** Indent: Left: 0.25", Hanging: 0.25"**Section 5. Limitations on Usage of Non-Firm Energy Exchange Transmission Service****Formatted:** Font: Bold5.1 Non-Firm Energy Exchange Transmission Service can be used solely for Energy Exchanges.5.2 Non-Firm Energy Exchange Transmission Service may not be reassigned, redirected, or sold by the Non-Firm Energy Exchange Transmission Service Customer.**Section 6. Charges for Non-Firm Energy Exchange Transmission Service****Formatted:** Font: Bold6.1 The Non-Firm Energy Exchange Transmission Service Customer shall compensate the Transmission Provider for Non-Firm Energy Exchange Transmission Service as follows:6.1.1 Rate for Non-Firm Energy Exchange Transmission Service: The rate for intra-hourly delivery shall be \$0/MW of Reserved Capacity per 15-minute increment.**Formatted:** Indent: Left: 0.25", Hanging: 0.38"6.1.2 Charges for Real Power Losses: The charges for Real Power Losses shall be based on the applicable Real Power Loss Factor and the Real Power Loss Rate applied to deliveries of Non-Firm Energy Exchange Transmission Service.**Formatted:** Indent: Left: 0.25", Hanging: 0.38"6.1.2.1 The applicable Real Power Loss factor shall be the same as specified in Section 15.7 of the Tariff.**Formatted:** Indent: Left: 0.63"6.1.2.2 The Real Power Loss Rate shall be a rate equal to 100 percent of the**Formatted:** Indent: Left: 0.63"Issued By: Garry Baker
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Transmission Provider's forecasted average incremental cost after serving all other obligations (including economy and opportunity transactions).

6.1.3 Ancillary Services: As described in Section 6.2.1, the charge for Schedule 1 or Schedule 2 Ancillary Services is \$0.

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6.2 Ancillary Services

6.2.1 Notwithstanding the requirements in Tariff Section 3, the Non-Firm Energy Exchange Transmission Service Customer shall pay for the following Ancillary Services at the rate established in Section 6.1.3 of Attachment N: (a) Scheduling, System Control and Dispatch, and (b) Reactive Supply and Voltage Control from Generation or Other Sources.

6.2.2 The Non-Firm Energy Exchange Transmission Service Customer serving load within the Transmission Provider's Control Area must demonstrate that it already has made alternate arrangements for the following Ancillary Services, or it must acquire them from the Transmission Provider, from a third party, or by self-supply: (i) Regulation and Frequency Response, (ii) Energy Imbalance. A Non-Firm Energy Exchange Transmission Service Customer delivering power from a generator in Transmission Provider's Control Area off system must demonstrate that it already has made alternate arrangements for the following Ancillary Services, or it must acquire them from the Transmission Provider, from a third party, or by self-supply: (i) Regulation and Frequency Response and (ii) Generator Imbalance.

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Page No. 192**ATTACHMENT N-1**

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Form of Service Agreement for Non-Firm Energy Exchange Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the "Transmission Provider"), and _____ ("Non-Firm Energy Exchange Transmission Service Customer").
- 2.0 The Non-Firm Energy Exchange Transmission Service Customer has been determined by the Transmission Provider to be an Eligible Customer under Part I of the Tariff and an Energy Exchange Participant as defined in Attachment N of the Tariff, and as has submitted a Completed Application for Non-Firm Energy Exchange Transmission Service in accordance with Section 4 of Attachment N of the Tariff.
- 3.0 Service under this Service Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Non-Firm Energy Exchange Transmission Service Customer and subject to the scheduling procedures outlined in the Energy Exchange Agreement.
- 4.0 Non-Firm Energy Exchange Transmission Service Customer has all the rights and obligations of a Transmission Customer as set forth in Part I of the Tariff, except as specifically excluded in Attachment N to the Tariff.
- 5.0 The Non-Firm Energy Exchange Transmission Service Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for the Transmission Provider to provide the requested service.
- 6.0 The Transmission Provider agrees to provide, and the Non-Firm Energy Exchange Transmission Service Customer agrees to take and pay for Non-Firm Energy Exchange Transmission Service in accordance with the provisions of Attachment N of the Tariff and this Service Agreement.
- 7.0 The Non-Firm Energy Exchange Transmission Service Customer is responsible for replacing Real Power Losses associated with all Non-Firm Energy Exchange Transmission Service. Transmission Provider will supply, and the Non-Firm Energy Exchange Transmission Service Customer will pay for such Real Power Losses in accordance with Section 3.6 of Attachment N.
- 8.0 The Non-Firm Energy Exchange Transmission Service Customer or the Transmission Provider can cancel this Service Agreement at any time.
- 9.0 Transmission Provider's participation in the Energy Exchange System is voluntary and may be terminated at any time in accordance with the provisions of

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the Energy Exchange Agreement. It is therefore expressly understood, and a condition of service, that Non-Firm Energy Exchange Transmission Service Customer has no reliance interest in provision of Non-Firm Energy Exchange Transmission Service and has no right to rely on Transmission Provider continuing to provide Non-Firm Energy Exchange Transmission Service. Accordingly, if the Transmission Provider terminates its participation in the Energy Exchange System, the Transmission Provider can cancel this Service Agreement.

10.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Non-Firm Energy Exchange Transmission Service Customer:

11.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By:

Name Title Date

Non-Firm Energy Exchange Transmission Service Customer:

By:

Name Title Date

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BOARD RESOLUTION: 2023-12
February 28, 2023

**A RESOLUTION BY THE BOARD APPROVING THE DELEGATION OF
 AUTHORITY TO JEA REPRESENTATIVES TO APPROVE AND
 EXECUTE CERTAIN FLORIDA DEPARTMENT OF TRANSPORTATION
 DOCUMENTATION; PROVIDING FOR THE CORRECTION OF ERRORS;
 AND PROVIDING FOR AN EFFECTIVE DATE**

RECITALS

WHEREAS, from time to time, JEA is required to seek permitting from and to enter into agreements with the Florida Department of Transportation (FDOT) to conduct activities and transactions associated with operation of the utilities systems; and

WHEREAS, in efforts to effectively and efficiently do so, JEA may appoint and delegate authority to individuals to approve and execute specified documents on behalf of JEA; and

WHEREAS, based upon its review, the Board has determined that approving execution of the completed FDOT Delegation and Special Power of Attorney form (Delegation) to authorize certain individuals to act as provided therein best serves the interests of JEA. A copy of the Delegation is attached hereto as Attachment 1 and incorporated herein by this reference.

NOW THEREFORE, BE IT RESOLVED by the JEA Board of Directors that:

1. The recitals stated above are incorporated into this Resolution and adopted as findings of fact.
2. The Board hereby approves the Delegation and authorizes the Chair to execute it on behalf of JEA.
3. The Board further authorizes those individuals serving in the positions listed in the Delegation to approve and execute the specified document type(s) as provided therein, including all other necessary supplemental documents, agreements, and instruments.
4. To the extent that there are any typographical, administrative, and/or scrivener's errors contained in the Delegation or in this Resolution that do not change the tone, tenor, or purpose thereof, 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 28th day of February 2023.

 JEA Board Chair

 JEA Board Secretary

Form Approved:

 Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

ATTACHMENT 1

STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION
DELEGATION AND SPECIAL POWER OF ATTORNEY710-010-51
UTILITIES
10/04**JEA, HEREINAFTER REFERRED TO AS THE UAO, HEREBY TAKES THE FOLLOWING ACTION:**

1. The positions, the title of which appears in the chart below, are hereby delegated the authority, and the persons, the name of whom appears in the chart below, are hereby appointed as attorney-in-fact for the **UAO**, to approve and execute on behalf of and in the name of the **UAO**, any specified document type listed in the chart below next to that position or person between the **UAO** and the **STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION** (hereinafter referred to as the **FDOT**) and all other documents, agreements and instruments which are necessary in connection with the document type specified. In the event that All is checked or specified, there shall be no limitation on the authority of that position or person to approve and execute documents between the **UAO** and the **FDOT**.

2. This delegation and appointment shall remain in full force and effect, and the **FDOT** shall be entitled to rely upon this delegation and appointment, until written notice of the modification, rescission, or revocation of this delegation and appointment, in whole or in part, has been actually delivered to the State Utility Engineer of the **FDOT** at its Central Office in Tallahassee, Florida, with copies to the District Utility Engineer of each District of the **FDOT**. No such modification, rescission, or revocation shall, in any event, be effective with respect to any documents executed or actions taken pursuant to this delegation and appointment prior to the actual delivery of written notice of such modification, rescission, or revocation to the **FDOT** as specified above.

3. This delegation and appointment shall not be exclusive and shall not be deemed to limit the authority of any other position or person which may otherwise have authority for the **UAO**.

Name of Representative (If by NAME Please Type or Print approved names)	Title of Representative (If by TITLE Please Type or Print approved titles)	Approved to Sign (Please check or specify type)	
		All	Specified Document Type
	Managing Dir/CEO	<input checked="" type="checkbox"/>	
	Chief Operating Officer	<input checked="" type="checkbox"/>	
	VP Electric Systems	<input checked="" type="checkbox"/>	
	Sr. Mgr Distribution Const. & Maint.	<input type="checkbox"/>	Utility Permits
	Dir Preventative Maint. & Contract Mgmt	<input type="checkbox"/>	Utility Permits
	Mgr Energy Construction & Maintenance	<input type="checkbox"/>	Utility Permits
	Mgr Energy Contract Management	<input type="checkbox"/>	Utility Permits
	Mgr T&D Preventative Maintenance	<input type="checkbox"/>	Utility Permits
	Dir W/WW Reuse Delivery & Collection	<input type="checkbox"/>	Utility Permits
	Mgr Delivery & Collection Engineering	<input type="checkbox"/>	Utility Permits
	Water Wastewater Engineer	<input type="checkbox"/>	Utility Permits
	Staff Engineer	<input type="checkbox"/>	Utility Permits
	Water/Wastewater Planner	<input type="checkbox"/>	Utility Permits
	Maintenance Specialist	<input type="checkbox"/>	Utility Permits
	Service Technician	<input type="checkbox"/>	Utility Permits
	Staff Technician	<input type="checkbox"/>	Utility Permits
	Associate Staff Technician	<input type="checkbox"/>	Utility Permits
	Mgr O&M Construction & Maintenance	<input type="checkbox"/>	Utility Permits
	Mgr Water & Reuse Operation & Maint.	<input type="checkbox"/>	Utility Permits
	Mgr Sewer Operation &	<input type="checkbox"/>	Utility Permits

STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION
DELEGATION AND SPECIAL POWER OF ATTORNEY

710-010-51
 UTILITIES
 10/04

Name of Representative (If by NAME Please Type or Print approved names)	Title of Representative (If by TITLE Please Type or Print approved titles)	Approved to Sign (Please check or specify type)	
		All	Specified Document Type
	Maintenance		
	Mgr W/WW System Ops. & Cust. Response	<input type="checkbox"/>	Utility Permits
	Mgr Water & Sewer Preventative Maint.	<input type="checkbox"/>	Utility Permits
	VP Water Wastewater Systems	<input checked="" type="checkbox"/>	
	VP Planning Engineering & Construction	<input checked="" type="checkbox"/>	
	Sr Dir Engineering & Projects	<input type="checkbox"/>	Utility Permits
	Manager Project Management	<input type="checkbox"/>	Utility Permits
	Mgr Transmission & Substation Projects	<input type="checkbox"/>	Utility Permits
	Mgr System Protection & Control Projects	<input type="checkbox"/>	Utility Permits
	Dir Energy Project Management	<input type="checkbox"/>	Utility Permits
	Mgr Energy & Development Projects	<input type="checkbox"/>	Utility Permits
	Mgr Distribution Projects	<input type="checkbox"/>	Utility Prmts; UWHCA <\$300k; Escrow Agrm
	Electric Systems Engineer	<input type="checkbox"/>	Utility Permits
	Dir W/WW Project Engineering & Const.	<input type="checkbox"/>	Utility Prmts; UWHCA <\$300k; Escrow Agrm
	Senior Manager Project Management	<input type="checkbox"/>	Utility Prmts; UWHCA <\$300k; Escrow Agrm
	Mgr W/WW Project Management	<input type="checkbox"/>	Utility Prmts; UWHCA <\$300k; Escrow Agrm
	Dir W/WW Planning & Development	<input type="checkbox"/>	Utility Permits
	Mgr. W/WW Development	<input type="checkbox"/>	Utility Permits
	VP Supply Chain & Operations Support	<input type="checkbox"/>	General Agreements
	Dir Procurement Services	<input type="checkbox"/>	General Agreements
	Mgr Procurement Contract Administration	<input type="checkbox"/>	General Agreements
	VP Economic Development	<input type="checkbox"/>	All Real Estate Documents & Instruments
	Director, Real Estate	<input type="checkbox"/>	All Real Estate Documents & Instruments
	Dir Network & Telecommunication Services	<input type="checkbox"/>	Utility Permits
	Mgr Telecom Sales & Services	<input type="checkbox"/>	Utility Permits
		<input type="checkbox"/>	

Dated this 28th day of February, year of 2023.

STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION
DELEGATION AND SPECIAL POWER OF ATTORNEY

710-010-51
UTILITIES
10/04

JEA

(Print Name of UAO on line above)

By:

Name:

Robert Stein

Title:

Chair, JEA Board of Directors

Attest:

Name:

Melissa Charleroy

Title:

Board Services Manager

**BOARD RESOLUTION: 2023-14**

March 28, 2023

REVISIONS TO PROCUREMENT CODE

WHEREAS, the JEA Procurement Code was adopted via a JEA Board resolution in 1996 as a comprehensive purchasing code for use in governing all JEA purchases and related administrative activities. The Procurement Code provides a solid foundation for JEA's procurement activities and has been amended over the years to remain current with industry best practices; and

WHEREAS, the JEA Chief Procurement Officer is responsible for updating JEA's Procurement Code and ensuring it is in compliance with all applicable laws and regulations; and

WHEREAS, the last significant Procurement Code revision was made in 2021 following the completion of the Procurement Best Practice Study and an update to the JEA Charter in 2020; and

WHEREAS, the JEA Chief Procurement Officer performed the biannual review in accordance with Article 21 – JEA Charter, requiring Board of Directors approval.

BE IT RESOLVED by the JEA Board of Directors that:

1. The Board of Directors grants JEA approval for the revisions to the JEA Procurement Code.
2. To the extent there are typographical, clerical, or administrative errors that do not change the tone, tenor, or context of this resolution, such errors may be revised without subsequent approval by the JEA Board of Directors.
3. This resolution shall be effective immediately upon passage.

Dated this 28th day of March 2023.

 JEA Board Chair

 JEA Board Secretary

Form Approved by

 Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

Amended and Restated JEA Procurement Code

Effective April 1, 2023

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DEFINITIONS

Addendum means a document issued by JEA which modifies a Solicitation.

Appeal shall have the meaning set forth in Section 4-106 of this Code.

Award means the written approval of the JEA Awards Committee with the written concurrence of the Chief Executive Officer that a Formal Purchase will be in accordance with this Code and the best interest of JEA.

Awards Committee means the body appointed by the Chief Executive Officer in accordance with Section 2-106 of this Code.

Best and Final Offer or *BAFO* means a Vendor's final offer following the conclusion of contract negotiations in connection with an Invitation to Negotiate.

Bid means a Vendor's offer to provide Services or Supplies in response to an Invitation for Bid.

Bidder means a Vendor submitting a Bid in response to an Invitation to Bid.

Business Day is any day except any Saturday, any Sunday or any holiday observed by JEA's Procurement office.

Chief Procurement Officer or *CPO* means the person holding the position appointed in accordance with Section 2-103 of this Code.

Code means this Amended and Restated JEA Procurement Code.

Construction means the process of building, altering, repairing, improving, or demolishing any structure or building, or other improvements of any kind to any real property. It does not include the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property.

Construction Management Entity means a licensed general contractor or a licensed building contractor, as defined in Section 489.105, Florida Statutes, as amended, who coordinates and supervises a Construction project from the conceptual development stage through final Construction, including the scheduling, selection, contracting with, and directing of specialty trade contractors, and the value engineering of a project.

Construction Manager at Risk or *CMAR* shall have the meaning set forth in Section 3-109 of this Code.

Consultants' Competitive Negotiation Act or *CCNA* means Section 287.055, Florida Statutes, as amended, relating to the Procurement of certain architectural, engineering, landscape architectural, and mapping and surveying Services.

Contract means all types of agreements for the Procurement of Supplies or Services, regardless of what these agreements may be called, and shall include, but not be limited to, a Purchase Order issued by JEA and accepted by a Vendor.

Contract Amendment means a written amendment executed after the execution of the Contract formalizing any revisions to the Contract.

Collaborative Procurement means a Procurement undertaken by JEA in accordance with Section 3115 of this Code.

Data means recorded information, regardless of form or characteristic.

Design-Build Contract means a single Contract with a Design-Build Firm for the design and Construction of a Construction project as defined in CCNA.

Designee has the meaning set forth in Section 4-302 of this Code.

Determination means a finding or decision by JEA made in the course of the process of procuring Supplies or Services under this Code.

Emergency shall have the meaning set forth in Section 3-113 of this Code.

Ex Parte Communication has the meaning set forth in Section 1-107 of this Code.

Florida's Open Meetings Laws means the laws found in Chapter 286, Florida Statutes, as amended.

Formal Purchase shall have the meaning set forth in Section 3-101 of this Code.

Governmental Entity means any state or territory of the United States, or any county, city, town or other subdivision of any state or territory of the United States, or any public agency, public authority, educational, health, or other institution of such subdivision.

Informal Purchase shall have the meaning set forth in Section 3-102 of this Code.

Intent to Award means JEA's announcement via an email, posting of the Awards Committee agenda, or issuance of an Addendum stating its intent to award a Formal or Informal Contract.

Invitation for Bid or *IFB* means a type of Solicitation requesting price offers and qualification information for defined Supplies or Services.

Invitation to Negotiate or *ITN* means a type of Solicitation requesting competitive sealed replies with the intent to select one or more Vendors with which to commence negotiations for the procurement of Supplies or Services, and usually concluding with a Best and Final Offer from Respondents.

JEA means that body politic and corporate created and established in Article 21 of the Charter of the City of Jacksonville.

JEA Board means the members of the JEA appointed to serve as provided by Section 21.03 of the JEA Charter.

JEA Charter means Article 21 of the Charter of the City of Jacksonville, as amended from time to time.

Letter of Credit means a commitment, usually made by a commercial bank, to honor demands for payment of an obligation upon compliance with conditions and/or the occurrence of certain events specified under the terms of the commitment.

Office of General Counsel means the City of Jacksonville's Office of the General Counsel.

Operational Procedures means the written process and procedures applicable to JEA Procurements and Procurement activities that have been promulgated in accordance with this Code.

Organizational Element means any subdivision of JEA — for example, a team, area, activity, department, group, business unit. — that utilizes Supplies or Services procured under this Code.

Organizational Element Manager means the person designated by the Chief Executive Officer to have responsibility for Procurement policies and procedures for certain categories of Supplies and Services under Section 2-102 of this Code.

Pre-Source Selection Methods means the pre-source selection methods described in Section 3-103 of this Code.

Pilot Project shall have the meaning set forth in Section 3-118 of this Code.

Post, Posting or Posted means placing documents or information on JEA's centralized internet website in the manner and location in which similar documents or information are typically posted.

Procurement means purchasing, renting, leasing, or otherwise acquiring; or selling, renting, leasing or otherwise disposing of any Supplies or Services, including, but not limited to, all functions that pertain to such activities – e.g., description of requirements, selection and solicitation of sources, and preparation and Award.

Procurement Appeals Board means the body comprised of at least three members of the Awards Committee as designated in this Code to hear Appeals regarding Procurement actions in accordance with Article 5 of this Code.

Professional Services shall have the meaning set forth in the CCNA.

JEA Project Manager shall have the meaning set forth in Section 3-122.

Proposer means a Vendor submitting a Proposal in response to a Request for Proposals.

Proposal means a Vendor's submittal of its offer in response to a Request for Proposals.

Protest shall have the meaning set forth in Section 4-101 of this Code.

Protestant means a Vendor who files a timely and proper Protest in accordance with Article 5 of this Code.

Purchase Order means a document issued by JEA requesting that a Vendor provide specified Supplies and Services to JEA and may contain additional terms and conditions related to the provision of such Supplies and Services.

Real Estate means land, including buildings and improvements, its natural assets, easements or a permanent interest therein.

Request for Information has the meaning set forth in Section 3-103 of this Code.

Request for Proposals means a type of competitive Solicitation requesting offers that includes qualifications, methods or other information, and may or may not include price, in the form of a Proposal.

Request for Qualifications or RFQ has the meaning set forth in Section 3-103 of this Code.

Response means a Vendor's submittal of its qualifications and price to in response to an ITN or other Solicitation.

Respondent means a Vendor submitting a Response to an ITN or other Solicitation.

Responsible Bidder (or Responsible Proposer or Responsible Respondent) means a Vendor that, in the Chief Procurement Officer's Determination, has the business judgment, experience, facilities and capability in all respects to perform fully the Solicitation requirements, and the integrity and reliability that will assure good faith performance.

Responsive Bidder (or Proposer or Respondent) means a Vendor that, in the Chief Procurement Officer's Determination, has submitted a Bid, Response or Proposal that conforms in all material respects to a Solicitation.

Reverse Auction means a type of auction in which sellers bid for the prices at which they are willing to sell their Supplies or Services.

Services means the furnishing of labor, time or effort by a Vendor, and includes, but is not limited to, work performed on Construction projects and the receipt, delivery and transmission of electric power, fuel, by-products or thermal energy, work customarily rendered by attorneys, certified public accountants, insurance agents, financial advisors, personnel consultants, health care providers and consultants, systems consultants, software or technology consultants, temporary staffing providers, and management consultants,

and administrative, maintenance, repair, installation and other technical services. This term shall not include employment agreements or collective bargaining agreements.

Single Source has the meaning set forth in Section 3-112 of this Code.

Solicitation means a document (which may be electronic) issued by JEA for the Formal Purchase of Supplies, Services, or Real Estate.

Source Selection means the type of Solicitation advertised or Procurement method JEA utilizes to obtain responses from Vendors to provide Services or Supplies (e.g., Invitation for Bids, Request for Proposals, Invitation to Negotiate)

Specifications means any description of the physical or functional characteristics, or of the nature of an item of Supply or Service. It may include a description of any requirement for inspecting or testing an item of Supply or Service or preparing such item for delivery. Also commonly referred to as Technical Specifications.

Supplies means all property, including but not limited to, equipment, materials, repair parts, consumables, tools, printing, and leases of real property.

Utility Industry Partner means a publicly-owned or privately-owned utility, utility industry trade association; exempt wholesale generator; co-generator or small power producer, or other entity whose business purpose is the generation or transmission or distribution or the promotion of the efficient use of electricity or water, approved by the Chief Procurement Officer, with whom JEA may legally engage in a Collaborative Procurement provided in Section 3-115 of this Code or a Joint Project as provided in Section 3-117 of this Code.

Vendor means any person or legal entity that provides, agrees to provide, or is interested in providing, Supplies or Services to JEA.

ARTICLE 1- GENERAL PROVISIONS

1-101 Purposes, Rules of Construction

(1) *Interpretation.* This Code shall be construed to be consistent with the guiding principles and to promote its underlying purposes and policies set forth in this Section 1-101.

(2) *Guiding Principles.* This Code shall at all times be subject to the provisions of the JEA Charter found in Article 21 (JEA), Charter of the City of Jacksonville and the following guiding principles:

(a) *Open and Fair Competition.* To the greatest extent reasonably possible, JEA shall use fair, competitive, and generally accepted government Procurement methods that seek to encourage the most competition and best price for the purchase of supplies, construction, professional and other contractual services. JEA should adhere to all applicable state procurement laws, including but not limited to laws governing the purchase of construction services and professional design services.

(b) *Transparency in Procurement processes.* This Code and all Procurement policies, Operational Procedures, rules, directives, standards, and other procurement governing documents, including any amendments thereto, shall be posted on JEA's website in a conspicuous manner for the public to view. All records of JEA Procurement activities shall be subject to disclosure under

Florida's public records laws, including, but not limited to those laws codified in Section 119, Florida Statutes, as amended.

(c) *Use of certain agreements.* The use of confidentiality, nondisclosure or similar agreements by government agencies are contrary to open and transparent government. Except regarding information or records deemed by JEA to be confidential or exempt information or records by law, JEA should not enter into confidentiality or nondisclosure agreements with third parties and should use confidentiality, nondisclosure or similar agreements sparingly in the conduct and operation of its Procurement activities. Additionally, JEA shall not require a member, officer or employee to maintain the confidentiality of information or records that is not confidential or exempt by law.

(3) *Purposes and Policies.* The underlying purposes and policies of this Code are:

(a) to provide for increased public confidence and consistency in the procedures followed in JEA Procurement;

(b) to ensure the fair and equitable treatment of all persons who deal with the JEA Procurement system;

(c) to maximize, to the fullest extent practicable, the purchasing value of JEA funds;

(d) to foster effective, broad-based competition among vendors purchasing good and services from JEA;

(e) to provide safeguards for the maintenance of the quality and integrity of the JEA Procurement system, and

(f) to ensure JEA's Procurement activities comply with all applicable Florida Statutes.

(4) *Singular-Plural and Gender Rules.* In this Code, unless the context requires otherwise, words in the singular include the plural, and those in the plural include the singular.

(5) *Use of Capitals in Text.* Capitalized terms used in this Code shall have the meanings given to them in the Definitions section of this Code.

(6) *Job Titles.* If a JEA job title used in this Code is changed in the future due to JEA organizational changes, this Code shall be construed by substituting the appropriate successor job title.

(7) *Interpretation:* Where the word "shall" is used, it connotes a mandatory requirement. Where the word "may" is used, it connotes a permissive requirement.

1-102 Application of this Code

(1) *General Application.* This Code applies to Procurement activities conducted by JEA and repeals and replaces all previously adopted versions of the JEA Procurement Code. Notwithstanding the foregoing, nothing herein shall affect the validity of Procurement activities conducted in compliance with the version of the Code in effect at the time such activities were conducted.

(2) *Application to JEA Procurement.* This Code shall apply to all expenditures of public funds under Contract by JEA, irrespective of their source. It shall also apply to the sale or other disposal of JEA property and Supplies.

(3) *Application of City of Jacksonville Procurement Code.* If the Code is silent on a specific procurement procedures, JEA may defer to the City of Jacksonville Code where addressed.

1-103 Determinations

Written Determinations required by this Code shall be retained in the appropriate official Procurement or Contract file maintained in accordance with promulgated by the Chief Procurement Officer.

1-104 Policy of Continuous Improvement

Suggestions for Improvements. The JEA Board intends for this Code to be a dynamic document comprising the best available public sector Procurement practices. To this end, the Chief Executive Officer encourages employees of JEA and others who deal with the JEA Procurement system to submit to the Chief Procurement Officer any ideas or suggestions for improvements to this Code.

1-105 Jacksonville Small Emerging Business (JSEB) Program; Minority Business Enterprises

JEA shall adhere to the City of Jacksonville's Small Emerging Business (JSEB) Program, or successor city program, in its Procurement procedures. Subject to applicable federal, state and local laws, with the JEA Board's approval, JEA is authorized to implement and to take all actions necessary to administer a race-conscious purchasing and Procurement program to remedy the present effects of past discrimination by JEA, if any, in the awarding of Contracts. Any such race-conscious program implemented by JEA to remedy the present effects of past discrimination by JEA, if any, in the awarding of Contracts must be supported by evidence and based on the required criteria and standards as set forth in applicable federal and state laws.

1-106 General Counsel of the City of Jacksonville; Engagement of Legal Services

The General Counsel of the City of Jacksonville has the responsibility for providing all legal Services to JEA, including, but not limited to, legal Services relating to Procurement matters. The General Counsel may employ, supervise and terminate assistant counsels to assist with the efficient provision of legal Services for JEA. The General Counsel may authorize JEA to engage outside counsel upon certification by the General Counsel of compliance with the City of Jacksonville's Charter and JEA's authority, and a written finding of necessity by the General Counsel. The General Counsel shall consult with JEA before the General Counsel selects outside counsel. The provision of all outside legal Services to JEA shall be in accordance with the terms of an engagement letter authorized and approved by the General Counsel, including, but not limited to, the scope of the services provided and the maximum indebtedness of JEA's obligations in connection with the engagement.

The provision of legal Services as contemplated by this Section 1-106 shall include all legal related services, e.g., court reporters, expert consultants or witnesses, and Real Estate property appraisers. Legal counsel engaged by JEA shall have the authority to engage such related legal Services only to the extent that

the vendor of such related legal Services and the maximum indebtedness of JEA's obligations in connection with such services is approved in by the General Counsel and described in the engagement letter for such legal counsel. The engagement of related legal Services by outside counsel shall not be used as a means to circumvent the competitive bidding requirements or any other provisions of this Code.

1-107 Ex Parte Communication Prohibited

Adherence to procedures that ensure a fair open and impartial Procurement process is essential to the maintenance of public confidence in the value and soundness of the important process of public Procurement. Therefore, except as provided in subsection (3) of this Section 1-107, employees, agents and all other representatives of a Vendor shall be strictly prohibited from communicating, directly or indirectly, with any of the JEA representatives described in subsection (1) below during a period described in subsection (2) below.

(1) *Persons covered.* The prohibitions of this Section 1-107 shall apply to all JEA Board members, employees, agents, and other representatives if such persons are involved in JEA's Procurement process, or have any decision-making authority with respect to an Award.

(2) *Periods.* Ex Parte Communications are prohibited during the following periods:

(a) from the advertisement of a Solicitation through the Award of a Contract or cancellation of the Solicitation prior to Award; and

(b) from the initiation of a Protest through final resolution of such Protest under this Code.

(3) *Exclusions.* This Section 1-107 shall not prohibit:

(a) communications concerning process and questions regarding a Solicitation addressed to the JEA Procurement staff member designated in a Solicitation to answer questions about the Solicitation, including, but not limited to, communications initiated by such staff member in order to clarify aspects of a Bid, Proposal or Response;

(b) communications during public meetings held in accordance with Florida's Open Meetings Laws, for the purpose of discussing a Solicitation or an evaluation or selection process including, but not limited to, substantive aspects of the Solicitation document (Such public meetings may include, but are not limited to, pre-Bid, pre-Proposal or pre-Response meetings, site visits to JEA's or a Vendor's facilities, interviews or negotiation sessions as part of the selection process, and other presentations by Bidders, Proposers, or Respondents. Exempted communications at such public meetings shall be limited to those consistent with the advertised purpose of the meeting and shall be communicated in a manner which can be heard by all those present at the meeting.);

(c) communications during negotiation sessions with Vendors to the extent exempt under Section 286.0113(2), Florida Statutes, as amended;

(d) Awards Committee and the

(e) Procurement Appeals Board meetings advertised and conducted pursuant to Florida's Open Meetings Laws;

(f) contact by a Vendor currently under Contract with JEA, but only regarding work under that Contract and unrelated to the Solicitation or Protest currently in process; or

(g) communications between a Vendor and the Chief Procurement Officer, or JEA's legal counsel in accordance with the requirements of Article 5 of this Code.

(4) Violation of this Section 1-107 by a Vendor or any of its employees, agents or other representatives may be grounds for any one or more of the following: (i) disqualification of the Vendor from eligibility for an Award; (ii) rescission of any Award to the Vendor; (iii) termination of any Contract with the Vendor; or (iv) a decision to suspend or debar the Vendor.

1-108 Retention of Procurement Records

All Procurement records shall be retained, made available, and disposed of in accordance with the requirements of all applicable laws, including but not limited to Chapter 119, Florida Statutes (Florida's Public Records Laws), as amended, and the rules and regulations promulgated by the Division of Library and Information Services of the Florida Department of State.

1-109 Collection of Data Concerning JEA Procurement; Annual Vendor Survey

The Chief Procurement Officer shall prepare and maintain statistical Data concerning the Procurement, usage, and disposition of all Supplies and Services, except for Procurements exempt under Section 2-102 of this Code and not procured under a process overseen by the Chief Procurement Officer. Organizational Element Managers overseeing Procurements exempt under Section 2-102 shall furnish such reports as the Chief Procurement Officer may require concerning usage and needs, and the Chief Procurement Officer shall have authority to prescribe forms to be used by such Organizational Element Managers in requisitioning, ordering, and reporting of Supplies and Services.

The Chief Procurement Officer shall annually conduct a survey of actual, interested and prospective Bidders, Proposers, Respondents, and Vendors to obtain feedback on JEA's Procurement process. Such survey shall be on a form approved by the JEA Board and participation in the survey shall be open to actual, interested and prospective Bidders, Respondents, and Vendors. survey topics may include, without limitation, various aspects of JEA's Procurement process such as information transparency and accessibility, preconferences, bid submittal packages, evaluations, and Awards. The Chief Procurement Officer shall report the results of such survey to the JEA Board and the JEA Board shall consider such survey results during the JEA Board's biennial review of this Code.

1-110 Record of Procurement Actions

The Chief Procurement Officer shall prepare and deliver a written report to the JEA Board on or before the JEA Board's last regularly scheduled meeting held in each calendar year summarizing all Awards made during the immediately preceding fiscal year. Such written report shall contain at a minimum the following information:

- (a) The number of Awards for the reporting fiscal year;
- (b) A detailed listing of all Awards categorized by service type (e.g., Construction, Professional Services, Supplies, etc.), Award type (e.g., Single Source, Emergency, Request for Proposals, Invitation

to Negotiate, piggyback, etc.) and a brief description of each Award containing the Vendor name, Contract amount and Contract term;

(c) The number of JSEB Awards categorized by service type (e.g., Construction, Professional Services, Supplies, etc.), Award type (e.g., Single Source, Emergency, Request for Proposals, Invitation to Negotiate, piggyback, etc.), and a brief description of each Award containing the JSEB contractor name, Contract amount and Contract term;

(d) The number of Protests for the reporting fiscal year and the outcome of each Protest (i.e., whether JEA prevailed); and

(e) The annual survey results pursuant to the survey requirement in Section 1-109 of this Code.

After providing such written report to the JEA Board, the Chief Procurement Officer shall deliver the report to the Jacksonville City Council and the Mayor and post the report on JEA's website in a conspicuous manner for the public to view.

ARTICLE 2 - PROCUREMENT AUTHORITY & DESIGNATIONS, AND COMMITTEES

2-101 Procurement Authority and Duties of the JEA Board

Pursuant to Article 21 of the Charter of the City of Jacksonville, the JEA Board shall review and approve this Code and all amendments to this Code. The JEA Board may not delegate its approval of this Code, including any amendments thereto, to the Chief Executive Officer or any other officer, employee or agent of JEA.

The Chief Procurement Officer shall periodically review this Code and JEA's other Procurement procedures in accordance with the JEA Charter, and shall report to the JEA Board on the results of such review including any recommendations for changes the Chief Procurement Officer deems appropriate.

2-102 Procurement Code Exemptions

(1) Due to the nature of the following Supplies and Services, such Supplies and Services need not be procured through the Chief Procurement Officer and are not subject to approval by the Awards Committee, but may be procured using Procurement policies and procedures established by an Organizational Element Manager designated by the Chief Executive Officer for that category of Supplies and Services:

- (a) Generation Fuels, Emission Allowances, and Associated Transport;
- (b) Byproducts;
- (c) Purchase or Sale of Electric Energy, Electric Generation Capacity, Electric Transmission Capacity and Transmission Services – Short- and Long-Term Transactions;
- (d) Sale of JEA Owned Transmission and Ancillary Services, including applicable Enabling Agreements;

- (e) Environmental Allowances;
- (f) Real Estate, including easements;
- (g) Community Outreach Procurements; and
- (h) Financial Instruments and Services

The Operational Procedures shall provide more detail concerning the procedures on how to procure the above listed exempt categories of Supplies and Services.

(2) Prior to the Procurement of Supplies or Services by an Organizational Element Manager, the Organizational Element Manager shall obtain all appropriate approvals required by the Procurement Exemption for the specific procurement which can be found in the Operational Procedures and verify there are no conflicts of interest between JEA and the vendor.

(3) In the absence of an Organizational Element Manager for a category of Supplies and Services exempt under subsection (1) of this Section 2-102, the Supplies and Services shall be procured through the Chief Procurement Officer in accordance with this Code and Operational Procedures.

(4) Property and casualty insurance, and Human Resource Benefits may be awarded through the broker or consultant for those services with ultimate approval by the Awards Committee.

2-103 Appointment and Authority of the Chief Procurement Officer

(1) *Central Procurement Officer of JEA.* The Chief Executive Officer shall appoint a Chief Procurement Officer. The Chief Procurement Officer shall be a full-time, appointed employee of JEA with demonstrated executive and organizational ability. The Chief Procurement Officer shall serve as the central point of contact for JEA Procurement matters.

(2) *Operational Procedures.* The Chief Procurement Officer shall promulgate Operational Procedures governing JEA Procurement activities that are consistent with the provisions of this Code. Whenever practicable, the Operational Procedures shall be updated to incorporate the use of new technologies, best practices, and streamlined procedures for continuous improvement of JEA's Procurement activities. Material revisions to the Operational Procedures shall be approved by the Office of General Counsel prior to the revisions becoming effective.

(3) *Duties.* Except as otherwise specifically provided in this Code, the Chief Procurement Officer duties shall include, but are not limited to:

- (a) supervise and coordinate the Procurement of all Supplies and Services by JEA;
- (b) make Determinations as to what constitutes a minor irregularity in Bids, Proposals and Responses and when Bids, Proposals and Responses should be rejected as unresponsive;
- (c) conduct or coordinate training on JEA's Procurement policies and processes and related matters;
- (d) develop and maintain the standard contract language for Solicitations, Contracts and other documents used in the JEA's Procurement process in consultation with the Office of General Counsel; and
- (e) exercise the duties given to the Chief Procurement Officer in Article 5 of this Code.

2-104 Delegation of Authority by the Chief Procurement Officer

The Chief Procurement Officer may delegate any duty or authority given to the Chief Procurement Officer under this Code in writing to one or more designees.

2-105 Procurement Document Review

The Chief Procurement Officer shall create a process and procedures to ensure all Solicitations and other documents used in JEA's Procurement process are reviewed to ensure compliance with this Code, the Operational Procedures and all applicable laws and regulations. The process and procedures for review of all Solicitations shall be set forth in the Operational Procedures.

2-106 Awards Committee

- (1) *Awards Committee Membership.* The JEA Awards Committee shall consist of three Vice Presidents or other senior Officers of JEA appointed by the Chief Executive Officer. Members of the Awards Committee shall serve a two-year term, or until their successors have been appointed. Multiple terms are permitted. The Chief Executive Officer will appoint an Awards Committee member to be the chair of the committee who will run the meeting. Members of the Awards Committee may be removed at any time with or without cause by the Chief Executive Officer. If an Awards Committee member shall cease to be qualified to serve, then the member's term shall be vacant until the Chief Executive Officer appoints a replacement.
- (2) *Liaisons.* There shall be three permanent liaisons present at all meetings of the Awards Committee which shall include the Chief Procurement Officer, a representative from the Budget Organizational Element designated by the Chief Executive Officer and a representative from the Office of General Counsel. These liaisons shall not be considered voting members of the Awards Committee for purposes of Florida's Open Meetings Laws.
- (3) *Quorum.* The presence of at least two voting members of the Awards Committee shall constitute a quorum. If a quorum is not present or any one of the three Liaisons is not in attendance, the meeting shall be cancelled. If a voting member of the Awards Committee or a liaison is unable to attend a meeting of the Awards Committee, that voting member or liaison may designate an alternate to serve for that meeting, and the alternate shall for all purposes (including, but not limited to satisfying quorum requirements and voting) be considered a member or liaison, as the case may be, for that meeting.

2-107 Awards Committee Procedures

All meetings of the Awards Committee shall be held in accordance with this Code and the requirements of Florida's Open Meetings Laws and shall be properly noticed, and minutes shall be taken. The voting members of the Awards Committee shall not discuss any matter which foreseeably could come before the Awards Committee with

another voting member of the Awards Committee unless such discussions take place in a duly noticed meeting held in accordance with Florida's Open Meetings Laws.

Each voting member of the Awards Committee shall have one vote. It shall take a majority of the voting members of the Awards Committee for an item to be approved. Items may be presented to the Awards Committee as part of a regular or a consent agenda. Items placed on the consent agenda shall be those items that do not require discussion or explanation prior to committee action. An individual Awards Committee member may remove items from the consent agenda prior to the vote on the consent agenda. An item removed from the consent agenda shall be discussed and acted upon separately following the consideration of the consent agenda. Such items may be taken up immediately following approval of the consent agenda or placed later on the agenda at the Chair's discretion. Except as otherwise provided herein, once an Award Item is reviewed and approved by the Awards Committee, JEA is authorized to proceed with executing a Contract. Items that are moved from the consent agenda to the regular agenda shall require the approval of the Chief Executive Officer before the Award is finalized.

The Chief Procurement Officer shall conduct all meetings of the Awards Committee and shall present each Award item placed on the regular agenda to the Committee for its consideration. The Chair shall have the authority to determine the presence of a quorum and whether any voting requirement has been met. The Chief Procurement Officer shall be responsible for all administrative matters relating to the conduct of the Committee's business including, but not limited to, ensuring that proper notice is given, and minutes are taken.

2-108 Duties of the Awards Committee

- (1) *Scope of Review.* The Awards Committee shall review each Award item presented to the Committee, by way of regular or consent agenda, and shall consider whether the proposed item is in compliance with this Code and in the best interest of JEA.
- (2) *Required Approvals.* The following Procurements of Supplies and Services by JEA shall require approval by the Awards Committee:
 - (a) Formal Purchases of Supplies and Services by JEA as provided in Section 3-101, unless exempt under Section 2-102 (Procurement Code Exemptions) or specifically provided otherwise in this Code;
 - (b) changes to, and renewals of, any Contracts executed in connection with an Award approved by the Awards Committee if:
 - (i) the financial impact of the change or renewal exceeds 10% of the amount of the most recent Award approved by the Awards Committee;
 - (ii) the financial impact of the change or renewal exceeds \$1,000,000;

(iii) the change or renewal causes an Informal Purchase to exceed the threshold for a Formal Purchases set forth in Section 3-101 of this Code;

(iv) the change or renewal, in the opinion of the Chief Procurement Officer, changes the Award approved by the Awards Committee in any material respect.

(c) sales of Supplies or Services by JEA that exceed \$300,000 or annual spend in excess of \$300,000 for continuing services contracts, including, but not limited to the sale of any surplus items;

(d) Procurements exempt under Section 2-102 (Procurement Code Exemptions) of this Code if required by the Procurement processes and procedures established by the applicable Organizational Manager; and

(e) ratification of all Formal Purchases procured under Section 3-113 (Emergency Procurements) of this Code.

(3) Availability of Funding for Procurement Items. The Awards Committee shall approve Awards items only after receiving confirmation as provided in this Section 2-108(4) that sufficient funds are available for the Award. Prior to presentation to the Awards Committee, each Award item shall be reviewed and approved by the Budget Organizational Element to determine whether sufficient funding is available for the Award.

(4) Effect of Approval. Once an Award item is reviewed and approved by the Awards Committee, and the Chief Executive Officer as needed, JEA is authorized to proceed with actions to finalize the Procurement of the Supplies or Services consistent with the Award, including but not limited to, execution of a Contract, issuance of a Purchase Order and notice to proceed, and acceptance of delivery of Supplies and Services, subject to lawfully appropriated funds. An Award may be rejected if, in the judgment of the Chief Executive Officer, the Award does not comply with the requirements of the JEA Procurement Code, Operational Procedures, or other applicable law.

ARTICLE 3 – SOURCE SELECTION AND CONTRACT FORMATION

3-101 Formal Purchases

(1) Unless exempt under Section 2-102 of this Code, the following Procurements shall be considered Formal Purchases under this Code:

(a) the Procurement of Supplies or Services where the estimated aggregate costs and fees for the Procurement exceed \$300,000 annually;

(b) the Procurement of Capital and O&M projects where the estimated total project costs and fees for the Procurement exceed \$300,000;

(c) “Public construction works” required to be competitively awarded under Section 255.20, Florida Statutes, as amended;

(d) “Electrical work” required to be competitively awarded under Section 255.20, Florida Statutes, as amended; and

(e) “Professional Services” required to be publicly announced under Section 287.055, Florida Statutes, as amended.

(2) Formal Purchases shall be procured using the process and procedures for Formal Purchases detailed in the Operational Procedures.

3-102 Informal Purchases

(1) Unless exempt under Section 2-102 of this Code, all Procurements not considered to be Formal Purchases under Section 3-101 of this Code shall be considered Informal Purchases.

(2) Informal Purchases may be made in accordance with Operational Procedures.

(3) Procurements shall not be artificially divided to constitute an Informal Purchase under this Section 3-102.

(4) Unless the Procurement is otherwise exempt under this Code, the Operational Procedures for Informal Purchases shall require, at a minimum, the following kind and number of quotations from prospective Vendors:

- (a) one properly documented quotation for Informal Purchases of \$10,000 or less; or
- (b) three properly documented quotations for Informal Purchases exceeding \$10,000; provided, however that if JEA fails to receive 3 quotations despite using all reasonable efforts to obtain 3 quotations, the Chief Procurement Officer may waive this requirement.

(5) Informal Purchases exceeding \$50,000 shall be Posted for 7 to 10 calendar days.

(6) Architectural, engineering, landscape architectural, or registered surveying and mapping services considered “Professional Services” under the CCNA in the amount of \$35,000 or less shall be exempt from competitive bidding under this Code. JEA may procure such services directly without competition.

3-103 Methods of Pre-Source Selection

The Chief Procurement Officer may authorize any one or more of the following Pre-Source Selection Methods:

(1) A Request for Information (“RFI”) is a Pre-Source Selection Method that requests written information about the capabilities of Bidders, Proposers or Respondents and may prepare interested Vendors for participation in future Solicitations. The publication of an RFI does not obligate JEA to make the purchases referred to in the RFI. JEA may use information obtained from RFIs to develop scopes of work for future Solicitations.

(2) A Request for Qualifications (“RFQ”) is a Pre-Source Selection Method used to qualify a pool of two or more Vendors which will be eligible to respond to future Solicitations.

(3) An Intent to Bid is a Pre-Source Selection Method intended to provide notice and information to potential Vendors of JEA’s intent to issue a Solicitation for Supplies or Services. The Intent to Bid may request a response from Bidders confirming their intent to submit a Bid, Proposal or Response to a future JEA Solicitation. The publication of an Intent to Bid does not obligate JEA to make the purchases referred to in the Intent to Bid.

3-104 Methods of Source Selection

Unless exempt under Section 2-102 of this Code, all Formal Purchases shall be procured using one of the following Methods of Source Selection:

- (a) Section 3-105 (Invitation for Bids (IFB));
- (b) Section 3-106 (Request for Proposals (RFP));
- (c) Section 3-107 (Consultants’ Competitive Negotiation Act (CCNA) (Architectural, Engineering, Landscape Architectural, or Surveying & Mapping Services));
- (d) Section 3-108 (Design-Build Contracts);
- (e) Section 3-109 (Construction Management and Program Management);
- (f) Section 3-110 (Multi-Step Competitive Bidding);
- (g) (g) Section 3-111 (Invitation to Negotiate (ITN))
- (h) Section 3-112 (Single Source);
- (i) Section 3-113 (Emergency Procurements);
- (j) Section 3-114 (Public Private Ventures);
- (k) Section 3-115 (Collaborative Procurements);
- (l) Section 3-116 (Joint Projects);
- (m) Section 3-117 (Use of Publicly Procured Contracts);
- (n) Section 3-118 (Pilot Projects);
- (o) Section 3-119 (Use of Reverse Auctions);

The Chief Procurement Officer may elect to use any one of the Methods of Source Selection listed in this Section 3-104 if the Method of Source Selection is deemed by the Chief Procurement Officer to be in the best interest of JEA consistent with the purposes and guiding principles set forth in Section 1-101 of this Code. Notwithstanding the foregoing, the Method of Source Selection shall comply with the requirements of this Code, the provisions of any grant or other funding or cooperative agreements to which JEA is a party, and all applicable laws and regulations, including but not limited to, statutory requirements for the Procurement of Professional Services subject to the CCNA and Construction services meeting certain statutory thresholds. The Operational Procedures shall establish a process and procedures for each Method of Source Selection.

3-105 Invitation For Bids (IFB)

An IFB may be used when JEA is capable of defining the Specifications for a Supply or Service. An Award generally will be made to the Responsive and Responsible Bidder who submits the lowest Bid in a sealed competitive bidding process. Notwithstanding the foregoing, the Chief Procurement may waive minor irregularities in a Bid and may reject all Bids if the Chief Procurement Officer deems such actions to be in the best interest of JEA.

3-106 Request for Proposal (RFP)

An RFP may be used when the Chief Procurement Officer determines that a Solicitation should include selection criteria in addition to price. Various combinations or versions of Supplies or Services may be proposed by a Vendor to meet the Specifications in the RFP.

An RFP may be used to procure Construction Services to the extent permitted by Section 255.20(1)(d)(2), Florida Statutes.

3-107 Consultants' Competitive Negotiation Act (CCNA) (Architectural, Engineering, Landscape Architectural, or Surveying & Mapping Services)

Architectural, engineering, landscape architectural, or registered surveying and mapping services considered "Professional Services" under the CCNA shall be procured in accordance with the requirements of the CCNA.

3-108 Design-Build Contracts

A Design-Build Contract may be used when the general design and construction requirements are known, but the detailed design and engineering has not been completed. Design-build contracts as defined in Section 287.055(2)(i), Florida Statutes, shall be procured in accordance with the CCNA and the Operational Procedures.

3-109 Construction Management and Program Management

Services may be procured from Construction Management Entities and program management entities in accordance with the provisions of Section 255.103, Florida Statutes. After selection and competitive negotiations, a Construction Management Entity may be required to offer a guaranteed maximum price and a guaranteed completion date or a lump-sum price and a guaranteed completion date as a construction manager "at risk" in accordance with the provisions of Section 255.103, Florida Statutes (a "Construction Manager at Risk" or a "CMAR").

3-110 Multi-Step Competitive Bidding

The Multi-Step Bidding Method of Source Selection involves a two-phase process in which Bidders first submit proposed revisions to both the commercial and technical terms of the Solicitation. During the second phase of the process, Bidders submit a bid price based on a revised Solicitation issued by JEA. An Award is based solely on the price of the Bid and does not include additional discussions or negotiations of material terms and conditions with Bidders after Bids are received. Multi-Step Competitive Bidding allows JEA to obtain Vendor feedback before finalizing commercial and technical terms to be used in an Invitation for Bids.

3-111 Invitation to Negotiate (ITN)

The Invitation to Negotiate is a Method of Source Selection that allows JEA to directly negotiate with Vendors to obtain best overall value for JEA. Under the ITN, JEA first evaluates initial Proposals with the intent to identify one or more Responsive and Responsible Respondent with which JEA may enter into one or more rounds of negotiations. Negotiations may result in modifications to the scope of work and terms and conditions of the ITN, submission of revised Bids or Responses, and may conclude with the submission of Best and Final Offers from one or more Vendors. The procedures for conducting an Invitation to Negotiate shall be described in the ITN Solicitation and the Operational Procedures.

ITNs may provide best value for JEA when establishing master contracts or definite delivery contracts for complex Supplies or Services, or when determining or refining scope, methods, or other nonprice aspects of a Solicitation.

For each use of the ITN Method of Source Selection, prior to issuance of the ITN, the Chief Procurement Officer shall document the reasons an ITN will produce the best value for JEA compared to an IFB or RFP. In addition to negotiating price, additional reasons must be stated as to why negotiations are needed to realize best value for JEA. Examples of such reasons are “the ITN method allows refining approaches, methods, tools, requirements, deliverables, and systems;” or, “identifying and incorporating value added services offered by Vendors into final requirements.”

3-112 Single Source

A Contract may be awarded for Supplies or Services as a Single Source when, pursuant to the Operational Procedures, the Chief Procurement Officer determines that:

- (a) there is only one justifiable source for the required Supplies or Services;
- (b) the Supplies or Services must be a certain type, brand, make or manufacturer due to the criticality of the item or compatibility within a JEA utility system, and such Supplies or Services may not be obtained from multiple sources such as distributors;

- (c) the Services are a follow-up of Services that may only be done efficiently and effectively by the Vendor that rendered the initial Services to JEA, provided the Procurement of the initial Services was competitive;
- (d) at the conclusion of a Pilot Project under Section 3-118 of this Code, the Procurement of Supplies or Services tested during the Pilot Project, provided the Vendor was competitively selected for the Pilot Project.

3-113 Emergency Procurements

In the event of an Emergency, the Chief Procurement Officer, or Designee, may make or authorize an Emergency Procurement, provided that Emergency Procurements shall be made with as much competition as practicable under the circumstances. A written Determination of the basis for the Emergency and for the selection of the particular Vendor shall be included in the Procurement file.

For purposes of this Section 3-113, an “Emergency” means any one of the following:

- (a) a reasonably unforeseen breakdown in machinery;
- (b) an interruption in the delivery of an essential governmental service or the development of a circumstance causing a threatened curtailment, diminution, or termination of an essential service;
- (c) the development of a dangerous condition causing an immediate danger to the public health, safety, or welfare or other substantial loss to JEA;
- (d) an immediate danger of loss of public or private property;
- (e) the opportunity to secure significant financial gain for JEA, to avoid delays to any Governmental Entity, or avoid significant financial loss through immediate or timely action;
or
- (f) a declared federal, state, or local state of emergency, or a valid public emergency certified by the Chief Executive Officer.

The Chief Procurement Officer, or Designee, shall submit all Formal Purchases made under this Section 3-113 to the Awards Committee for ratification as soon as reasonably practicable after the Formal Purchase is made.

3-114 Public-Private Partnerships

JEA may receive unsolicited proposals or may solicit proposals for a qualifying project and may thereafter enter into a comprehensive agreement with a private entity, or a consortium of private entities, for the building, upgrading, operating, ownership, or financing of JEA’s facilities in accordance with the provisions of Section 255.065, Florida Statutes, as may be amended from time to time. The Operational

Procedures shall set forth a process and procedures for the receipt and solicitation of such proposals that meet the requirements of Section 255.065, Florida Statutes, as amended from time to time.

3-115 Collaborative Procurements

JEA may participate in, sponsor, conduct, or administer a Collaborative Procurement for the Procurement of any Supplies or Services or Real Estate with one or more Governmental Entities, utility industry partners, nonprofit organizations or purchasing alliances in accordance with the terms of an agreement entered into between the participants. Such Procurements shall be in accordance with this Code and the Operational Procedures.

JEA shall not participate in, sponsor, conduct, or administer a Collaborative Procurement agreement for the purpose of circumventing this Code.

3-116 Joint Projects

Except where doing so is to circumvent the purpose of this Code, JEA may enter into joint projects with public or utility industry partners, the City of Jacksonville and its other independent agencies, political subdivisions or other Governmental Entities (e.g., the United States Navy, the Florida Department of Transportation, etc.). Joint projects may include, but shall not be limited to, combined water, sewer, drainage and road projects with the City of Jacksonville and Florida Department of Transportation.

Notwithstanding the foregoing, the Procurement of Supplies and Services by JEA in a Joint Procurement shall be consistent with the guiding principles and purposes of this Code set forth in Section 1101.

3-117 Use of Publicly Procured Contracts

JEA may procure Supplies or Services by using or “piggybacking” on contracts of the City of Jacksonville or its independent agencies, political subdivisions, other city and state or governmental agencies, school board districts, community colleges, federal agencies, Governmental Entities, or public colleges or universities, provided that the contracts of such other entities were competitively procured and the terms and conditions of JEA’s Contract are at least as favorable as the terms and conditions of the contract on which JEA is piggybacking. Formal Purchases using this Method of Source Selection shall be awarded through the Awards Committee.

3-118 Pilot Projects

A Pilot Project allows JEA to procure Supplies or Services on a trial basis in limited amounts and for a limited period of time in order to determine whether to proceed with a Formal Solicitation for the Procurement of such Supplies or Services.

If the estimated aggregate cost of Supplies and Services to be procured during a Pilot Project do not exceed \$100,000, and the term of the Contract for the Pilot Project does not exceed two years, the selection of

a Vendor to participate in the Pilot Project is not required to be selected using a competitive solicitation process unless required by applicable law. However, after the conclusion of the Pilot Project, the Supplies or Services evaluated during the Pilot Project shall be procured using one of the other Methods of Source Selection provided in Section 3-104 of this Code.

Where the cost to JEA of the Supplies and Services during the Pilot Project is \$100,000 or more, JEA shall publicly advertise the Pilot Project so that Vendors may submit their qualifications to provide such Supplies or Services. Based on the qualifications submitted by Vendors in response to such public advertisement, JEA will select one or more Vendors to participate in the Pilot Project. Once the Pilot Project is complete, the Chief Procurement Officer will determine whether JEA will initiate a competitive bidding process to obtain the Supplies or Services.

3-119 Use of Reverse Auctions

When the Chief Procurement Officer determines that procurement by a Reverse Auction is in the best interest of JEA, the Chief Procurement Officer may procure Supplies or Services by Reverse Auction. Reverse Auctions may be used with the following Solicitation types:

- (a) Invitation for Bids (IFB) – With Reverse Auction
- (b) Request for Proposals (RFP) – With Reverse Auction
- (c) Invitation to Negotiate (ITN) – With Reverse Auction

Reverse Auctions are to be used solely for obtaining lowest pricing. Prior to conducting a Reverse Auction, the following must be established for each Bidder, Proposer or Respondent:

- (a) Invitation for Bids – Bidders must provide documentation that they meet the minimum qualifications and any other requirements set forth in the IFB.
- (b) Request for Proposals – The Proposers must provide fully responsive Proposals. JEA shall evaluate Proposals and select at the top three, or more, ranked Proposers to participate in a Reverse Auction to establish pricing.
- (c) Invitation to Negotiate – At the conclusion of the negotiation process for an ITN, where all terms other than price have been agreed, JEA may choose to use a Reverse Auction to establish pricing.

3-120 Form of Contract Documents

The Office of General Counsel shall approve as to form all Contract documents for Formal Purchases. Contract Amendments do not require OGC form approval, unless otherwise provided in the Operational Procedures.

Purchase Orders may be used to form a Contract for Informal Purchases and Formal Purchases when the Chief Procurement Officer determines that a Formal Contract is not necessary. Purchase Orders shall be on a form that incorporates general terms and conditions reviewed and approved by the Office of General Counsel. If a Contract other than a Purchase Order is executed for an Informal Purchase, the Contract does not require form approval by the Office of General Counsel, unless specifically requested by the CPO, or unless such Contract contains terms materially different than JEA's standard terms and conditions. .

In accordance with the JEA Charter, unless otherwise provided in the JEA Charter or by law, all Contracts of any kind, and in any form entered into by JEA, including, but not limited to, Procurement Contracts, Joint Project Contracts, interlocal agreements, and Purchase Orders for Informal Purchases shall contain a provision clearly specifying a fixed, maximum monetary indebtedness of JEA thereunder.

3-121 Execution of Contract Documents

The Chief Executive Officer shall execute all Contracts. The Chief Executive Officer may delegate to the Chief Procurement Officer the authority to execute Contracts. Contracts and Purchase Orders may be executed by electronic means.

3-122 JEA Project Manager

All Contracts shall provide for a JEA Project Manager who will have the responsibility for overseeing all Work under the Contract and all payments made by JEA under the Contract. The Operational Procedures shall contain additional details concerning the responsibilities of JEA's Project and Contract Managers.

3-123 Continuing Services Contracts

Continuing services contracts, and continuation contracts based on unit prices, may be utilized for recurring Procurements of Supplies and Services that are projected to be made over a period of time. The total amount of all Procurements issued under a continuing services contract shall not exceed JEA's maximum indebtedness set forth in the Contract or the amount as authorized by Florida Statutes for the specific category of work, if any, and shall comply with all other applicable laws.

3-124 Contract Pricing Terms

Contract pricing terms are required in all Contracts and are the basis for payment approvals. The appropriate type of pricing terms will depend on the type of Contract and work being performed. The Operational Procedures may contain additional guidance concerning the type of pricing terms what are appropriate for certain types of Contracts.

3-125 Compliance with Federal and State Procurement Requirements

To the extent that a conflict exists between the provisions of this Code and the provisions of federal or state procurement requirements necessary to receive and expend grant funding, the CPO, in consultation with the Office of General Counsel, is authorized to waive any such conflicting Code provision and comply with the federal or state procurement requirement. In the event a Code provision is waived pursuant to this section, upon final approval of the contract award, the CPO shall notify the Chief Executive Officer.

ARTICLE 4 - ADMINISTRATIVE REMEDIES

4-101 Protests

(1) *Guiding Principles.* It is important that actual or prospective Bidders, Proposers and Respondents have confidence in JEA's Procurement process and procedures. One method of maintaining this confidence is to provide Vendors with an opportunity to file Protests relating to Solicitations and Awards and Intent to Award as provided in this Section 4-101. The provisions of this Article shall apply only to Formal Procurement actions as defined in Article 3-101 as provided herein. All other disputes will be resolved by the CPO as provided in the Operational Procedures. The provisions of this Article may not be used in connection with any Contract dispute, determination of Vendor performance, or Contract termination.

(2) *Right to Protest Procurement Actions.* Any Vendor who is adversely affected by an Award or an Intent to Award may submit a written Protest meeting all of the requirements of subsections (3) and (4) of this Section 4-101. Protests in connection with the requirements of a Solicitation or a Determination made in connection with a Solicitation shall include, but not be limited to, Protests concerning any event or aspect of the Procurement process that followed the issuance of the Solicitation and led to the Award or Intent to Award, Protests relating to the rejection of a Bid, Proposal or Response, including, but not limited to, whether a Bidder, Proposer or Respondent is Responsible or Responsive, and Protests relating to any ranking, scoring, or short-listing of Proposers or Respondents. Protests shall not include challenges to minimum qualifications, the Technical Specifications, the chosen procurement method, the evaluation criteria, the relative weight of the evaluation criteria, or the formula specified for assigning points to the evaluation criteria.

(3) *Protest Requirements.* Protests shall:

- (i) be submitted in writing in a letter or email addressed to the Chief Procurement Officer;
- (ii) identify the Solicitation, Award, or Intent to Award, by number and title or other language sufficient to enable the Chief Procurement Officer to identify the Solicitation, Award, or Intent to Award;
- (iii) demonstrate the timeliness of the Protest;
- (iv) state the Protester's complete legal name and legal standing to protest; and

(v) clearly state with particularity the issues and material facts supporting the Protest, and any legal authority upon which the Protest is based; with requested remedy.

Contact information for the Chief Procurement Officer can be found at jea.com under the Procurement section of the website.

(4) *Timeliness.*

(i) All Protests concerning an Award or an Intent to Award, or a Determination made in connection with a Solicitation, must be received by the Chief Procurement Officer within two Business Days after the Posting or other written notification of JEA's decision or intended decision, whichever is earlier. Without limitation, the Posting of the Awards Committee agenda on JEA's website, or JEA's issuance of an Addendum or email to all Bidders, Proposers or Respondents stating its Intent to Award or establishing the short list of Respondents or Proposers, shall constitute notification of an Award or Intent to Award, or other Determination. The period for filing a Protest under this subsection (ii) shall begin at the time of the Posting or other such notification.

(ii) At the time of filing a timely Protest, a Protester may request an extension of three Business Days after the date its Protest is timely received, in which to provide supplemental Protest materials. Such extension may be granted or denied in JEA's sole discretion. Failure to submit a request for extension or to timely submit the supplemental Protest materials shall constitute a waiver of any right to supplement the Protest. All written information, documents, materials and legal authority the Protester will provide to the Chief Procurement Officer must be received by the deadline established by the Chief Procurement Officer in a notice provided to the Protester.

(5) Protests failing to meet the requirements of subsections (3) and (4) shall be rejected and shall constitute a waiver of all rights of the Protester to file a Protest with respect to that subject matter. A Determination of whether a Protest meets the requirements of subsections (3) and (4) shall be made by the Chief Procurement Officer and is not subject to Protest or Appeal to the Procurement Appeals Board.

(6) JEA shall have the right to cancel, or rescind and re-issue, all Solicitations of any type, at any time until the time JEA executes a Contract under the Solicitation. Such right shall include the right to rescind an Award or an Intent to Award. After a Contract is executed, the terms of the Contract shall govern the parties to the Contract. Such cancellations and rescissions are not subject to Protest.

(7) *Protest Bond.* Within 48 hours from a submitting a Protest, the Protester is required to submit a protest bond, or alternate security approved by JEA, the amount of 1% of Protester's submitted Bid/Proposal/Response amount or \$10,000, whichever is less. If the Protester does not submit the protest bond within the specified timeframe, the protest will be void and waives the right to further protest JEA's decision. If the Protest is successful, the protest bond shall be returned in full to the Protester within a reasonable time.

However, if JEA prevails, JEA shall retain the protest bond, in full or in part, in order to cover any administrative costs associated with addressing the protest.

(8) *Notice of Protest to Affected Third Parties.* Upon receipt of a timely and proper Protest, JEA will notify Vendors known to JEA to be directly affected by the outcome of the Protest. All information, documents, materials and legal authority relating to the Protest that any such Vendor will provide to the Chief Procurement Officer must be received by the deadline established by the Chief Procurement Officer in such notice.

(9) *Protest Hearings.* Protestants shall not be entitled to a hearing of any kind prior to a decision of the Chief Procurement Officer concerning a Protest. The Chief Procurement Officer may conduct a hearing before making a decision. The Chief Procurement Officer shall be entitled to establish procedures for the conduct of any hearing and may set forth some or all of such procedures in the Operational Procedures or in the notice of the hearing. The Chief Procurement Officer or Designee shall provide Vendors known to JEA to be directly affected by the outcome of the Protest with a notice of the hearing providing the time, date, location and manner of the hearing.

(10) *Decision by Chief Procurement Officer.* After receipt of a Protest, and following a hearing, if any, and any period of time the Chief Procurement Officer may allow for other interested parties to respond to the Protest, the Chief Procurement Officer shall issue a written decision on the Protest. The written decision shall identify the Protester, recite relevant facts material to the decision, and state the decision and briefly summarize the Chief Procurement Officer's reasoning leading to the decision. The Chief Procurement Officer's review of a Protest shall be limited to material contained in the Protester's response to the Solicitation that is the subject of the Protest, and the Chief Procurement Officer's decision shall be based on whether the Procurement action being protested was arbitrary, capricious, or clearly erroneous. In the event the decision is subject to review by the Procurement Appeals Board under this Article 4, the written decision of the Chief Procurement Officer shall inform the Protester of this right with a reference to the Sections of this Code and Operational Procedures outlining the procedures for Appeals.

(11) *Appeal Rights.* Protest decisions made by the Chief Procurement Officer may be appealed to the JEA Procurement Appeals Board pursuant to Section 4-106 below. Notwithstanding the foregoing, a Protester shall not have the right to appeal a Determination by the Chief Procurement Officer about whether a Protest met the requirements of subsections (3) and (4) of this Section.

(12) *Stay of Procurement During Protests and Appeals.* During the pendency of a Protest meeting the requirements of subsections (3) and (4) or an Appeal properly filed under Subsection (10) above, JEA shall not proceed further with the Solicitation or with the Award unless the Chief Procurement Officer, after consultation with the Organizational Element Manager, makes a Determination that proceeding with the Solicitation or Award without delay is necessary to protect substantial interests of JEA.

(13) Nothing in this Article 4 shall affect the ability of the Office of General Counsel to settle Protests pending the outcome of decisions by the Chief Procurement Officer, the Procurement Appeals Board, or the courts.

4-102 Suspensions and Debarments

(1) *Authority.* The Chief Procurement Officer, after consultation with the Organizational Element Manager, shall have authority to suspend or debar a Vendor from consideration for participation in any Procurement undertaken by JEA.

(2) *Causes for Suspension or Debarment.* In making a decision of whether to suspend or debar a Vendor, and the length of any suspension or debarment, the Chief Procurement Officer shall consider the seriousness of the facts leading to the suspension or debarment. The causes for suspension or debarment may include, but not be limited to, the following:

(a) conviction of a Public Entity Crime and inclusion on the State of Florida Convicted Vendor List pursuant to Section 287.133, Florida Statutes, as amended;

(b) violation of the terms or requirements of a Contract in a manner that is regarded by the Chief Procurement Officer to be so serious as to justify a suspension or debarment decision, including, but not limited to, the following:

(i) a failure, without good cause, to perform in accordance with a Contract, Specifications, performance levels, warranty provisions, bonding and insurance requirements, or to comply within the time limits provided in the Contract, or

(ii) failure to timely pay subcontractors or materialmen; or

(iii) continued failure to perform or of unsatisfactory performance in accordance with the terms of one or more Contracts, provided that the failure to perform or unsatisfactory performance was not caused by acts beyond the control of the Vendor; or

(c) suspension or debarment by another Governmental Entity including, but not limited to, the City of Jacksonville;

(d) actions by the Vendor that are determined by the Chief Procurement Officer to be fraudulent or in bad faith;

(e) violation of JEA's or the City of Jacksonville's Ethics Code;

(f) violation of provisions of this Code relating to Ex Parte Communications;

(g) existence of delinquent obligations of the Vendor to JEA, including claims by JEA for liquidated damages under any Contract; and

(h) any other cause the Chief Procurement Officer determines to be so serious and compelling as to justify a Vendor's suspension or debarment.

(3) *Suspension/Debarment Timeframes.* The Chief Procurement Officer, in concurrence with the Chief of the Business Organizational Element, shall consider the causes set forth in (2) above in determining the length of a Vendor's suspension or debarment. Suspensions shall be subject to the maximum length as set forth below:

- a First Offense – up to 2 years suspension of bidding privileges
- b Second Offense – up to 5 years suspension of bidding privileges
- c Third Offense – Vendor is debarred and bidding privileges are suspended permanently.

(4) *Effect of Suspension or Debarment.* A Vendor that is suspended or debarred under this Section 4-102 shall be ineligible to participate in Procurements or as otherwise specified by the CPO. The suspension or debarment may extend to all entities with common ownership or common management as the Vendor that has been suspended or debarred and may include work undertaken by the debarred Vendor (or such related entity) as a subcontractor or materialman, as determined by the CPO on a case by case basis. JEA has the option to debar a Vendor at any time depending on the egregiousness of their actions, and is not required to issue a First or Second offense as described above.

(5) *Decision.* The Chief Procurement Officer shall issue a written letter to the Vendor informing it of the decision to suspend or debar that Vendor. The decision shall:

- (a) recite relevant facts material to the Chief Procurement Officer's decision;
- (b) state the reasons for the decision;
- (c) state whether the Vendor is a suspension or debarment;
- (d) state the timeframe for suspension or debarment; and
- (e) inform the suspended or debarred Vendor involved of any rights to administrative review as provided in this Article 5.

(5) *Finality of Decision.* A suspension or debarment decision by the Chief Procurement Officer shall be final and conclusive, unless appealed.

4-103 Creation of the Procurement Appeals Board

The Chief Executive Officer shall appoint a Procurement Appeals Board composed of a chair and two other members of the Awards Committee who shall serve until their successors are appointed by the Chief Executive Officer. A representative from the Office of General Counsel shall serve as counsel to the Procurement Appeals Board. The chair and two other members of the Procurement Appeals Board must be present to constitute a quorum of the Procurement Appeals Board.

4-104 Procurement Appeals Board Procedures

(1) Meetings of the Procurement Appeals Board shall be held in accordance with Florida's Open Meetings Laws. Accordingly, meetings will be publicly noticed, minutes will be taken, and a member of the Procurement Appeals Board shall not discuss with another member any matter which foreseeably may

come before the Procurement Appeals Board unless the discussion occurs in a meeting held in accordance with Florida’s Open Meeting Laws.

(2) Each member of the Procurement Appeals Board shall have one vote. A decision by the Procurement Appeals Board shall require a majority vote of the members of the Procurement Appeals Board.

(3) The chair of the Procurement Appeals Board shall have the authority to establish procedures for the Procurement Appeals Board and its meetings, provided that such process and procedures are consistent with this Code and the Operational Procedures.

4-105 Authority of Procurement Appeals Board

The Procurement Appeals Board is authorized to review and make a final decision on any Appeal of a written decision issued by the Chief Procurement Officer under:

- (a) Section 4-101 (Protests) of this Code; or
- (b) Section 4-102 (Suspensions and Debarments) of this Code.

The Procurement Appeals Board is not authorized to intercede in, or hear Appeals relating to, Determinations made in connection with Vendor disputes regarding performance under a Contract, other than the authority granted to review and make decisions regarding Appeals of Suspensions or Debarments as provided in Section 4-102 of this Code.

4-106 Appeals

(1) *Appeal Submittal.* A Vendor seeking to appeal a decision of the Chief Procurement Officer under Section 4-101 or 4-102 of this Code shall submit its appeal in writing by letter or email to the Chief Procurement Officer in accordance with the timeliness and other requirements set forth in this Section 4-106 (an “Appeal”). The Appeal shall clearly state the following:

- (a) the grounds, relevant facts and legal authority supporting the Appeal; and
- (b) acts supporting the Vendor’s standing to Appeal.

(2) *Timeliness and Standing.* An Appeal relating to a decision of the Chief Procurement Officer under Section 4-101 of this Code must be received by the Chief Procurement Officer no later than three Business Days after issuance of a written decision by the Chief Procurement Officer. An Appeal relating to a decision of the Chief Procurement Officer under Section 4-102 of this Code must be received by the Chief Procurement Officer no later than 15 days after issuance of a decision by the Chief Procurement Officer under Section 4-102. To have standing to Appeal, a Vendor must have been adversely affected by such decision.

(3) Failure to submit a timely Appeal or to have standing to Appeal under subsections (1) and (2) of this Section 4-106 shall result in dismissal of the Appeal and constitute a waiver of all rights to appeal a decision of the Chief Procurement Officer. A Determination of whether an Appeal meets the requirements

of subsections (1) and (2) shall be made by the chair of the Procurement Appeals Board and is not subject to appeal to the Procurement Appeals Board.

(4) All written information, documents, materials and legal authority the Vendor making an Appeal desires to provide to the Procurement Appeals Board must be sent to the Chief Procurement Officer and received by the deadline established by the chair of the Procurement Appeals Board in the notice of hearing provided to the Vendor making the Appeal.

(5) Upon receipt of a timely and proper Appeal, the Chief Procurement Officer will notify Vendors known to JEA to be directly affected by the outcome of the Appeal. Any information, materials and legal authority relating to the Appeal that any such Vendor desires to provide to the Procurement Appeals Board must be received by the deadline established by the Chief Procurement Officer in such notice.

4-107 Review of Appeals

(1) Upon receipt of an Appeal, the Chief Procurement Officer shall forward the Appeal to the Procurement Appeals Board and, if the Appeal is determined by the chair of the Procurement Appeals Board to be proper and timely, a meeting of the Procurement Appeals Board to consider the Appeal shall be scheduled.

(2) Representatives of the Vendor appealing the decision, will be afforded an opportunity to present the merits of the Appeal based solely upon the grounds, facts and legal authority contained in its written Appeal submitted to the Chief Procurement Officer. Representatives of any other Vendors adversely affected by the resolution of the Appeal will also be given an opportunity to be heard and to present information before the Procurement Appeals Board. The Chief Procurement Officer and the Chief Procurement Officer's legal counsel shall also be given an opportunity to respond to the Appeal and the presentations to the Procurement Appeals Board. Formal rules of evidence, including, but not limited to, those found in the Florida Evidence Code, do not apply to presentations made at meetings of the Procurement Appeals Board. The Chair of the Procurement Appeals Board may impose reasonable limitations on the amount of time each Vendor has to present, allow members of the Procurement Appeals Board to ask questions of any party at any time, and may impose other reasonable requirements relating to all presentations and the conduct of the meeting. The chair of the Procurement Appeals Board shall have the authority to make all Determinations and resolve any disputes concerning the process and procedures for Appeals and the conduct of the meeting.

4-108 Standard of Review for Procurement Appeals Board

(1) The standard of review used by the Procurement Appeals Board in making its decision shall be whether the Chief Procurement Officer's decision is:

- (i) in conflict with this Code and the Operational Procedures;

- (ii) arbitrary;
- (iii) capricious;
- (iv) dishonest;
- (v) fraudulent;
- (vi) clearly erroneous;
- (vii) illegal; or
- (viii) without any basis in fact or otherwise must be reversed based on applicable law.

(2) The burden shall be on the Vendor appealing the Chief Procurement Officer's decision to demonstrate that the standard of review is met.

(3) A majority vote of the members of the Procurement Appeals Board shall be required to render a decision.

(4) The Procurement Appeals Board shall deliberate at the meeting held to consider the Appeal and announce its decision prior to adjourning the meeting. The decision of the Procurement Appeals Board shall be final and binding. Following the adjournment of the meeting, the Procurement Appeals Board will issue a written decision within three (3) business days.

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Amended and Restated JEA Procurement Code

Effective April ~~27, 2021~~, 2023

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DEFINITIONS

Addendum means a document issued by JEA which modifies a Solicitation.

Appeal shall have the meaning set forth in Section 54-106 of this Code.

Award means the written approval of the JEA Awards Committee with the written concurrence of the Chief Executive Officer that a Formal Purchase will be in accordance with this Code and the best interest of JEA.

Awards Committee means the body appointed by the Chief Executive Officer in accordance with Section 2-106 of this Code.

Best and Final Offer or *BAFO* means a Vendor's final offer following the conclusion of contract negotiations in connection with an Invitation to Negotiate.

Bid means a Vendor's offer to provide Services or Supplies in response to an Invitation for Bid.

Bidder means a Vendor submitting a Bid in response to an Invitation to Bid.

~~*Bond Insurance* means an agreement supplied by an insurance company in conjunction with a debt issue that provides for the guarantee of payment of principal and interest to the debt holder.~~

Business Day is any day except any Saturday, any Sunday or any holiday observed by JEA's Procurement office.

~~*Cap* means an agreement obligating the seller of the Cap to make payments to the buyer of the Cap, each payment under which is based on the amount, if any, by which a reference price or level or the performance or value of one or more underlying interests exceeds a predetermined number, sometimes called the strike/Cap rate or price.~~

Chief Procurement Officer or *CPO* means the person holding the position appointed in accordance with Section 2-103 of this Code.

Code means this Amended and Restated JEA Procurement Code.

~~*Collar* means an agreement to receive payments as the buyer of an Option, Cap, or Floor, and to make payments as the seller of the Collar of a different Option, Cap, or Floor.~~

Construction means the process of building, altering, repairing, improving, or demolishing any structure or building, or other improvements of any kind to any real property. It does not include the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property.

Construction Management Entity means a licensed general contractor or a licensed building contractor, as defined in Section 489.105, Florida Statutes, as amended, who coordinates and supervises a Construction project from the conceptual development stage through final Construction, including the scheduling, selection, contracting with, and directing of specialty trade contractors, and the value engineering of a project.

Construction Manager at Risk or *CMAR* shall have the meaning set forth in Section 3-109 of this Code.

Consultants' Competitive Negotiation Act or *CCNA* means Section 287.055, Florida Statutes, as amended, relating to the Procurement of certain architectural, engineering, landscape architectural, and mapping and surveying Services.

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Contract means all types of agreements for the Procurement of Supplies or Services, regardless of what these agreements may be called, and shall include, but not be limited to, a Purchase Order issued by JEA and accepted by a Vendor.

Contract Amendment means a written amendment executed after the execution of the Contract formalizing any revisions to the Contract.

Collaborative Procurement means a Procurement undertaken by JEA in accordance with Section 3115 of this Code.

Data means recorded information, regardless of form or characteristic.

Design-Build Contract means a single Contract with a Design-Build Firm for the design and Construction of a Construction project as defined in CCNA.

Designee has the meaning set forth in Section 4-302 of this Code.

Determination means a finding or decision by JEA made in the course of the process of procuring Supplies or Services under this Code.

Emergency shall have the meaning set forth in Section 3-113 of this Code.

Ex Parte Communication has the meaning set forth in Section 1-107 of this Code.

~~For any purpose, the City of Jacksonville shall not be bound by any contract or agreement that is not in compliance with the provisions of this Code.~~

Formal Purchase shall have the meaning set forth in Section 3-101 of this Code.

Governmental Entity means any state or territory of the United States, or any county, city, town or other subdivision of any state or territory of the United States, or any public agency, public authority, educational, health, or other institution of such subdivision.

~~It is the policy of the City of Jacksonville to encourage the use of local vendors and businesses in the procurement of goods and services.~~

Intent to Award means JEA's announcement via an email, posting of the Awards Committee agenda, or issuance of an Addendum stating its intent to award a Formal or Informal Contract.

Invitation for Bid or IFB means a type of Solicitation requesting price offers and qualification information for defined Supplies or Services.

Invitation to Negotiate or ITN means a type of Solicitation requesting competitive sealed replies with the intent to select one or more Vendors with which to commence negotiations for the procurement of Supplies or Services, and usually concluding with a Best and Final Offer from Respondents.

JEA means that body politic and corporate created and established in Article 21 of the Charter of the City of Jacksonville.

JEA Board means the members of the JEA appointed to serve as provided by Section 21.03 of the JEA Charter.

JEA Charter means Article 21 of the Charter of the City of Jacksonville, as amended from time to time.

Letter of Credit means a commitment, usually made by a commercial bank, to honor demands for payment of an obligation upon compliance with conditions and/or the occurrence of certain events specified under the terms of the commitment.

~~It is the policy of the City of Jacksonville to encourage the use of local vendors and businesses in the procurement of goods and services.~~

Operational Procedures means the written process and procedures applicable to JEA Procurements and Procurement activities that have been promulgated in accordance with this Code.

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~~Organizational Element Manager means the person designated by the Chief Executive Officer to have responsibility for Procurement policies and procedures for certain categories of Supplies and Services under Section 2-102 of this Code.~~

Organizational Element Manager means the person designated by the Chief Executive Officer to have responsibility for Procurement policies and procedures for certain categories of Supplies and Services under Section 2-102 of this Code.

Pre-Source Selection Methods means the pre-source selection methods described in Section 3-103 of this Code.

Pilot Project shall have the meaning set forth in Section 3-118 of this Code.

Post, Posting or Posted means placing documents or information on JEA's centralized internet website in the manner and location in which similar documents or information are typically posted.

Procurement means purchasing, renting, leasing, or otherwise acquiring; or selling, renting, leasing or otherwise disposing of any Supplies or Services, including, but not limited to, all functions that pertain to such activities – e.g., description of requirements, selection and solicitation of sources, and preparation and Award.

Procurement Appeals Board means the body comprised of at least three members of the Awards Committee as designated in this Code to hear Appeals regarding Procurement actions in accordance with Article 5 of this Code.

Professional Services shall have the meaning set forth in the CCNA.

JEA Project Manager shall have the meaning set forth in Section 3-122.

Proposer means a Vendor submitting a Proposal in response to a Request for Proposals.

Proposal means a Vendor's submittal of its offer in response to a Request for Proposals.

Protest shall have the meaning set forth in Section 54-101 of this Code.

Protestant means a Vendor who files a timely and proper Protest in accordance with Article 5 of this Code.

Purchase Order means a document issued by JEA requesting that a Vendor provide specified Supplies and Services to JEA and may contain additional terms and conditions related to the provision of such Supplies and Services.

Real Estate means land, including buildings and improvements, its natural assets, easements or a permanent interest therein.

~~Request for Proposals means a type of competitive Solicitation requesting offers that includes qualifications, methods or other information, and may or may not include price, in the form of a Proposal.~~

Request for Proposals means a type of competitive Solicitation requesting offers that includes qualifications, methods or other information, and may or may not include price, in the form of a Proposal.

Request for Qualifications or RFQ has the meaning set forth in Section 3-103 of this Code.

Response means a Vendor's submittal of its qualifications and price to in response to an ITN or other Solicitation.

Respondent means a Vendor submitting a Response to an ITN or other Solicitation.

Responsible Bidder (or Responsible Proposer or Responsible Respondent) means a Vendor that, in the Chief Procurement Officer's Determination, has the business judgment, experience, facilities and capability in all respects to perform fully the Solicitation requirements, and the integrity and reliability that will assure good faith performance.

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Responsive Bidder (or Proposer or Respondent) means a Vendor that, in the Chief Procurement Officer's Determination, has submitted a Bid, Response or Proposal that conforms in all material respects to a Solicitation.

Reverse Auction means a type of auction in which sellers bid for the prices at which they are willing to sell their Supplies or Services.

~~*Services* means the furnishing of labor, time or effort by a Vendor, and includes, but is not limited to, work performed on Construction projects and the receipt, delivery and transmission of electric power, fuel, by-products or thermal energy, work customarily rendered by attorneys, certified public accountants, insurance agents, financial advisors, personnel consultants, health care providers and consultants, systems consultants, software or technology consultants, temporary staffing providers, and management consultants, and administrative, maintenance, repair, installation and other technical services. This term shall not include employment agreements or collective bargaining agreements.~~

Services means the furnishing of labor, time or effort by a Vendor, and includes, but is not limited to, work performed on Construction projects and the receipt, delivery and transmission of electric power, fuel, by-products or thermal energy, work customarily rendered by attorneys, certified public accountants, insurance agents, financial advisors, personnel consultants, health care providers and consultants, systems consultants, software or technology consultants, temporary staffing providers, and management consultants, and administrative, maintenance, repair, installation and other technical services. This term shall not include employment agreements or collective bargaining agreements.

Single Source has the meaning set forth in Section 3-112 of this Code.

Solicitation means a document (which may be electronic) issued by JEA for the Formal Purchase of Supplies, Services, or Real Estate.

Source Selection means the type of Solicitation advertised or Procurement method JEA utilizes to obtain responses from Vendors to provide Services or Supplies (e.g., Invitation for Bids, Request for Proposals, Invitation to Negotiate)

Specifications means any description of the physical or functional characteristics, or of the nature of an item of Supply or Service. It may include a description of any requirement for inspecting or testing an item of Supply or Service or preparing such item for delivery. Also commonly referred to as Technical Specifications.

Supplies means all property, including but not limited to, equipment, materials, repair parts, consumables, tools, printing, and leases of real property.

~~*Supplier* means any person or legal entity that provides, agrees to provide, or is interested in providing, Supplies or Services to JEA.~~

Supplier means any person or legal entity that provides, agrees to provide, or is interested in providing, Supplies or Services to JEA.

Vendor means any person or legal entity that provides, agrees to provide, or is interested in providing, Supplies or Services to JEA.

ARTICLE 1- GENERAL PROVISIONS

1-101 Purposes, Rules of Construction

(1) *Interpretation.* This Code shall be construed to be consistent with the guiding principles and to promote its underlying purposes and policies set forth in this Section 1-101.

(2) *Guiding Principles.* This Code shall at all times be subject to the provisions of the JEA Charter found in Article 21 (JEA), Charter of the City of Jacksonville and the following guiding principles:

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(a) *Open and Fair Competition.* To the greatest extent reasonably possible, JEA shall use fair, competitive, and generally accepted government Procurement methods that seek to encourage the most competition and best price for the purchase of supplies, construction, professional and other contractual services. JEA should adhere to all applicable state procurement laws, including but not limited to laws governing the purchase of construction services and professional design services.

(b) *Transparency in Procurement processes.* This Code and all Procurement policies, Operational Procedures, rules, directives, standards, and other procurement governing documents, including any amendments thereto, shall be posted on JEA's website in a conspicuous manner for the public to view. All records of JEA Procurement activities shall be subject to disclosure under Florida's public records laws, including, but not limited to those laws codified in Section 119, Florida Statutes, as amended.

(c) *Use of certain agreements.* The use of confidentiality, nondisclosure or similar agreements by government agencies are contrary to open and transparent government. Except regarding information or records deemed by JEA to be confidential or exempt information or records by law, JEA should not enter into confidentiality or nondisclosure agreements with third parties and should use confidentiality, nondisclosure or similar agreements sparingly in the conduct and operation of its Procurement activities. Additionally, JEA shall not require a member, officer or employee to maintain the confidentiality of information or records that is not confidential or exempt by law.

(3) *Purposes and Policies.* The underlying purposes and policies of this Code are:

(a) to provide for increased public confidence and consistency in the procedures followed in JEA Procurement;

(b) to ensure the fair and equitable treatment of all persons who deal with the JEA Procurement system;

(c) to maximize, to the fullest extent practicable, the purchasing value of JEA funds;

(d) to foster effective, broad-based competition among vendors purchasing good and services from JEA;

(e) to provide safeguards for the maintenance of the quality and integrity of the JEA Procurement system, and

(f) to ensure JEA's Procurement activities comply with all applicable Florida Statutes.

(4) *Singular-Plural and Gender Rules.* In this Code, unless the context requires otherwise, words in the singular include the plural, and those in the plural include the singular.

(5) *Use of Capitals in Text.* Capitalized terms used in this Code shall have the meanings given to them in the Definitions section of this Code.

(6) *Job Titles.* If a JEA job title used in this Code is changed in the future due to JEA organizational changes, this Code shall be construed by substituting the appropriate successor job title.

(7) *Interpretation:* Where the word "shall" is used, it connotes a mandatory requirement. Where the word "may" is used, it connotes a permissive requirement.

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1-102 Application of this Code

- (1) ~~*Goal/Policy:*~~ ~~*This Code shall apply to all Procurement Contracts awarded by JEA and shall be subject to the approval of the JEA Board. It shall be subject to the approval of the JEA Board and shall be subject to the approval of the JEA Board.*~~ repeals and replaces all previously adopted versions of the JEA Procurement Code. Notwithstanding the foregoing, nothing herein shall affect the validity of Procurement activities conducted in compliance with the version of the Code in effect at the time such activities were conducted.
- (2) *Application to JEA Procurement.* This Code shall apply to all expenditures of public funds under Contract by JEA, irrespective of their source. It shall also apply to the sale or other disposal of JEA property and Supplies.
- (3) *Application of City of Jacksonville Procurement Code. If the Code is silent on a specific procurement procedures, JEA may defer to the City of Jacksonville Code where addressed.*

1-103 Determinations

Written Determinations required by this Code shall be retained in the appropriate official Procurement or Contract file maintained in accordance with promulgated by the Chief Procurement Officer.

1-104 Policy of Continuous Improvement

Suggestions for Improvements. The JEA Board intends for this Code to be a dynamic document comprising the best available public sector Procurement practices. To this end, the Chief Executive Officer encourages employees of JEA and others who deal with the JEA Procurement system to submit to the Chief Procurement Officer any ideas or suggestions for improvements to this Code.

1-105 Jacksonville Small Emerging Business (JSEB) Program; Minority Business Enterprises

JEA shall adhere to the City of Jacksonville's Small Emerging Business (JSEB) Program, or successor city program, in its Procurement procedures. Subject to applicable federal, state and local laws, with the JEA Board's approval, JEA is authorized to implement and to take all actions necessary to administer a race-conscious purchasing and Procurement program to remedy the present effects of past discrimination by JEA, if any, in the awarding of Contracts. Any such race-conscious program implemented by JEA to remedy the present effects of past discrimination by JEA, if any, in the awarding of Contracts must be supported by evidence and based on the required criteria and standards as set forth in applicable federal and state laws.

1-106 General Counsel of the City of Jacksonville; Engagement of Legal Services

The General Counsel of the City of Jacksonville has the responsibility for providing all legal Services to JEA, including, but not limited to, legal Services relating to Procurement matters. The General Counsel may employ, supervise and terminate assistant counsels to assist with the efficient provision of legal Services

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for JEA. The General Counsel may authorize JEA to engage outside counsel upon certification by the General Counsel of compliance with the City of Jacksonville's Charter and JEA's authority, and a written finding of necessity by the General Counsel. The General Counsel shall consult with JEA before the General Counsel selects outside counsel. The provision of all outside legal Services to JEA shall be in accordance with the terms of an engagement letter authorized and approved by the General Counsel, including, but not limited to, the scope of the services provided and the maximum indebtedness of JEA's obligations in connection with the engagement.

The provision of legal Services as contemplated by this Section 1-106 shall include all legal related services, e.g., court reporters, expert consultants or witnesses, and Real Estate property appraisers. Legal counsel engaged by JEA shall have the authority to engage such related legal Services only to the extent that the vendor of such related legal Services and the maximum indebtedness of JEA's obligations in connection with such services is approved in by the General Counsel and described in the engagement letter for such legal counsel. The engagement of related legal Services by outside counsel shall not be used as a means to circumvent the competitive bidding requirements or any other provisions of this Code.

1-107 Ex Parte Communication Prohibited

Adherence to procedures that ensure a fair open and impartial Procurement process is essential to the maintenance of public confidence in the value and soundness of the important process of public Procurement. Therefore, except as provided in subsection (3) of this Section 1-107, employees, agents and all other representatives of a Vendor shall be strictly prohibited from communicating, directly or indirectly, with any of the JEA representatives described in subsection (1) below during a period described in subsection (2) below.

(1) *Persons covered.* The prohibitions of this Section 1-107 shall apply to all JEA Board members, employees, agents, and other representatives if such persons are involved in JEA's Procurement process, or have any decision-making authority with respect to an Award.

(2) *Periods.* Ex Parte Communications are prohibited during the following periods:

- (a) from the advertisement of a Solicitation through the Award of a Contract or cancellation of the Solicitation prior to Award; and
- (b) from the initiation of a Protest through final resolution of such Protest under this Code.

(3) *Exclusions.* This Section 1-107 shall not prohibit:

- (a) communications concerning process and questions regarding a Solicitation addressed to the JEA Procurement staff member designated in a Solicitation to answer questions about the Solicitation, including, but not limited to, communications initiated by such staff member in order to clarify aspects of a Bid, Proposal or Response;
- (b) communications during public meetings held in accordance with Florida's Open Meetings Laws, for the purpose of discussing a Solicitation or an evaluation or selection process including, but not limited to, substantive aspects of the Solicitation document (Such public meetings may include, but are not limited to, pre-Bid, pre-Proposal or pre-Response meetings, site visits to JEA's or a Vendor's facilities, interviews or negotiation sessions as part of the selection process, and other presentations by Bidders, Proposers, or Respondents. Exempted communications at such public

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meetings shall be limited to those consistent with the advertised purpose of the meeting and shall be communicated in a manner which can be heard by all those present at the meeting.);

(c) communications during negotiation sessions with Vendors to the extent exempt under Section 286.0113(2), Florida Statutes, as amended;

~~(d)~~ Awards Committee and the

~~(d)(c)~~ Procurement Appeals Board at meetings advertised and conducted pursuant to Florida's Open Meetings Laws;

~~(e)(f)~~ contact by a Vendor currently under Contract with JEA, but only regarding work under that Contract and unrelated to the Solicitation or Protest currently in process; or

~~(f)(g)~~ communications between a Vendor and the Chief Procurement Officer, or JEA's legal counsel in accordance with the requirements of Article 5 of this Code.

(4) Violation of this Section 1-107 by a Vendor or any of its employees, agents or other representatives may be grounds for any one or more of the following: (i) disqualification of the Vendor from eligibility for an Award; (ii) rescission of any Award to the Vendor; (iii) termination of any Contract with the Vendor; or ~~(iv)~~ a decision to suspend or debar the Vendor.

1-108 Retention of Procurement Records

All Procurement records shall be retained, made available, and disposed of in accordance with the requirements of all applicable laws, including but not limited to Chapter 119, Florida Statutes (Florida's Public Records Laws), as amended, and the rules and regulations promulgated by the Division of Library and Information Services of the Florida Department of State.

1-109 Collection of Data Concerning JEA Procurement; Annual Vendor Survey

The Chief Procurement Officer shall prepare and maintain statistical Data concerning the Procurement, usage, and disposition of all Supplies and Services, except for Procurements exempt under Section 2-102 of this Code and not procured under a process overseen by the Chief Procurement Officer. Organizational Element Managers overseeing Procurements exempt under Section 2-102 shall furnish such reports as the Chief Procurement Officer may require concerning usage and needs, and the Chief Procurement Officer shall have authority to prescribe forms to be used by such Organizational Element Managers in requisitioning, ordering, and reporting of Supplies and Services.

The Chief Procurement Officer shall annually conduct a survey of actual, interested and prospective Bidders, Proposers, Respondents, and Vendors to obtain feedback on JEA's Procurement process. Such survey shall be on a form approved by the JEA Board and participation in the survey shall be open to actual, interested and prospective Bidders, Respondents, and Vendors. survey topics may include, without limitation, various aspects of JEA's Procurement process such as information transparency and accessibility, preconferences, bid submittal packages, evaluations, and Awards. The Chief Procurement Officer shall report the results of such

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survey to the JEA Board and the JEA Board shall consider such survey results during the JEA Board's biennial review of this Code.

1-110 Record of Procurement Actions

The Chief Procurement Officer shall prepare and deliver a written report to the JEA Board on or before the JEA Board's last regularly scheduled meeting held in each calendar year summarizing all Awards made during the immediately preceding fiscal year. Such written report shall contain at a minimum the following information:

- (a) The number of Awards for the reporting fiscal year;
- (b) A detailed listing of all Awards categorized by service type (e.g., Construction, Professional Services, Supplies, etc.), Award type (e.g., Single Source, Emergency, Request for Proposals, Invitation to Negotiate, piggyback, etc.) and a brief description of each Award containing the Vendor name, Contract amount and Contract term;
- (c) The number of JSEB Awards categorized by service type (e.g., Construction, Professional Services, Supplies, etc.), Award type (e.g., Single Source, Emergency, Request for Proposals, Invitation to Negotiate, piggyback, etc.), and a brief description of each Award containing the JSEB contractor name, Contract amount and Contract term;
- (d) The number of Protests for the reporting fiscal year and the outcome of each Protest (i.e., whether JEA prevailed); and
- (e) The annual survey results pursuant to the survey requirement in Section 1-109 of this Code.

After providing such written report to the JEA Board, the Chief Procurement Officer shall deliver the report to the Jacksonville City Council and the Mayor and post the report on JEA's website in a conspicuous manner for the public to view.

DESIGNATIONS, AND COMMITTEES

2-101 Procurement Authority and Duties of the JEA Board

Pursuant to Article 21 of the Charter of the City of Jacksonville, the JEA Board shall review and approve this Code and all amendments to this Code. The JEA Board may not delegate its approval of this Code, including any amendments thereto, to the Chief Executive Officer or any other officer, employee or agent of JEA.

The Chief Procurement Officer shall ~~biennially~~periodically review this Code and JEA's other Procurement procedures in accordance with the JEA Charter, and shall report to the JEA Board on the results of such review including any recommendations for changes the Chief Procurement Officer deems appropriate.

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2-102 Procurement Code Exemptions

(1) Due to the nature of the following Supplies and Services, such Supplies and Services need not be procured through the Chief Procurement Officer and are not subject to approval by the Awards Committee, but may be procured using Procurement policies and procedures established by an Organizational Element Manager designated by the Chief Executive Officer for that category of Supplies and Services:

- (a) Generation Fuels, Emission Allowances, and Associated Transport;
- (b) Byproducts;
- (c) Purchase or Sale of Electric Energy, Electric Generation Capacity, Electric Transmission Capacity and Transmission Services – Short- and Long-Term Transactions;
- (d) Sale of JEA Owned Transmission and Ancillary Services, including applicable Enabling Agreements;
- ~~(e)~~ Environmental Allowances; ~~(f)~~
- ~~(f)~~ Real Estate, including easements; ~~and (g)~~
- ~~(e)(g)~~ Community Outreach Procurements; ~~and~~

~~The Operational Procedures shall provide more detail concerning the types of Supplies and Services included within procedures on how to procure the above listed exempt categories of Procurements listed above. Supplies and Services.~~

(2) Prior to the Procurement of Supplies or Services by an Organizational Element Manager, ~~the Organizational Manager shall first determine if the category of Supplies and Services that is procured is a Procurement Exemption for the specific procurement which can be found in the Operational Procedures and verify there are no conflicts of interest between JEA and the vendor.~~

(3) In the absence of an Organizational Element Manager for a category of Supplies and Services exempt under subsection (1) of this Section 2-102, the Supplies and Services shall be procured through the Chief Procurement Officer in accordance with this Code and Operational Procedures.

(4) Property and casualty insurance, and Human Resource Benefits may be awarded through the broker or consultant for those services with ultimate approval by the Awards Committee.

2-103 Appointment and Authority of the Chief Procurement Officer

(1) *Central Procurement Officer of JEA.* The Chief Executive Officer shall appoint a Chief Procurement Officer. The Chief Procurement Officer shall be a full-time, appointed employee of JEA with demonstrated executive and organizational ability. The Chief Procurement Officer shall serve as the central point of contact for JEA Procurement matters.

(2) *Operational Procedures.* The Chief Procurement Officer shall promulgate Operational Procedures governing JEA Procurement activities that are consistent with the provisions of this Code. Whenever practicable, the Operational Procedures shall be updated to incorporate the use of new technologies, best practices, and streamlined procedures for continuous improvement of JEA's Procurement activities. Material revisions to the Operational Procedures shall be approved by the Office of General Counsel prior to the revisions becoming effective.

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(3) *Duties.* Except as otherwise specifically provided in this Code, the Chief Procurement Officer duties shall include, but are not limited to:

- (a) supervise and coordinate the Procurement of all Supplies and Services by JEA;
- (b) make Determinations as to what constitutes a minor irregularity in Bids, Proposals and Responses and when Bids, Proposals and Responses should be rejected as unresponsive;
- (c) conduct or coordinate training on JEA's Procurement policies and processes and related matters;
- (d) develop and maintain the standard contract language for Solicitations, Contracts and other documents used in the JEA's Procurement process in consultation with the Office of General Counsel; and
- (e) exercise the duties given to the Chief Procurement Officer in Article 5 of this Code.

2-104 Delegation of Authority by the Chief Procurement Officer

The Chief Procurement Officer may delegate any duty or authority given to the Chief Procurement Officer under this Code in writing to one or more designees.

2-105 Procurement Document Review

The Chief Procurement Officer shall create a process and procedures to ensure all Solicitations and other documents used in JEA's Procurement process are reviewed to ensure compliance with this Code, the Operational Procedures and all applicable laws and regulations. The process and procedures for review of all Solicitations shall be set forth in the Operational Procedures.

2-106 Awards Committee

- (1) *Awards Committee Membership.* The JEA Awards Committee shall consist of three ~~to five~~ Vice Presidents or other senior Officers of JEA appointed by the Chief Executive Officer. Members of the Awards Committee shall serve a two-year term, or until their successors have been appointed. Multiple terms are permitted. The Chief Executive Officer will appoint an Awards Committee member to be the chair of the committee who will run the meeting. Members of the Awards Committee may be removed at any time with or without cause by the Chief Executive Officer. If an Awards Committee member shall cease to be qualified to serve, then the member's term shall be vacant until the Chief Executive Officer appoints a replacement.
- (2) *Liaisons.* There shall be three permanent liaisons present at all meetings of the Awards Committee which shall include the Chief Procurement Officer, a representative from the Budget Organizational Element designated by the Chief Executive Officer and a representative from the Office of General Counsel. These liaisons shall not be considered voting members of the Awards Committee for purposes of Florida's Open Meetings Laws.
- (3) *Quorum.* The presence of at least ~~three~~two voting members of the Awards Committee shall constitute a quorum. If a quorum is not present or any one of the three Liaisons is not in attendance, the meeting shall be

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cancelled. If a voting member of the Awards Committee or a liaison is unable to attend a meeting of the Awards Committee, that voting member or liaison may designate an alternate to serve for that meeting, and the alternate shall for all purposes (including, but not limited to satisfying quorum requirements and voting) be considered a member or liaison, as the case may be, for that meeting.

2-107 Awards Committee Procedures

All meetings of the Awards Committee shall be held in accordance with this Code and the requirements of Florida's Open Meetings Laws and shall be properly noticed, and minutes shall be taken. The voting members of the Awards Committee shall not discuss any matter which foreseeably could come before the Awards Committee with another voting member of the Awards Committee unless such discussions take place in a duly noticed meeting held in accordance with Florida's Open Meetings Laws.

Each voting member of the Awards Committee shall have one vote. It shall take a majority of the voting members of the Awards Committee for an item to be approved. Items may be presented to the Awards Committee as part of a regular or a consent agenda. Items placed on the consent agenda shall be those items that do not require discussion or explanation prior to committee action. An individual Awards Committee member may remove items from the consent agenda prior to the vote on the consent agenda. An item removed from the consent agenda shall be discussed and acted upon separately following the consideration of the consent agenda. Such items may be taken up immediately following approval of the consent agenda or placed later on the agenda at the Chair's discretion. Except as otherwise provided herein, once an Award Item is reviewed and approved by the Awards Committee, JEA is authorized to proceed with executing a Contract. Items that are moved from the consent agenda to the regular agenda shall require the approval of the Chief Executive Officer before the Award is finalized.

The Chief Procurement Officer shall conduct all meetings of the Awards Committee and shall present each Award item placed on the regular agenda to the Committee for its consideration. ~~The Chief Procurement Officer~~ Chair shall have the authority to determine the presence of a quorum and whether any voting requirement has been met ~~and, The Chief Procurement Officer~~ shall be responsible for all administrative matters relating to the conduct of the Committee's business including, but not limited to, ensuring that proper notice is given, and minutes are taken.

2-108 Duties of the Awards Committee

(1) *Scope of Review.* The Awards Committee shall review each Award item presented to the Committee, by way of regular or consent agenda, and shall consider whether the proposed item is in compliance with this Code and in the best interest of JEA.

(2) *Required Approvals.* The following Procurements of Supplies and Services by JEA shall require approval ~~of, or ratification by,~~ by the Awards Committee:

~~rescissions of Formal Solicitations and rejection all Bids, Proposals and Responses after Bids,~~

- (i) the financial impact of the change or renewal exceeds 10% of the amount of the most recent Award approved by the Awards Committee;
- (ii) the financial impact of the change or renewal exceeds \$1,000,000;
- (iii) the change or renewal causes an Informal Purchase to exceed the threshold for a Formal Purchase set forth in Section 3-101 of this Code;

~~(f)~~(e) ratification of all Formal Purchases procured under Section 3-113 (Emergency Procurements) of this Code.

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ARTICLE 3 – SOURCE SELECTION AND CONTRACT FORMATION

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3-101 Formal Purchases

(1) Unless exempt under Section 2-102 of this Code, the following Procurements shall be considered Formal Purchases under this Code:

(a) the Procurement of Supplies or Services where the estimated aggregate costs and fees for the Procurement exceed \$300,000 annually;

(b) the Procurement of Capital and O&M projects where the estimated total project costs and fees for the Procurement exceed \$300,000;

~~(a)~~ “Public construction works” required to be competitively awarded under Section 255.20,

~~(a)~~ “Electrical work” required to be competitively awarded under Section 255.20, Florida

~~(b)(c)~~ “Professional Services” required to be publicly announced under Section 287.055, Florida Statutes, as amended.

(2) Formal Purchases shall be procured using the process and procedures for Formal Purchases detailed in the Operational Procedures.

3-102 Informal Purchases

(1) Unless exempt under Section 2-102 of this Code, all Procurements not considered to be Formal Purchases under Section 3-101 of this Code shall be considered Informal Purchases.

(2) Informal Purchases may be made in accordance with Operational Procedures.

(3) Procurements shall not be artificially divided to constitute an Informal Purchase under this Section 3-102.

(4) Unless the Procurement is otherwise exempt under this Code, the Operational Procedures for Informal Purchases shall require, at a minimum, the following kind and number of quotations from prospective Vendors:

(a) one properly documented quotation for Informal Purchases of \$10,000 or less; or

(b) three properly documented quotations for Informal Purchases exceeding \$10,000; provided, however that if JEA fails to receive 3 quotations despite using all reasonable efforts to obtain 3 quotations, the Chief Procurement Officer may waive this requirement.

(5) Informal Purchases exceeding \$50,000 shall be Posted for 7 to 10 calendar days.

(6) Architectural, engineering, landscape architectural, or registered surveying and mapping services considered “Professional Services” under the CCNA in the amount of \$35,000 or less shall be exempt from competitive bidding under this Code. JEA may procure such services directly without competition.

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3-103 Methods of Pre-Source Selection

The Chief Procurement Officer may authorize any one or more of the following Pre-Source Selection Methods:

(1) A Request for Information ("RFI") is a Pre-Source Selection Method that requests written information about the capabilities of Bidders, Proposers or Respondents and may prepare interested Vendors for participation in future Solicitations. The publication of an RFI does not obligate JEA to make the purchases referred to in the RFI. JEA may use information obtained from RFIs to develop scopes of work for future Solicitations.

~~(1)~~ A Request for Qualifications ("RFQ") is a Pre-Source Selection Method used to qualify a pool

~~(2)~~~~(3)~~ An Intent to Bid is a Pre-Source Selection Method intended to provide notice and information to potential Vendors of JEA's intent to issue a Solicitation for Supplies or Services. The Intent to Bid may request a response from Bidders confirming their intent to submit a Bid, Proposal or Response to a future JEA Solicitation. The publication of an Intent to Bid does not obligate JEA to make the purchases referred to in the Intent to Bid.

3-104 Methods of Source Selection

Unless exempt under Section 2-102 of this Code, all Formal Purchases shall be procured using one of the following Methods of Source Selection:

- (a) Section 3-105 (Invitation for Bids (IFB));
- (b) Section 3-106 (Request for Proposals (RFP));
- (c) Section 3-107 (Consultants' Competitive Negotiation Act (CCNA) (Architectural, Engineering, Landscape Architectural, or Surveying & Mapping Services));
- (d) Section 3-108 (Design-Build Contracts);
- (e) Section 3-109 (Construction Management and Program Management);
- ~~(f)~~ Section 3-110 (Multi-Step Competitive Bidding);
- ~~(f)~~~~(g)~~ (g) Section 3-111 (Invitation to Negotiate (ITN));
- ~~(g)~~~~(h)~~ Section 3-112 (Single Source);
- ~~(h)~~~~(i)~~ Section 3-113 (Emergency Procurements);
- ~~(i)~~~~(j)~~ Section 3-114 (Public Private Ventures);
- ~~(j)~~~~(k)~~ Section 3-115 (Collaborative Procurements);
- ~~(k)~~~~(l)~~ Section 3-116 (Joint Projects);
- ~~(l)~~~~(m)~~ Section 3-117 (Use of Publicly Procured Contracts);
- ~~(m)~~~~(n)~~ Section 3-118 (Pilot Projects);
- ~~(n)~~~~(o)~~ Section 3-119 (Use of Reverse Auctions);

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Article 4 (Procurement of Financial Instruments and Services):

The Chief Procurement Officer may elect to use any one of the Methods of Source Selection listed in this Section 3-104 if the Method of Source Selection is deemed by the Chief Procurement Officer to be in the best interest of JEA consistent with the purposes and guiding principles set forth in Section 1-101 of this Code. Notwithstanding the foregoing, the Method of Source Selection shall comply with the requirements of this Code, the provisions of any grant or other funding or cooperative agreements to which JEA is a party, and all applicable laws and regulations, including but not limited to, statutory requirements for the Procurement of Professional Services subject to the CCNA and Construction services meeting certain statutory thresholds. The Operational Procedures shall establish a process and procedures for each Method of Source Selection.

3-105 Invitation For Bids (IFB)

An IFB may be used when JEA is capable of defining the Specifications for a Supply or Service. An Award generally will be made to the Responsive and Responsible Bidder who submits the lowest Bid in a sealed competitive bidding process. Notwithstanding the foregoing, the Chief Procurement may waive minor irregularities in a Bid and may reject all Bids if the Chief Procurement Officer deems such actions to be in the best interest of JEA.

3-106 Request for Proposal (RFP)

An RFP may be used when the Chief Procurement Officer determines that a Solicitation should include selection criteria in addition to price. Various combinations or versions of Supplies or Services may be proposed by a Vendor to meet the Specifications in the RFP.

An RFP may be used to procure Construction Services to the extent permitted by Section 255.20(1)(d)(2), Florida Statutes.

3-107 ———Consultants' Competitive Negotiation Act (CCNA) (Architectural, Engineering, Landscape Architectural, or Surveying & Mapping Services)

Architectural, engineering, landscape architectural, or registered surveying and mapping services considered "Professional Services" under the CCNA shall be procured in accordance with the requirements of the CCNA.

3-108 Design-Build Contracts

A Design-Build Contract may be used when the general design and construction requirements are known, but the detailed design and engineering has not been completed. Design-build contracts as defined in Section 287.055(2)(i), Florida Statutes, shall be procured in accordance with the CCNA and the Operational Procedures.

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3-109 Construction Management and Program Management

Services may be procured from Construction Management Entities and program management entities in accordance with the provisions of Section 255.103, Florida Statutes. After selection and competitive negotiations, a Construction Management Entity may be required to offer a guaranteed maximum price and a guaranteed completion date or a lump-sum price and a guaranteed completion date as a construction manager “at risk” in accordance with the provisions of Section 255.103, Florida Statutes (a “Construction Manager at Risk” or a “CMAR”).

3-110 Multi-Step Competitive Bidding

The Multi-Step Bidding Method of Source Selection involves a two-phase process in which Bidders first submit proposed revisions to both the commercial and technical terms of the Solicitation. During the second phase of the process, Bidders submit a bid price based on a revised Solicitation issued by JEA. An Award is based solely on the price of the Bid and does not include additional discussions or negotiations of material terms and conditions with Bidders after Bids are received. Multi-Step Competitive Bidding allows JEA to obtain Vendor feedback before finalizing commercial and technical terms to be used in an Invitation for Bids.

3-111 Invitation to Negotiate (ITN)

The Invitation to Negotiate is a Method of Source Selection that allows JEA to directly negotiate with Vendors to obtain best overall value for JEA. Under the ITN, JEA first evaluates initial Proposals with the intent to identify one or more Responsive and Responsible Respondent with which JEA may enter into one or more rounds of negotiations. Negotiations may result in modifications to the scope of work and terms and conditions of the ITN, submission of revised Bids or Responses, and may conclude with the submission of Best and Final Offers from one or more Vendors. The procedures for conducting an Invitation to Negotiate shall be described in the ITN Solicitation and the Operational Procedures.

ITNs may provide best value for JEA when establishing master contracts or definite delivery contracts for complex Supplies or Services, or when determining or refining scope, methods, or other nonprice aspects of a Solicitation.

For each use of the ITN Method of Source Selection, prior to issuance of the ITN, the Chief Procurement Officer shall document the reasons an ITN will produce the best value for JEA compared to an IFB or RFP. In addition to negotiating price, additional reasons must be stated as to why negotiations are needed to realize best value for JEA. Examples of such reasons are “the ITN method allows refining approaches, methods, tools, requirements, deliverables, and systems;” or, “identifying and incorporating value added services offered by Vendors into final requirements.”

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3-112 Single Source

A Contract may be awarded for Supplies or Services as a Single Source when, pursuant to the Operational Procedures, the Chief Procurement Officer determines that:

- (a) there is only one justifiable source for the required Supplies or Services;
- (b) the Supplies or Services must be a certain type, brand, make or manufacturer due to the criticality of the item or compatibility within a JEA utility system, and such Supplies or Services may not be obtained from multiple sources such as distributors;
- (c) the Services are a follow-up of Services that may only be done efficiently and effectively by the Vendor that rendered the initial Services to JEA, provided the Procurement of the initial Services was competitive;
- (d) at the conclusion of a Pilot Project under Section 3-118 of this Code, the Procurement of Supplies or Services tested during the Pilot Project, provided the Vendor was competitively selected for the Pilot Project.

3-113 Emergency Procurements

In the event of an Emergency, the Chief Procurement Officer, or Designee, may make or authorize an Emergency Procurement, provided that Emergency Procurements shall be made with as much competition as practicable under the circumstances. A written Determination of the basis for the Emergency and for the selection of the particular Vendor shall be included in the Procurement file.

For purposes of this Section 3-113, an "Emergency" means any one of the following:

- (a) a reasonably unforeseen breakdown in machinery;
- (b) an interruption in the delivery of an essential governmental service or the development of a circumstance causing a threatened curtailment, diminution, or termination of an essential service;
- (c) the development of a dangerous condition causing an immediate danger to the public health, safety, or welfare or other substantial loss to JEA;
- (d) an immediate danger of loss of public or private property;
- (e) the opportunity to secure significant financial gain for JEA, to avoid delays to any Governmental Entity, or avoid significant financial loss through immediate or timely action; ~~or (f) a valid public emergency certified by the Chief Executive Officer.~~
- (f) a declared federal, state, or local state of emergency, or a valid public emergency certified by the Chief Executive Officer.

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The Chief Procurement Officer, or Designee, shall submit all Formal Purchases made under this Section 3-113 to the Awards Committee for ratification as soon as reasonably practicable after the Formal Purchase is made.

3-114 Public-Private Partnerships

JEA may receive unsolicited proposals or may solicit proposals for a qualifying project and may thereafter enter into a comprehensive agreement with a private entity, or a consortium of private entities, for the building, upgrading, operating, ownership, or financing of JEA's facilities in accordance with the provisions of Section 255.065, Florida Statutes, as may be amended from time to time. The Operational Procedures shall set forth a process and procedures for the receipt and solicitation of such proposals that meet the requirements of Section 255.065, Florida Statutes, as amended from time to time.

3-115 Collaborative Procurements

JEA may participate in, sponsor, conduct, or administer a Collaborative Procurement for the Procurement of any Supplies or Services or Real Estate with one or more Governmental Entities, utility industry partners, nonprofit organizations or purchasing alliances in accordance with the terms of an agreement entered into between the participants. Such Procurements shall be in accordance with this Code and the Operational Procedures.

JEA shall not participate in, sponsor, conduct, or administer a Collaborative Procurement agreement for the purpose of circumventing this Code.

3-116 Joint Projects

Except where doing so is to circumvent the purpose of this Code, JEA may enter into joint projects with public or utility industry partners, the City of Jacksonville and its other independent agencies, political subdivisions or other Governmental Entities (e.g., the United States Navy, the Florida Department of Transportation, etc.). Joint projects may include, but shall not be limited to, combined water, sewer, drainage and road projects with the City of Jacksonville and Florida Department of Transportation.

Notwithstanding the foregoing, the Procurement of Supplies and Services by JEA in a Joint Procurement shall be consistent with the guiding principles and purposes of this Code set forth in Section 1101.

3-117 Use of Publicly Procured Contracts

JEA may procure Supplies or Services by using or "piggybacking" on contracts of the City of Jacksonville or its independent agencies, political subdivisions, other city and state or governmental agencies, school board districts, community colleges, federal agencies, Governmental Entities, or public colleges or universities, provided that the contracts of such other entities were competitively procured and the terms and conditions of JEA's

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Contract are at least as favorable as the terms and conditions of the contract on which JEA is piggybacking. Formal Purchases using this Method of Source Selection shall be awarded through the Awards Committee.

3-118 Pilot Projects

A Pilot Project allows JEA to procure Supplies or Services on a trial basis in limited amounts and for a limited period of time in order to determine whether to proceed with a Formal Solicitation for the Procurement of such Supplies or Services.

If the estimated aggregate cost of Supplies and Services to be procured during a Pilot Project do not exceed \$100,000, and the term of the Contract for the Pilot Project does not exceed two years, the selection of a Vendor to participate in the Pilot Project is not required to be selected using a competitive solicitation process unless required by applicable law. However, after the conclusion of the Pilot Project, the Supplies or Services evaluated during the Pilot Project shall be procured using one of the other Methods of Source Selection provided in Section 3-104 of this Code.

Where the cost to JEA of the Supplies and Services during the Pilot Project is \$100,000 or more, JEA shall publicly advertise the Pilot Project so that Vendors may submit their qualifications to provide such Supplies or Services. Based on the qualifications submitted by Vendors in response to such public advertisement, JEA will select one or more Vendors to participate in the Pilot Project. Once the Pilot Project is complete, the Chief Procurement Officer will determine whether JEA will initiate a competitive bidding process to obtain the Supplies or Services.

3-119 Use of Reverse Auctions

When the Chief Procurement Officer determines that procurement by a Reverse Auction is in the best interest of JEA, the Chief Procurement Officer may procure Supplies or Services by Reverse Auction. Reverse Auctions may be used with the following Solicitation types:

- (a) Invitation for Bids (IFB) – With Reverse Auction
- (b) Request for Proposals (RFP) – With Reverse Auction
- (c) Invitation to Negotiate (ITN) – With Reverse Auction

Reverse Auctions are to be used solely for obtaining lowest pricing. Prior to conducting a Reverse Auction, the following must be established for each Bidder, Proposer or Respondent:

- (a) Invitation for Bids – Bidders must provide documentation that they meet the minimum qualifications and any other requirements set forth in the IFB.
- (b) Request for Proposals – The Proposers must provide fully responsive Proposals. JEA shall evaluate Proposals and select at the top three, or more, ranked Proposers to participate in a Reverse Auction to establish pricing.

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(c) Invitation to Negotiate – At the conclusion of the negotiation process for an ITN, where all terms other than price have been agreed, JEA may choose to use a Reverse Auction to establish pricing.

3-120 Form of Contract Documents

The Office of General Counsel shall approve as to form all Contract documents for Formal Purchases. Contract Amendments do not require OGC form approval, unless otherwise provided in the Operational Procedures.

Purchase Orders may be used to form a Contract for Informal Purchases and Formal Purchases when the Chief Procurement Officer determines that a Formal Contract is not necessary. Purchase Orders shall be on a form that incorporates general terms and conditions reviewed and approved by the Office of General Counsel. If a Contract other than a Purchase Order is executed for an Informal Purchase, the Contract does not require form approval by the Office of General Counsel, unless specifically requested by JEA the CPO, or unless such Contract contains terms materially different than JEA's standard terms and conditions, and are executed as set forth in the Operational Procedures.

In accordance with the JEA Charter, unless otherwise provided in the JEA Charter or by law, all Contracts of any kind, and in any form entered into by JEA, including, but not limited to, Procurement Contracts, Joint Project Contracts, interlocal agreements, and Purchase Orders for Informal Purchases shall not be subject to the maximum indebtedness of JEA and shall not be subject to the maximum indebtedness of JEA.

3-121 Execution of Contract Documents

The Chief Executive Officer shall execute all Contracts. The Chief Executive Officer may delegate to the Chief Procurement Officer the authority to execute Contracts. Contracts and Purchase Orders may be executed by electronic means or by facsimile signatures.

3-122 JEA Project Manager

All Contracts shall provide for a JEA Project Manager who will have the responsibility for overseeing all Work under the Contract and all payments made by JEA under the Contract. The Operational Procedures shall contain additional details concerning the responsibilities of JEA's Project and Contract Managers.

3-123 Continuing Services Contracts

Continuing services contracts, and continuation contracts based on unit prices, may be utilized for recurring Procurements of Supplies and Services that are projected to be made over a period of time. The total amount of all Procurements issued under a continuing services contract shall not exceed JEA's maximum indebtedness set forth in the Contract or the amount as authorized by Florida Statutes for the specific category of work, if any, and shall comply with all other applicable laws.

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3-124 Contract Pricing Terms

Contract pricing terms are required in all Contracts and are the basis for payment approvals. The appropriate type of pricing terms will depend on the type of Contract and work being performed. The Operational Procedures may contain additional guidance concerning the type of pricing terms what are appropriate for certain types of Contracts.

3-125 Compliance with Federal and Services

~~To the extent that market commercial paper, variable demand obligations or other variable debt issued under the above resolutions, or any combination thereof, is used to finance the JEA's operations, the JEA shall comply with the federal or state procurement requirement. In the event a Code with the federal or state procurement requirement, the JEA Board provision is waived pursuant to this section, upon final approval of the contract award, the CPO shall notify the Chief Executive Officer.~~

ARTICLE 54 - ADMINISTRATIVE REMEDIES

54-101 Protests

(1) *Guiding Principles.* It is important that actual or prospective Bidders, Proposers and Respondents have confidence in JEA's Procurement process and procedures. One method of maintaining this confidence is to provide Vendors with an opportunity to file Protests relating to Solicitations and Awards as provided in this Section 5-101 and Intent to Award as provided in this Section 4-101. The provisions of this Article shall apply only to Formal Procurement actions as defined in Article 3-101 as provided herein. All other disputes will be resolved by the CPO as provided in the Operational Procedures. The provisions of this Article may not be used in connection with any Contract dispute, determination of Vendor performance, or Contract termination.

(2) ~~Any Vendor who is dissatisfied with the outcome of a Solicitation or a Determination made by the JEA Board, or an Intent to Award, may submit a written Protest meeting all of the requirements of subsections (3) and (4) of this Section 54-101. Protests in connection with the requirements of a Solicitation or a Determination made in connection with a Solicitation shall include, but not be limited to, Protests concerning any event or aspect of the Procurement process that followed the issuance of the Solicitation and led to the Award or Intent to Award, Protests relating to the rejection of a Bid, Proposal or Response, including, but not limited to, whether a Bidder, Proposer or Respondent is Responsible or Responsive, and Protests relating to any ranking, scoring, or short-listing of Proposers or Respondents. Protests shall not include challenges to minimum qualifications, the Technical Specifications, the chosen procurement method, the evaluation criteria, the relative weight of the evaluation criteria, or the formula specified for assigning points to the evaluation criteria.~~

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(3) *Protest Requirements.* Protests shall:

- (i) be submitted in writing in a letter or email addressed to the Chief Procurement Officer;
- (ii) identify the Solicitation, Award, or Intent to Award, by number and title or other language sufficient to enable the Chief Procurement Officer to identify the Solicitation, Award, or Intent to Award;
- (iii) demonstrate the timeliness of the Protest;
- (iv) state the Protester's complete legal name and legal standing to protest; and
- (v) clearly state with particularity the issues and material facts supporting the Protest, and any legal authority upon which the Protest is based; with requested remedy.

Contact information for the Chief Procurement Officer can be found at jea.com under the Procurement section of the website.

(4) *Timeliness.*

~~Protester at Solicitation shall be required to provide in writing the Solicitation, Award, or Intent to Award, by number and title or other language sufficient to enable the Chief Procurement Officer to identify the Solicitation, Award, or Intent to Award.~~

~~(ii)(i)~~ All Protests concerning an Award or an Intent to Award, or a Determination made in connection with a Solicitation, must be received by the Chief Procurement Officer within two Business Days after the Posting or other written notification of JEA's decision or intended decision, whichever is earlier. Without limitation, the Posting of the Awards Committee agenda on JEA's website, or JEA's issuance of an Addendum or email to all Bidders, Proposers or Respondents stating its Intent to Award or establishing the short list of Respondents or Proposers, shall constitute notification of an Award or Intent to Award, or other Determination. The period for filing a Protest under this subsection (ii) shall begin at the time of the Posting or other such notification.

~~(iii)(ii)~~ At the time of filing a timely Protest, a Protester may request an extension of three Business Days after the date its Protest is timely received, in which to provide supplemental Protest materials. ~~Failure to do so~~ Such extension may be granted or denied in JEA's sole discretion. ~~Failure to submit a request for extension~~ or to timely submit the supplemental Protest materials shall constitute a waiver of any right to supplement the Protest. All written information, documents, materials and legal authority the Protester will provide to the Chief Procurement Officer must be received by the deadline established by the Chief Procurement Officer in a notice provided to the Protester.

(5) Protests failing to meet the requirements of subsections (3) and (4) shall be rejected and shall constitute a waiver of all rights of the Protester to file a Protest with respect to that subject matter. A Determination of whether a Protest meets the requirements of subsections (3) and (4) shall be made by the Chief Procurement Officer and is not subject to Protest or Appeal to the Procurement Appeals Board.

(6) JEA shall have the right to cancel, or rescind and re-issue, all Solicitations of any type, at any time until the time JEA executes a Contract under the Solicitation. Such right shall include the right to rescind an Award or an Intent to Award. After a Contract is executed, the terms of the Contract shall govern the parties to the Contract. Such cancellations and rescissions are not subject to Protest.

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(7) *Protest Bond.* Within 48 hours from a submitting a Protest, the Protestant is required to submit a protest bond, or alternate security approved by JEA, the amount of 1% of Protestant's submitted Bid/Proposal/Response amount or \$10,000, whichever is less. If the Protestant does not submit the protest bond within the specified timeframe, the protest will be void and waives the right to further protest JEA's decision. If the Protest is successful, the protest bond shall be returned in full to the Protestant within a reasonable time. However, if JEA prevails, JEA shall retain the protest bond, in full or in part, in order to cover any administrative costs associated with addressing the protest.

(7)(8) *Notice of Protest to Affected Third Parties.* Upon receipt of a timely and proper Protest, JEA will notify Vendors known to JEA to be directly affected by the outcome of the Protest. All information, documents, materials and legal authority relating to the Protest that any such Vendor will provide to the Chief Procurement Officer must be received by the deadline established by the Chief Procurement Officer in such notice.

(8)(9) *Protest Hearings.* Protestants shall not be entitled to a hearing of any kind prior to a decision of the Chief Procurement Officer concerning a Protest. The Chief Procurement Officer may conduct a hearing before making a decision. The Chief Procurement Officer shall be entitled to establish procedures for the conduct of any hearing and may set forth some or all of such procedures in the Operational Procedures or in the notice of the hearing. The Chief Procurement Officer or Designee shall provide Vendors known to JEA to be directly affected by the outcome of the Protest with a notice of the hearing providing the time, date, location and manner of the hearing.

(9)(10) *Decision by Chief Procurement Officer.* After receipt of a Protest, and following a hearing, if any, and any period of time the Chief Procurement Officer may allow for other interested parties to respond to the Protest, the Chief Procurement Officer shall issue a written decision on the Protest. The written decision shall identify the Protestant, recite relevant facts material to the decision, and state the decision and briefly summarize the Chief Procurement Officer's reasoning leading to the decision. The Chief Procurement Officer's review of a Protest shall be limited to material contained in the Protestant's response to the Solicitation that is the subject of the Protest, and the Chief Procurement Officer's decision shall be based on whether the Procurement action being protested was arbitrary, capricious, or clearly erroneous. In the event the decision is subject to review by the Procurement Appeals Board under this Article 54, the written decision of the Chief Procurement Officer shall inform the Protestant of this right with a reference to the Sections of this Code and Operational Procedures outlining the procedures for Appeals.

(10)(11) *Appeal Rights.* Protest decisions made by the Chief Procurement Officer may be appealed to the JEA Procurement Appeals Board pursuant to Section 54-106 below. Notwithstanding the foregoing, a Protestant shall not have the right to appeal a Determination by the Chief Procurement Officer about whether a Protest met the requirements of subsections (3) and (4) of this Section.

(11)(12) *Stay of Procurement During Protests and Appeals.* During the pendency of a Protest meeting the requirements of subsections (3) and (4) or an Appeal properly filed under Subsection (10) above,

JEA shall not proceed further with the Solicitation or with the Award unless the Chief Procurement Officer, after consultation with the Organizational Element Manager, makes a Determination that proceeding with the Solicitation or Award without delay is necessary to protect substantial interests of JEA.

~~(42)(13)~~ Nothing in this Article ~~54~~ shall affect the ability of the Office of General Counsel to settle Protests pending the outcome of decisions by the Chief Procurement Officer, the Procurement Appeals Board, or the courts.

54-102 Suspensions and Debarments

- (1) *Authority.* The Chief Procurement Officer, after consultation with the Organizational Element Manager, shall have authority to suspend or debar a Vendor from consideration for participation in any Procurement Activity.
- (2) *Causes for Suspension or Debarment.* In making a decision of whether to suspend or debar a Vendor, and the length of any suspension or debarment, the Chief Procurement Officer shall consider the seriousness of the facts leading to the suspension or debarment. The causes for suspension or debarment may include, but not be limited to, the following:
- (a) conviction of a Public Entity Crime and inclusion on the State of Florida Convicted Vendor List pursuant to Section 287.133, Florida Statutes, as amended;
 - (b) violation of the terms or requirements of a Contract in a manner that is regarded by the Chief Procurement Officer to be so serious as to justify a suspension or debarment decision, including, but not limited to, the following:
 - (i) a failure, without good cause, to perform in accordance with a Contract, Specifications, performance levels, warranty provisions, bonding and insurance requirements, or to comply within the time limits provided in the Contract, or
 - (ii) failure to timely pay subcontractors or materialmen; or
 - (iii) continued failure to perform or of unsatisfactory performance in accordance with the terms of one or more Contracts, provided that the failure to perform or unsatisfactory performance was not caused by acts beyond the control of the Vendor; or
 - (c) suspension or debarment by another Governmental Entity including, but not limited to, the City of Jacksonville;
 - (d) actions by the Vendor that are determined by the Chief Procurement Officer to be fraudulent or in bad faith;
 - (e) violation of JEA's or the City of Jacksonville's Ethics Code;
 - (f) violation of provisions of this Code relating to Ex Parte Communications;
 - (g) existence of delinquent obligations of the Vendor to JEA, including claims by JEA for liquidated damages under any Contract; and
 - (h) any other cause the Chief Procurement Officer determines to be so serious and compelling as to justify a Vendor's suspension or debarment.

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(3) Suspension/Debarment Timeframes. The Chief Procurement Officer, in concurrence with the Chief of the Business Organizational Element, shall consider the causes set forth in (2) above in determining the length of a Vendor's suspension or debarment. Suspensions shall be subject to the maximum length as set forth below:

- a First Offense – up to 2 years suspension of bidding privileges
- b Second Offense – up to 5 years suspension of bidding privileges
- c Third Offense – Vendor is debarred and bidding privileges are suspended permanently.

~~(3)~~(4) Effect of Suspension or Debarment. A Vendor that is suspended or debarred under this Section ~~54-102~~ shall be ineligible to participate in ~~any manner in any Procurement undertaken by JEA~~ Procurements or as otherwise specified by JEA ~~the CPO~~. The suspension or debarment ~~shall~~ may extend to all entities with common ownership or common management as the Vendor that has been suspended or debarred and ~~shall~~ may include work undertaken by the debarred Vendor (or such related entity) as a subcontractor or materialman, ~~as determined by the CPO on a case by case basis.~~ JEA has the option to debar a Vendor at any time depending on the egregiousness of their actions, and is not required to issue a First or Second offense as described above.

~~(4)~~(5) Decision. The Chief Procurement Officer shall issue a written letter to the Vendor informing it of the decision to suspend or debar that Vendor. The decision shall:

- ~~(a)~~
- (a) recite relevant facts material to the Chief Procurement Officer's decision; ~~(b)~~
- (b) state the reasons for the decision;
- (c) state whether the Vendor is a suspension or debarment;
- (d) state the timeframe for suspension or debarment; and
- (e) inform the suspended or debarred Vendor involved of any rights to administrative review as provided in this Article 5.

(5) Finality of Decision. A suspension or debarment decision by the Chief Procurement Officer shall be final and conclusive, unless appealed.

54-103 Creation of the Procurement Appeals Board

The Chief Executive Officer shall appoint a Procurement Appeals Board composed of a chair and two other members of the Awards Committee who shall serve until their successors are appointed by the Chief Executive Officer. A representative from the Office of General Counsel shall serve as counsel to the Procurement Appeals Board. The chair and two other members of the Procurement Appeals Board must be present to constitute a quorum of the Procurement Appeals Board.

54-104 Procurement Appeals Board Procedures

(1) Meetings of the Procurement Appeals Board shall be held in accordance with Florida's Open Meetings Laws. Accordingly, meetings will be publicly noticed, minutes will be taken, and a member

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of the Procurement Appeals Board shall not discuss with another member any matter which foreseeably may come before the Procurement Appeals Board unless the discussion occurs in a meeting held in accordance with Florida's Open Meeting Laws.

(2) Each member of the Procurement Appeals Board shall have one vote. A decision by the Procurement Appeals Board shall require a majority vote of the members of the Procurement Appeals Board.

(3) The chair of the Procurement Appeals Board shall have the authority to establish procedures for the Procurement Appeals Board and its meetings, provided that such process and procedures are consistent with this Code and the Operational Procedures.

54-105 Authority of Procurement Appeals Board

The Procurement Appeals Board is authorized to review and make a final decision on any Appeal of a written decision issued by the Chief Procurement Officer under:

- (a) Section 54-101 (Protests) of this Code; or
- (b) Section 54-102 (Suspensions and Debarments) of this Code.

The Procurement Appeals Board is not authorized to intercede in, or hear Appeals relating to, Determinations made in connection with Vendor disputes regarding performance under a Contract, other than the authority granted to review and make decisions regarding Appeals of Suspensions or Debarments as provided in Section 4-102 of this Code.

54-106 Appeals

(1) *Appeal Submittal.* A Vendor seeking to appeal a decision of the Chief Procurement Officer under Section 54-101 or 54-102 of this Code shall submit its appeal in writing by letter or email to the Chief Procurement Officer in accordance with the timeliness and other requirements set forth in this Section 54-106 (an "Appeal"). The Appeal shall clearly state the following:

- (a) the grounds, relevant facts and legal authority supporting the Appeal; and
- (b) acts supporting the Vendor's standing to Appeal.

(2) *Timeliness and Standing.* An Appeal relating to a decision of the Chief Procurement Officer under Section 54-101 of this Code must be received by the Chief Procurement Officer no later than three Business Days after issuance of a written decision by the Chief Procurement Officer. An Appeal relating to a decision of the Chief Procurement Officer under Section 54-102 of this Code must be received by the Chief Procurement Officer no later than 30 days after issuance of a decision by the Chief Procurement Officer under Section 54-102. To have standing to Appeal, a Vendor must have been adversely affected by such decision.

(3) Failure to submit a timely Appeal or to have standing to Appeal under subsections (1) and (2) of this Section 54-106 shall result in dismissal of the Appeal and constitute a waiver of all rights to appeal

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a decision of the Chief Procurement Officer. A Determination of whether an Appeal meets the requirements of subsections (1) and (2) shall be made by the chair of the Procurement Appeals Board and is not subject to appeal to the Procurement Appeals Board.

(4) All written information, documents, materials and legal authority the Vendor making an Appeal desires to provide to the Procurement Appeals Board must be sent to the Chief Procurement Officer and received by the deadline established by the chair of the Procurement Appeals Board in the notice of hearing provided to the Vendor making the Appeal.

(5) Upon receipt of a timely and proper Appeal, the Chief Procurement Officer will notify Vendors known to JEA to be directly affected by the outcome of the Appeal. Any information, materials and legal authority relating to the Appeal that any such Vendor desires to provide to the Procurement Appeals Board must be received by the deadline established by the Chief Procurement Officer in such notice.

54-107 Review of Appeals

(1) Upon receipt of an Appeal, the Chief Procurement Officer shall forward the Appeal to the Procurement Appeals Board and, if the Appeal is determined by the chair of the Procurement Appeals Board to be proper and timely, a meeting of the Procurement Appeals Board to consider the Appeal shall be scheduled.

(2) Representatives of the Vendor appealing the decision, will be afforded an opportunity to present the merits of the Appeal based solely upon the grounds, facts and legal authority contained in its written Appeal submitted to the Chief Procurement Officer. Representatives of any other Vendors adversely affected by the resolution of the Appeal will also be given an opportunity to be heard and to present information before the Procurement Appeals Board. The Chief Procurement Officer and the Chief Procurement Officer's legal counsel shall also be given an opportunity to respond to the Appeal and the presentations to the Procurement Appeals Board. Formal rules of evidence, including, but not limited to, those found in the Florida Evidence Code, do not apply to presentations made at meetings of the Procurement Appeals Board. The Chair of the Procurement Appeals Board may impose reasonable limitations on the amount of time each Vendor has to present, allow members of the Procurement Appeals Board to ask questions of any party at any time, and may impose other reasonable requirements relating to all presentations and the conduct of the meeting. The chair of the Procurement Appeals Board shall have the authority to make all Determinations and resolve any disputes concerning the process and procedures for Appeals and the conduct of the meeting.

4-108 Standard of Review for Procurement Appeals Board

(1) The standard of review used by the Procurement Appeals Board in making its decision shall be whether the Chief Procurement Officer's decision is:

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- (i) in conflict with this Code and the Operational Procedures;
- (ii) arbitrary;
- (iii) capricious;
- (iv) dishonest;
- (v) fraudulent;
- ~~(vi)~~ clearly erroneous; ~~(vii)~~
- ~~(vii)~~ illegal; or
- (viii) without any basis in fact or otherwise must be reversed based on applicable law.

~~(2)~~ The burden shall be on the Vendor appealing the Chief Procurement Officer's decision to demonstrate that the standard of review is met.

~~(5)(3)~~ A majority vote of the members of the Procurement Appeals Board shall be required to render a decision.

~~(6)(4)~~ The Procurement Appeals Board shall deliberate at the meeting held to consider the Appeal and announce its decision prior to adjourning the meeting. The decision of the Procurement Appeals Board shall be final and binding. Following the adjournment of the meeting, the Procurement Appeals Board will issue a written decision within three (3) business days.

Jacksonville Small and Emerging Business (JSEB) Quarterly Report

Rita Scott
Manager, Supplier Diversity
Programs & Procurement Services

Strategic Objective

Deepen Customer & Community Engagement - Stakeholder Relationship



JSEB Scorecard

FY23 Quarter 1 Results

Available Spend is \$111M

JSEB Goal is \$22.2M

As of Q1, we achieved \$47.7M in actual spend, representing 21% of the Goal

Prime JSEB vendors account for 40% of the actual spend

Diverse mix of JSEB vendors that account for the actual spend

JSEB Goal

AVAILABLE SPEND

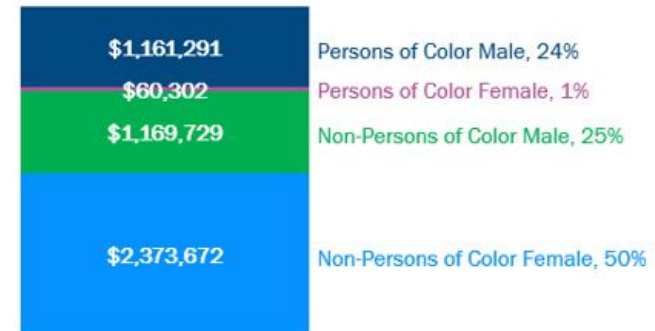
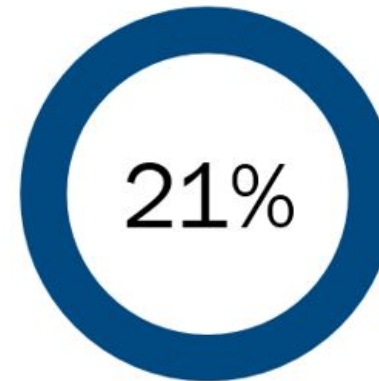
\$111,000,000

JSEB GOAL

\$22,200,000

JSEB ACTUAL SPEND

\$4,764,994



JSEB Scorecard

Q1 Contracts Awarded to JSEB Vendors

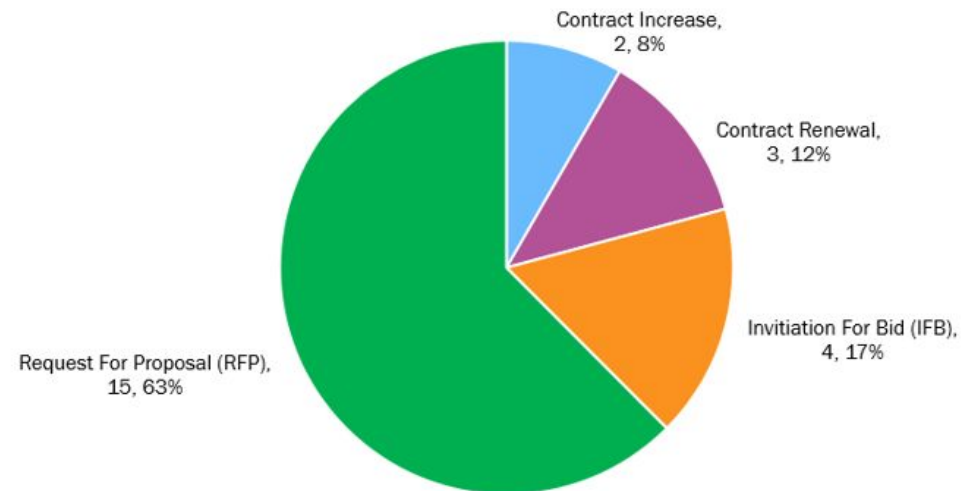
24 contracts awarded to JSEB vendors - 3 prime contracts and 21 subcontracts

Contracts awarded are valued at \$4.6M

Projects within the Electric and Water/Wastewater groups

Contract awards typically range from 1 to 5 years

JSEB Contract Award Types



Contract Awarded
Quantity Awarded, Percentage of Overall Awarded



Reserve Report

**For the First Quarter Ending
December 2022**

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>2020</u>	<u>Actual</u> <u>Fiscal Year</u> <u>2021</u>	<u>Actual</u> <u>Fiscal Year</u> <u>2022</u>	<u>Projected</u> <u>Fiscal Year</u> <u>2023</u>	<u>Detail</u> <u>Page #</u>
Unrestricted					
Operations/Revenue Fund	\$ 47,449	\$ 55,662	\$ 2,140	26,930	
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	3
• Employee health insurance	10,890	14,272	14,145	14,368	4
Rate Stabilization					
• Fuel	73,347	41,767	-	-	5
• DSM / Conservation	5,423	7,233	8,823	5,850	6
• Environmental	21,818	19,756	20,728	15,388	7
• Non-Fuel Purchased Power	36,326	10,513	55,000	224,600	8
Environmental	16,568	16,568	15,797	15,686	9
Customer Deposits	43,641	45,179	45,044	45,768	10
Total Unrestricted	265,462	220,950	171,675	358,589	
Days of Cash on Hand (2)	183	166	126	179	
Days of Liquidity (3)	359	331	254	303	
Restricted					
Debt Service Funds (Sinking Funds)	81,220	80,988	66,706	38,538	11
Debt Service Reserve Funds	50,993	50,993	50,993	50,993	12
Renewal and Replacement Funds/OCO	137,643	183,800	233,018	225,552	13
Environmental Fund [Capital Projects]	301	83	-	-	14
Construction Funds	311	286	111	-	15
Total Restricted	270,468	316,150	350,828	315,083	
Total Electric System	\$ 535,930	\$ 537,101	\$ 522,503	\$ 673,672	

Water System

Unrestricted					
Operations/Revenue Fund	\$ 26,701	\$ 28,517	\$ 27,055	\$ 18,265	
Rate Stabilization					
• Environmental	23,372	30,077	26,094	-	16
Customer Deposit	16,926	17,043	14,710	13,372	17
Total Unrestricted	81,208	75,637	67,859	31,637	
Days of Cash on Hand (2)	176	297	252	77	
Days of Liquidity (3)	353	459	370	197	
Restricted					
Debt Service Funds (Sinking Funds)	41,660	30,006	32,499	75,006	18
Debt Service Reserve Funds	58,228	55,665	56,606	57,587	19
Renewal and Replacement Funds	38,131	97,066	112,930	20,947	20
Environmental Fund [Capital Projects]	619	3,118	4,400	-	21
Construction Funds	25,541	14,266	646	-	22
Total Restricted	164,179	200,121	207,081	153,540	
Total Water & Sewer System	\$ 245,387	\$ 275,758	\$ 274,940	\$ 185,177	

(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.

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.

Electric System Self Insurance - Property

For the First Quarter Ending December 31, 2022

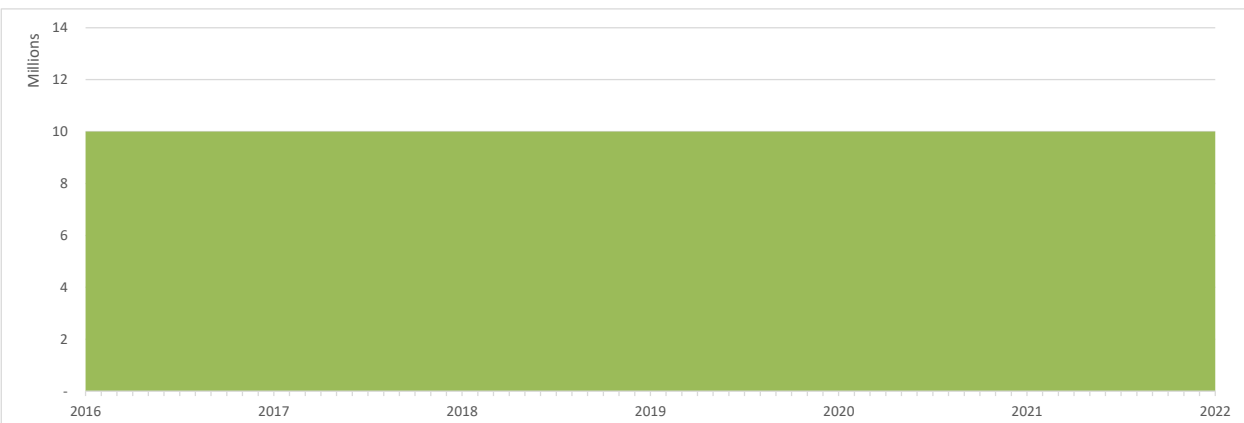
Definitions and Goals

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	2023	2024	2025
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

	2018	2019	2020	2021	2022
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.

Electric System Self Insurance - Employee Health Insurance

For the First Quarter Ending December 31, 2022

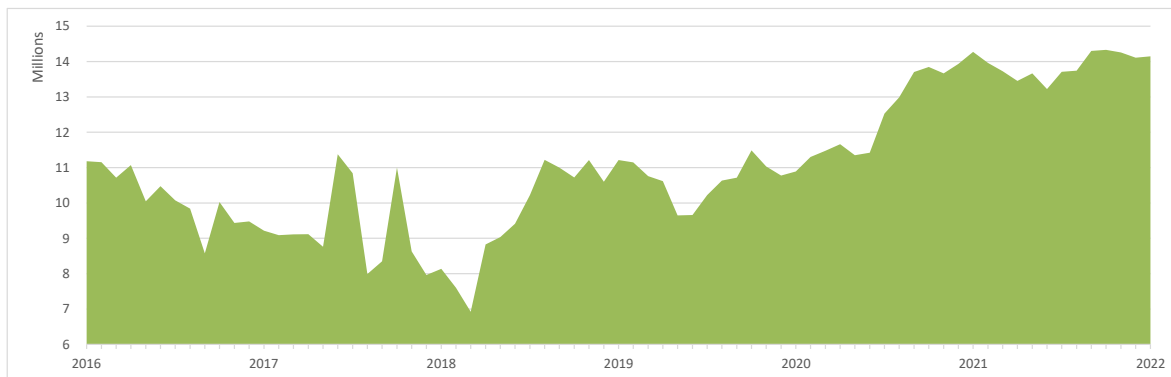
Definitions and Goals

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	2023	2024	2025
Opening Balance	\$ 14,145	\$ 14,145	\$ 14,145	\$ 14,368	\$ 12,935
Additions:					
Employee Contributions	1,700	1,700	4,912	4,864	4,888
Retirees and Other	4,519	4,519	5,176	4,979	5,078
Employer Contributions	1,652	1,652	22,326	22,817	22,572
Sub-total	\$ 7,870	\$ 7,870	\$ 32,414	\$ 32,660	\$ 32,537
Withdrawals:					
Payments for Claims	8,945	8,945	29,211	30,876	30,044
Actuary & Other Payments	712	712	2,980	3,217	3,099
Sub-total	\$ 9,657	\$ 9,657	\$ 32,191	\$ 34,093	\$ 33,142
Ending Balance	\$ 12,358	\$ 12,358	\$ 14,368	\$ 12,935	\$ 12,330

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 9,214	\$ 8,138	\$ 11,210	\$ 10,890	\$ 14,272
Additions:					
Employee Contributions	6,158	6,423	6,534	6,596	6,714
Retiree & Other Contributions	7,273	8,270	6,914	7,518	5,713
Employer Contributions	18,378	20,662	18,900	19,635	20,688
Sub-total	\$ 31,809	\$ 35,355	\$ 32,348	\$ 33,749	\$ 33,115
Withdrawals:					
Payments for Claims	30,933	29,860	30,387	28,408	30,819
Actuary & Other Payments	1,952	2,423	2,281	1,959	2,423
Sub-total	\$ 32,885	\$ 32,283	\$ 32,668	\$ 30,367	\$ 33,242
Ending balance	\$ 8,138	\$ 11,210	\$ 10,890	\$ 14,272	\$ 14,145



Maximum Balance: 14,330
Minimum Balance: 6,922

Average Balance: 11,211

Observations

- Self Insurance for Employee Health Insurance began in July 2009.

Electric System Rate Stabilization - Fuel Management

For the First Quarter Ending December 31, 2022

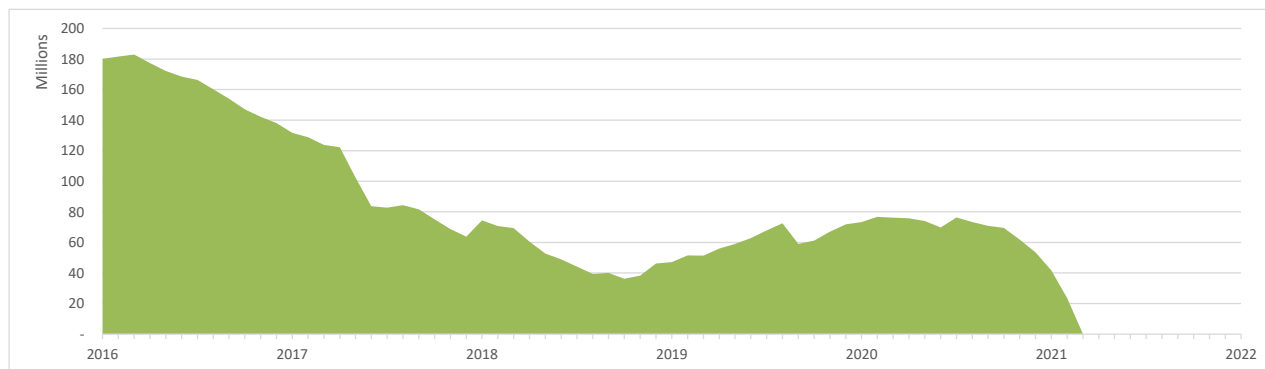
Definitions and Goals

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	2023	2024	2025
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:					
Contributions	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 131,716	\$ 74,376	\$ 47,152	\$ 73,347	\$ 41,767
Additions:					
Contributions	-	11,597	44,553	9,945	-
Sub-total	\$ -	\$ 11,597	\$ 44,553	\$ 9,945	\$ -
Withdrawals:					
Withdrawals	57,340	38,821	18,358	41,525	41,767
Fuel Rebate Credit					
Sub-total	\$ 57,340	\$ 38,821	\$ 18,358	\$ 41,525	\$ 41,767
Ending balance	\$ 74,376	\$ 47,152	\$ 73,347	\$ 41,767	\$ -



Maximum Balance: 131,715
Minimum Balance: -

Average Balance: 55,968

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.

Electric System Rate Stabilization - DSM / Conservation

For the First Quarter Ending December 31, 2022

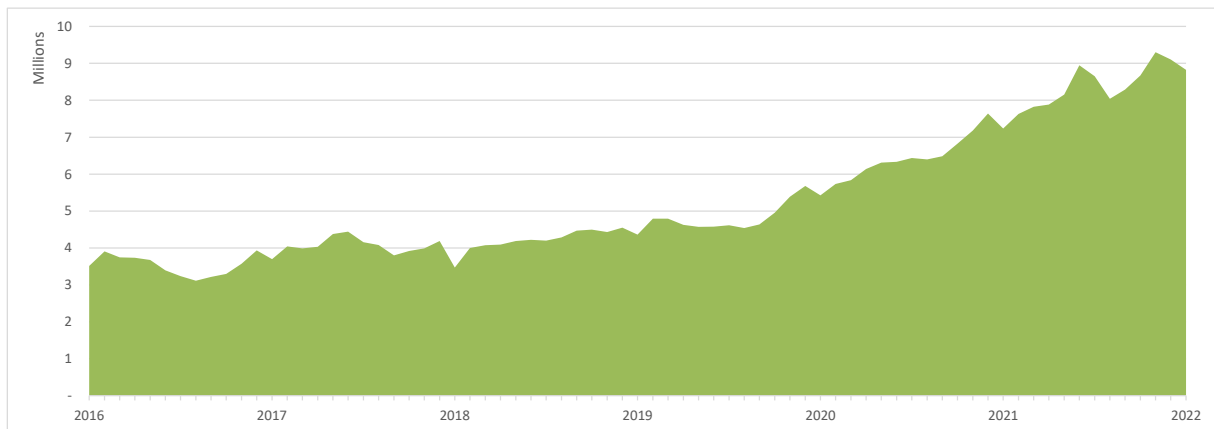
Definitions
and Goals

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	2023	2024	2025
Opening Balance	\$ 8,824	\$ 8,824	\$ 8,824	\$ 5,850	\$ -
Additions:					
Contributions	1,496	1,496	3,026	-	-
Sub-total	\$ 1,496	\$ 1,496	\$ 3,026	\$ -	\$ -
Withdrawals:					
Withdrawals	740	740	6,000	5,850	-
Sub-total	\$ 740	\$ 740	\$ 6,000	\$ 5,850	\$ -
Ending Balance	\$ 9,581	\$ 9,581	\$ 5,850	\$ -	\$ -

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 3,695	\$ 3,470	\$ 4,363	\$ 5,423	\$ 7,233
Additions:					
Contributions	7,088	7,042	6,969	6,929	7,164
Sub-total	\$ 7,088	\$ 7,042	\$ 6,969	\$ 6,929	\$ 7,164
Withdrawals:					
Withdrawals	7,313	6,149	5,909	5,119	5,573
Sub-total	\$ 7,313	\$ 6,149	\$ 5,909	\$ 5,119	\$ 5,573
Ending balance	\$ 3,470	\$ 4,363	\$ 5,423	\$ 7,233	\$ 8,824



Maximum Balance: 9,302
Minimum Balance: 3,113

Average Balance: 5,289

Observations

- Rate Stabilization Fund for Demand Side Management began in April 2009.

Electric System Rate Stabilization - Environmental

For the First Quarter Ending December 31, 2022

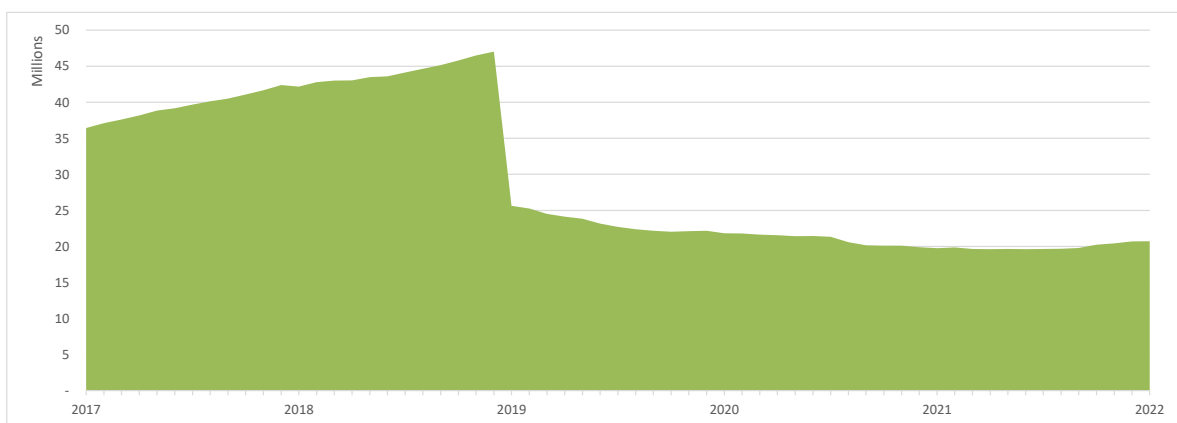
Definitions
and Goals

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	2023	2024	2025
Opening Balance	\$ 20,728	\$ 20,728	\$ 20,728	\$ 15,388	\$ -
Additions:					
Contributions	1,706	1,706	3,365	-	-
Sub-total	\$ 1,706	\$ 1,706	\$ 3,365	\$ -	\$ -
Withdrawals:					
Withdrawals	2,176	2,176	8,705	15,388	-
Ending Balance	\$ 20,258	\$ 20,258	\$ 15,388	\$ -	\$ -

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 36,417	\$ 42,163	\$ 25,632	\$ 21,818	\$ 19,756
Additions:					
Contributions	7,572	7,578	7,469	7,497	7,619
Sub-total	\$ 7,572	\$ 7,578	\$ 7,469	\$ 7,497	\$ 7,619
Withdrawals:					
Withdrawals	1,827	24,109	11,283	9,559	6,647
Sub-total	\$ 1,827	\$ 24,109	\$ 11,283	\$ 9,559	\$ 6,647
Ending balance	\$ 42,163	\$ 25,632	\$ 21,818	\$ 19,756	\$ 20,728



Maximum Balance: 47,018
Minimum Balance: 19,629

Average Balance: 29,432

Observations

- Rate Stabilization Fund for Environmental began in June 2010.

Electric System Rate Stabilization - Non-Fuel Purchased Power

For the First Quarter Ending December 31, 2022

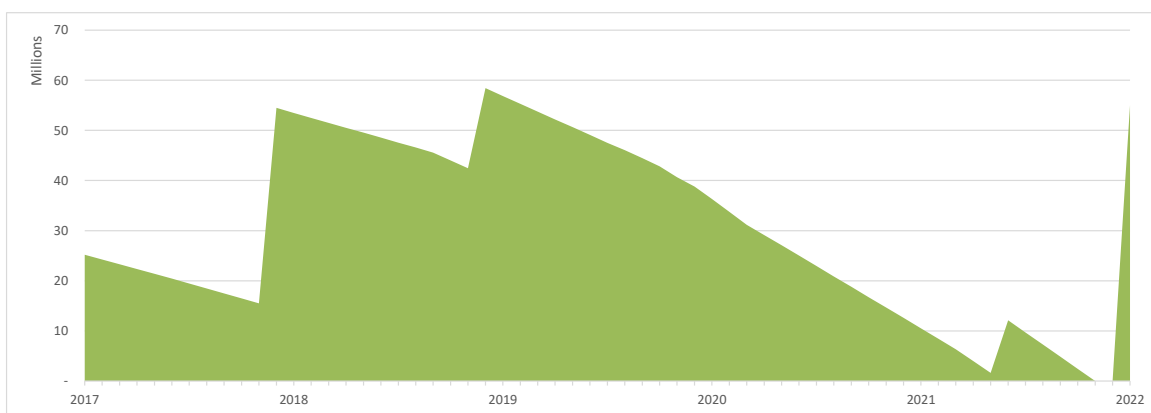
Definitions
and Goals

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	2023	2024	2025
Opening Balance	\$ 55,000	\$ 55,000	\$ 55,000	\$ 224,600	\$ 199,600
Additions:					
Contributions	45,578	45,578	169,600		
Sub-total	\$ 45,578	\$ 45,578	\$ 169,600	\$ -	\$ -
Withdrawals:					
Withdrawals	-	-	-	25,000	45,000
Ending Balance	\$ 100,578	\$ 100,578	\$ 224,600	\$ 199,600	\$ 154,600

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 25,189	\$ 53,493	\$ 56,870	\$ 36,326	\$ 10,513
Additions:					
Contributions	40,000	17,566		-	72,731
Sub-total	\$ 40,000	\$ 17,566	\$ -	\$ -	\$ 72,731
Withdrawals:					
Withdrawals	11,696	14,189	20,544	25,813	28,244
Sub-total	\$ 11,696	\$ 14,189	\$ 20,544	\$ 25,813	\$ 28,244
Ending balance	\$ 53,493	\$ 56,870	\$ 36,326	\$ 10,513	\$ 55,000



Maximum Balance: 58,436

Average Balance: 30,477

Minimum Balance: -

Observations

- The Non-Fuel Purchased Power Rate Stabilization Fund began in FY 2014.

Electric System Environmental Reserve

For the First Quarter Ending December 31, 2022

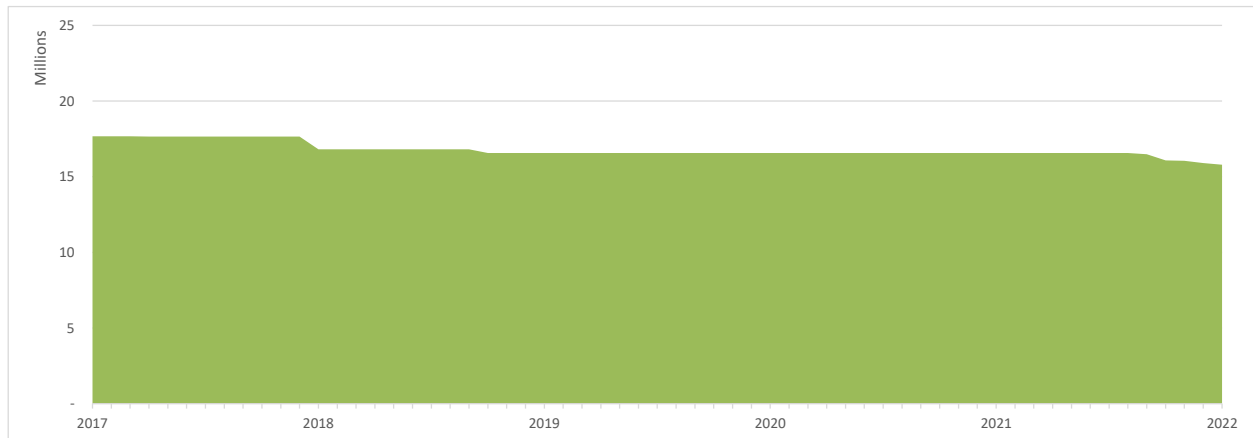
Definitions and Goals

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	2023	2024	2025
Opening Balance	\$ 15,797	\$ 15,797	\$ 15,797	\$ 15,686	\$ 1,886
Additions:					
Contributions	29	29	29		
Sub-total	\$ 29	\$ 29	\$ 29	\$ -	\$ -
Withdrawals:					
Withdrawals	140	140	140	13,800	1,886
Ending Balance	\$ 15,685	\$ 15,685	\$ 15,686	\$ 1,886	\$ -

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 17,672	\$ 16,818	\$ 16,568	\$ 16,568	\$ 16,568
Additions:					
Contributions					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals:					
Withdrawals	854	250			771
Sub-total	\$ 854	\$ 250	\$ -	\$ -	\$ 771
Ending balance	\$ 16,818	\$ 16,568	\$ 16,568	\$ 16,568	\$ 15,797



Maximum Balance: 17,672
Minimum Balance: 15,797

Average Balance: 16,776

Observations

- The Environmental Reserve began in FY 2008.

Electric System Customer Deposits

For the First Quarter Ending December 31, 2022

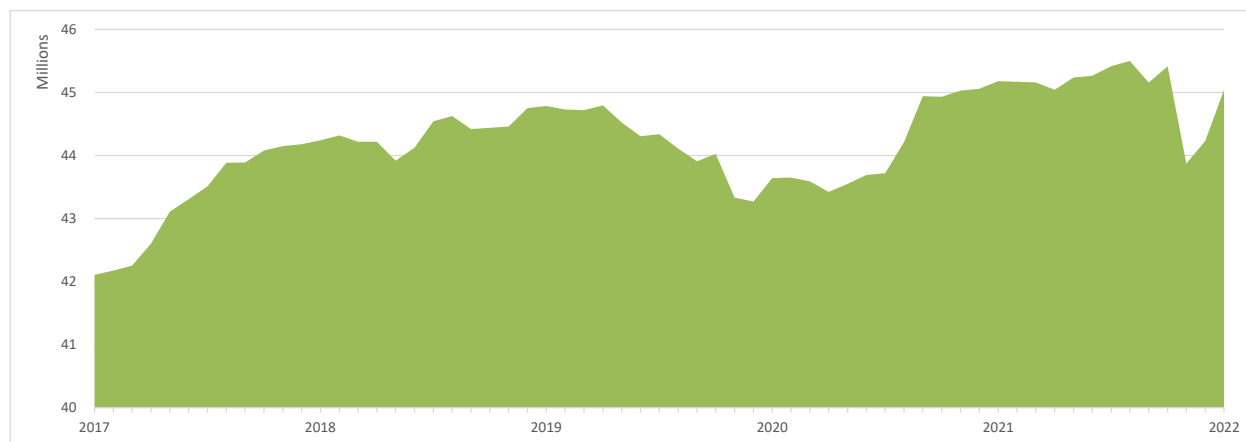
Definitions
and Goals

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	2023	2024	2025
Opening Balance	\$ 45,044	\$ 45,044	\$ 45,044	\$ 45,768	\$ 46,095
Additions:					
Net Customer Activity	759	759	1,593	1,952	1,952
Sub-total	\$ 759	\$ 759	\$ 1,593	\$ 1,952	\$ 1,952
Withdrawals:					
Net Customer Activity	35	35	869	1,624	1,247
Sub-total	\$ 35	\$ 35	\$ 869	\$ 1,624	\$ 1,247
Ending Balance	\$ 45,768	\$ 45,768	\$ 45,768	\$ 46,095	\$ 46,800

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 41,084	\$ 42,105	\$ 44,242	\$ 44,785	\$ 43,641
Additions:					
Net Customer Activity	1,021	2,137	543	596	3,666
Sub-total	\$ 1,021	\$ 2,137	\$ 543	\$ 596	\$ 3,666
Withdrawals:					
Net Customer Activity				1,740	2,263
Sub-total	\$ -	\$ -	\$ -	\$ 1,740	\$ 2,263
Ending balance	\$ 42,105	\$ 44,242	\$ 44,785	\$ 43,641	\$ 45,044



Maximum Balance: 45,500
Minimum Balance: 42,174

Average Balance: 44,256

Observations

Electric System Debt Service Sinking Fund

For the First Quarter Ending December 31, 2022

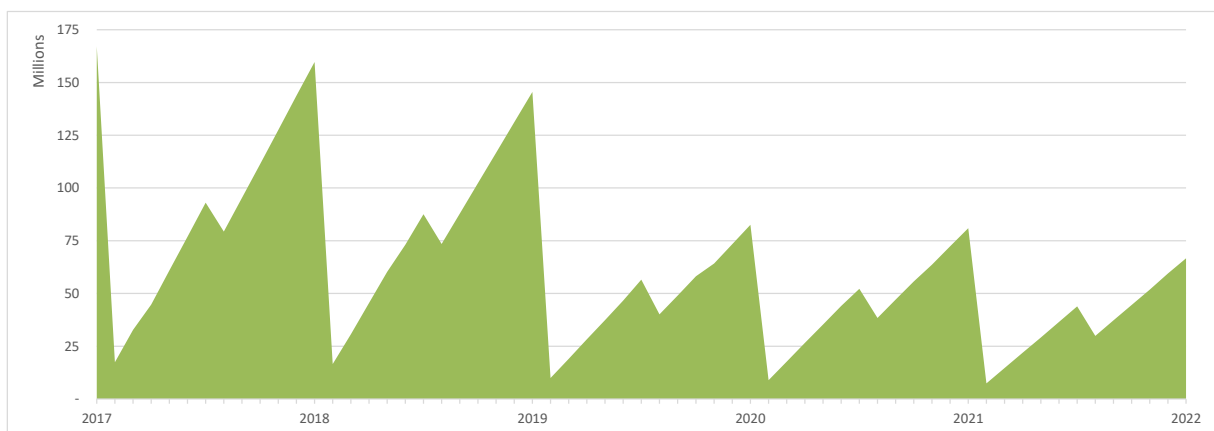
Definitions
and Goals

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	2023	2024	2025
Opening Balance	\$ 66,705	\$ 66,705	\$ 66,705	\$ 38,538	\$ 51,221
Additions:					
Revenue Fund Deposits	17,650	17,650	72,578	81,217	86,975
Sub-total	\$ 17,650	\$ 17,650	\$ 72,578	\$ 81,217	\$ 86,975
Withdrawals:					
Principal and Int Payments	68,669	68,669	100,745	68,534	80,544
Sub-total	\$ 68,669	\$ 68,669	\$ 100,745	\$ 68,534	\$ 80,544
Ending Balance	\$ 15,685	\$ 15,685	\$ 38,538	\$ 51,221	\$ 57,652

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 165,782	\$ 158,351	\$ 144,215	\$ 81,220	\$ 80,988
Additions:					
Revenue Fund Deposits	201,359	186,135	116,826	107,672	91,059
Sub-total	\$ 201,359	\$ 186,135	\$ 116,826	\$ 107,672	\$ 91,059
Withdrawals:					
Principal and Int Payments	208,790	200,271	179,821	107,904	105,342
Sub-total	\$ 208,790	\$ 200,271	\$ 179,821	\$ 107,904	\$ 105,342
Ending balance	\$ 158,351	\$ 144,215	\$ 81,220	\$ 80,988	\$ 66,705



Maximum Balance: 159,656
Minimum Balance: 5,778

Average Balance: 52,187

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.

Electric System Debt Service Reserve Account

For the First Quarter Ending December 31, 2022

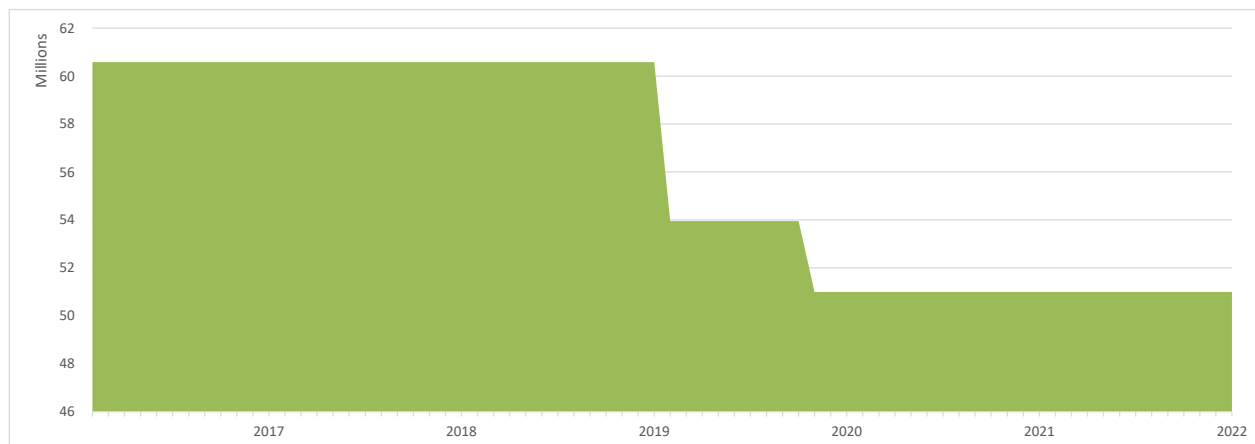
Definitions
and Goals

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 when necessary.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2023	2024	2025
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

	2018	2019	2020	2021	2022
Opening Balance	\$ 60,582	\$ 60,582	\$ 60,582	\$ 50,993	\$ 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	\$ 50,993	\$ 50,993	\$ 50,993



Maximum Balance:

60,582

Average Balance:

54,080

Minimum Balance:

50,993

Observations

- This report does not include any Scherer debt service reserves.
- Projections are based on the debt outstanding as of the quarter-end referenced above.

Electric System Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the First Quarter Ending December 31, 2022

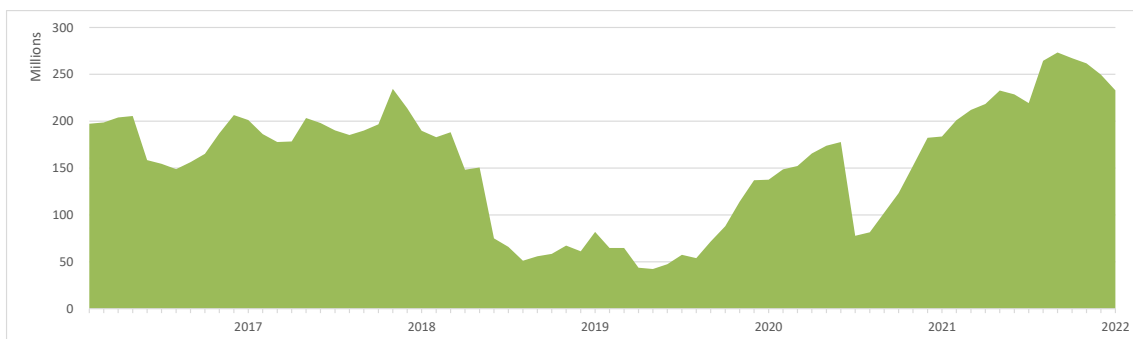
Definitions
and Goals

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	2023	2024	2025
Opening Balance	\$ 233,019	\$ 233,019	\$ 233,019	\$ 225,552	\$ 112,006
Additions:					
R&R/OCO Contribution	68,331	68,331	223,837	122,054	179,056
Transfers betw Capital Fds					
Other	1,257	1,257	1,261	6,705	7,706
Sub-total	\$ 69,588	\$ 69,588	\$ 225,098	\$ 128,759	\$ 186,762
Withdrawals:					
Capital Expenditures	52,146	52,146	232,565	242,305	241,042
Transfers betw Capital Fds					
Debt Reduction	-	-	-		
Other					
Sub-total	\$ 52,146	\$ 52,146	\$ 232,565	\$ 242,305	\$ 241,042
Ending Balance	\$ 250,461	\$ 250,461	\$ 225,552	\$ 112,006	\$ 57,726

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 201,368	\$ 189,922	\$ 81,964	\$ 137,643	\$ 183,800
Additions:					
R&R/OCO Contribution	148,105	197,623	272,342	296,824	240,825
Loans betw Capital Fds					
Other	35,675	39,521	8,389	11,668	6,031
Sub-total	\$ 183,780	\$ 237,144	\$ 280,731	\$ 308,492	\$ 246,856
Withdrawals:					
Capital Expenditures	181,263	275,042	206,415	155,486	197,637
Transfers/loans b/w Capital Fds					
Debt Defeasance		70,000	18,637	106,849	-
Other	13,963	60	-	-	-
Sub-total	\$ 195,226	\$ 345,102	\$ 225,052	\$ 262,335	\$ 197,637
Ending balance	\$ 189,922	\$ 81,964	\$ 137,643	\$ 183,800	\$ 233,019



Maximum Balance: 273,391
Minimum Balance: 42,396

Average Balance: 151,521

Observations

- Other includes Sale of Property and miscellaneous billings.

Electric System Environmental Fund - Capital Projects

For the First Quarter Ending December 31, 2022

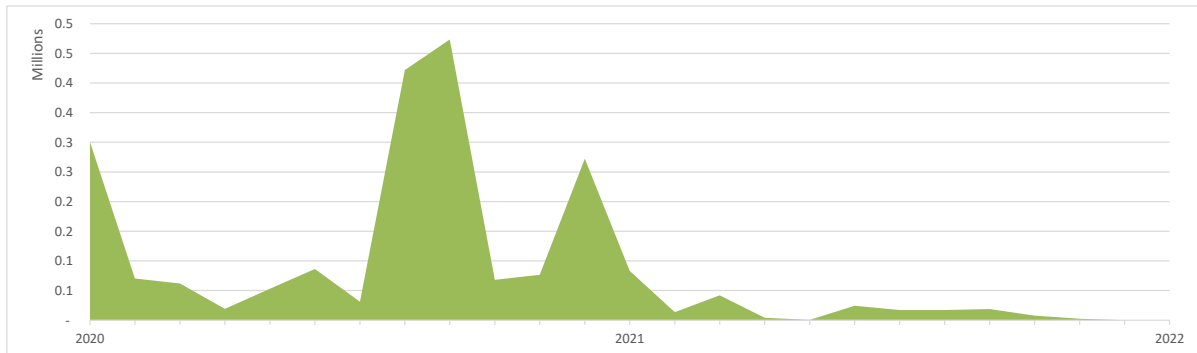
Definitions and Goals

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	2023	2024	2025
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:					
Environmental Contributions	702	702	3,124	431	-
Transfers betw Capital Fds					
Other					
Sub-total	\$ 702	\$ 702	\$ 3,124	\$ 431	\$ -
Withdrawals:					
Capital Expenditures	470	470	3,124	431	-
Transfers betw Capital Fds					
Other					
Sub-total	\$ 470	\$ 470	\$ 3,124	\$ 431	\$ -
Ending Balance	\$ 232	\$ 232	\$ -	\$ -	\$ -

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ -	\$ -	\$ -	\$ 301	\$ 83
Additions:					
Environmental Contributions			4,389	2,769	503
Loans betw Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ 4,389	\$ 2,769	\$ 503
Withdrawals:					
Capital Expenditures			4,088	2,987	586
Transfers/loans b/w Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ 4,088	\$ 2,987	\$ 586
Ending balance	\$ -	\$ -	\$ 301	\$ 83	\$ -



Maximum Balance: 686
Minimum Balance: -
Average Balance: 124

Observations

- The Environmental Construction Fund began in October 2019.

Electric System Construction / Bond Fund

For the First Quarter Ending December 31, 2022

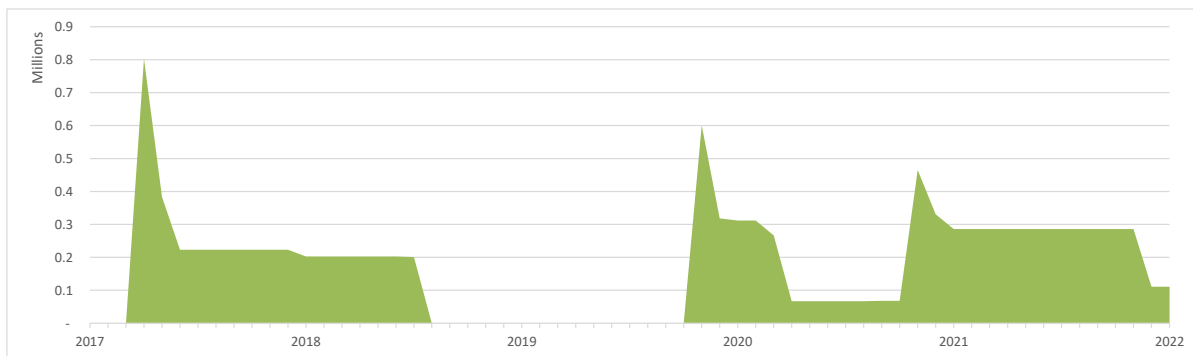
Definitions
and Goals

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	2023	2024	2025
Opening Balance	\$ 111	\$ 111	\$ 111	\$ -	\$ -
Additions:					
Bond Proceeds	-	-	-	-	40,000
Loans betw Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Withdrawals:					
Capital Expenditures	-	-	111	-	40,000
Transfers betw Capital Fds					
Other					
Sub-total	\$ -	\$ -	\$ 111	\$ -	\$ 40,000
Ending Balance	\$ 111	\$ 111	\$ -	\$ -	\$ -

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 2	\$ 205	\$ 2	\$ 314	\$ 286
Additions:					
Bond Proceeds	805		601	397	-
Loans betw Capital Fds					
Other					
Sub-total	\$ 805	\$ -	\$ 601	\$ 397	\$ -
Withdrawals:					
Capital Expenditures			289	425	175
Transfers/loans b/w Capital Fds		201			
Other	602	2			
Sub-total	\$ 602	\$ 203	\$ 289	\$ 425	\$ 175
Ending balance	\$ 205	\$ 2	\$ 314	\$ 286	\$ 111



Maximum Balance: 803
Minimum Balance: -

Average Balance: 174

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.

Water System Rate Stabilization - Environmental

For the First Quarter Ending December 31, 2022

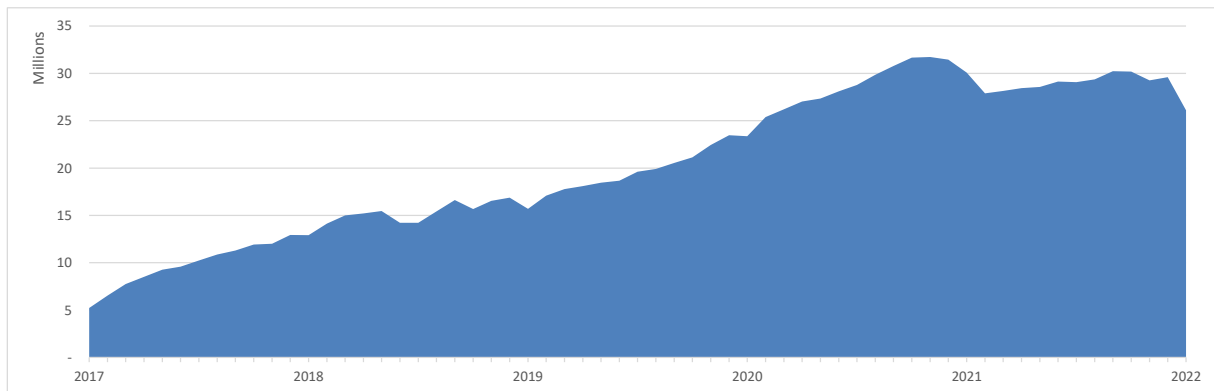
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2023	2024	2025
Opening Balance	\$ 26,094	\$ 26,094	\$ 26,094	\$ -	\$ -
Additions:					
Contributions	7,705	7,705	12,856	-	-
Sub-total	\$ 7,705	\$ 7,705	\$ 12,856	\$ -	\$ -
Withdrawals:					
Withdrawals	10,719	10,719	38,950	-	-
COJ Septic Tank Agreement			-		
Sub-total	\$ 10,719	\$ 10,719	\$ 38,950	\$ -	\$ -
Ending Balance	\$ 23,080	\$ 23,080	\$ -	\$ -	\$ -

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 5,214	\$ 12,914	\$ 15,687	\$ 23,372	\$ 30,077
Additions:					
Contributions	23,829	25,099	25,677	25,198	27,434
Sub-total	\$ 23,829	\$ 25,099	\$ 25,677	\$ 25,198	\$ 27,434
Withdrawals:					
Withdrawals	16,129	22,326	17,992	18,493	31,417
Sub-total	\$ 16,129	\$ 22,326	\$ 17,992	\$ 18,493	\$ 31,417
Ending balance	\$ 12,914	\$ 15,687	\$ 23,372	\$ 30,077	\$ 26,094



Maximum Balance: 31,730
Minimum Balance: 5,213

Average Balance: 20,474

Observations

- Rate Stabilization Fund for Environmental began in June 2010.

Water System Customer Deposits

For the First Quarter Ending December 31, 2022

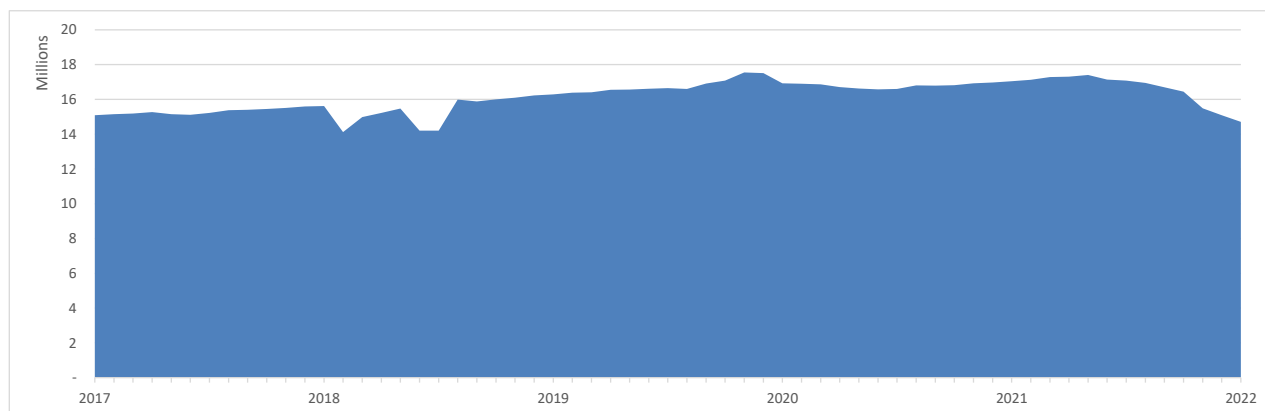
Definitions and Goals

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	2023	2024	2025
Opening Balance	\$ 14,710	\$ 14,710	\$ 14,710	\$ 13,372	\$ 12,187
Additions:					
Allocated from Electric	21	21	189	342	393
Sub-total	\$ 21	\$ 21	\$ 189	\$ 342	\$ 393
Withdrawals:					
Allocated from Electric	364	364	1,527	1,526	1,526
Sub-total	\$ 364	\$ 364	\$ 1,527	\$ 1,526	\$ 1,526
Ending Balance	\$ 14,367	\$ 14,367	\$ 13,372	\$ 12,187	\$ 11,054

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 15,086	\$ 15,616	\$ 16,289	\$ 16,926	\$ 17,043
Additions:					
Allocated from Electric	730	888	1,318	480	356
Sub-total	\$ 730	\$ 888	\$ 1,318	\$ 480	\$ 356
Withdrawals:					
Allocated from Electric	200	215	681	363	2,689
Sub-total	\$ 200	\$ 215	\$ 681	\$ 363	\$ 2,689
Ending balance	\$ 15,616	\$ 16,289	\$ 16,926	\$ 17,043	\$ 14,710



Maximum Balance: 17,549
Minimum Balance: 14,124

Average Balance: 16,163

Observations

Water System Debt Service Sinking Fund

For the First Quarter Ending December 31, 2022

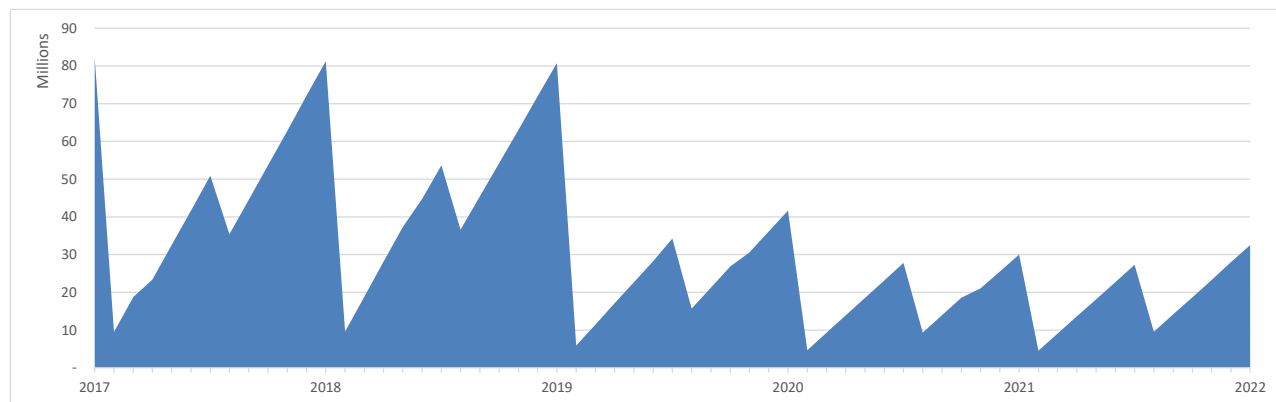
Definitions and Goals

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	2023	2024	2025
Opening Balance	\$ 32,499	\$ 32,499	\$ 32,499	\$ 75,006	\$ 76,989
Additions:					
Revenue fund deposits	25,563	25,563	103,236	102,560	104,418
Sub-total	\$ 25,563	\$ 25,563	\$ 103,236	\$ 102,560	\$ 104,418
Withdrawals:					
Principal and interest payments	33,339	33,339	60,729	100,577	101,191
Sub-total	\$ 33,339	\$ 33,339	\$ 60,729	\$ 100,577	\$ 101,191
Ending Balance	\$ 24,723	\$ 24,723	\$ 75,006	\$ 76,989	\$ 80,216

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 82,208	\$ 81,241	\$ 80,775	\$ 41,660	\$ 30,006
Additions:					
Revenue fund deposits	113,636	112,251	69,515	59,573	55,811
Sub-total	\$ 113,636	\$ 112,251	\$ 69,515	\$ 59,573	\$ 55,811
Withdrawals:					
Principal and interest payments	114,603	112,717	108,630	71,227	53,318
Sub-total	\$ 114,603	\$ 112,717	\$ 108,630	\$ 71,227	\$ 53,318
Ending balance	\$ 81,241	\$ 80,775	\$ 41,660	\$ 30,006	\$ 32,499



Maximum Balance: 81,242
Minimum Balance: 4,545

Average Balance: 27,645

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.

Water System Debt Service Reserve Account

For the First Quarter Ending December 31, 2022

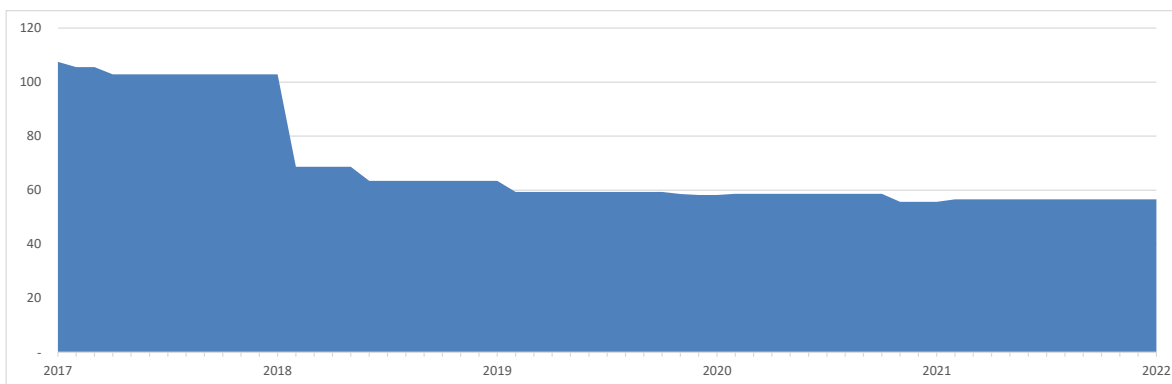
Definitions and Goals

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 when necessary.

(In Thousands)	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2023	2024	2025
Opening Balance	\$ 56,606	\$ 56,606	\$ 56,606	\$ 57,587	\$ 55,985
Additions:					
Bond Issue					
Revenue Fund	981	981	981		
Sub-total	\$ 981	\$ 981	\$ 981	\$ -	\$ -
Withdrawals:					
Revenue Fund				1,295	
Release to Refunding Defeasance				307	1,786
Sub-total	\$ -	\$ -	\$ -	\$ 1,602	\$ 1,786
Ending Balance	\$ 57,587	\$ 57,587	\$ 57,587	\$ 55,985	\$ 54,199

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 107,488	\$ 102,850	\$ 63,441	\$ 58,228	\$ 55,665
Additions:					
Bond Issue			737		
Revenue Fund				435	941
Sub-total	\$ -	\$ -	\$ 737	\$ 435	\$ 941
Withdrawals:					
Revenue Fund	4,638	5,525	1,689	795	
Release to Construction Fund		33,884			
Release for Defeasance			2,791	2,203	
Release to Refunding Defeasance			1,470		
Sub-total	\$ 4,638	\$ 39,409	\$ 5,950	\$ 2,998	\$ -
Ending balance	\$ 102,850	\$ 63,441	\$ 58,228	\$ 55,665	\$ 56,606



Maximum Balance: 102,850
Minimum Balance: 55,665

Average Balance: 60,575

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 allows 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.
- Projections are based on the debt outstanding as of the quarter referenced above.

Water System Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the First Quarter Ending December 31, 2022

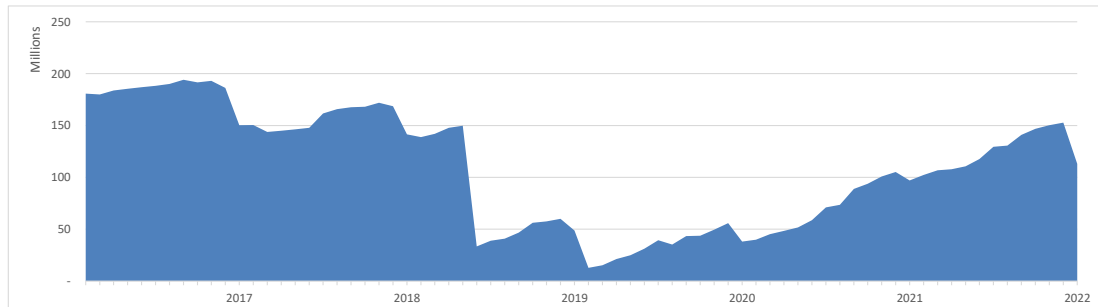
Definitions and Goals

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.

	Current Activity		Projected Activity		
	Quarter-End	Year -to-Date	2023	2024	2025
(In Thousands)					
Opening Balance	\$ 112,930	\$ 112,930	\$ 112,930	\$ 20,947	\$ 6,452
Additions:					
R&R/OCO Contribution	36,515	36,515	132,804	145,687	150,030
Capacity Fees	10,315	10,315	90,157	102,742	113,657
Transfer from Capital Fds			-	-	-
Other	18,091	18,091	48,109	9,201	8,631
Sub-total	\$ 64,921	\$ 64,921	\$ 271,070	257,630	272,318
Withdrawals:					
Capital Expenditures	107,581	107,581	344,159	272,125	274,917
Debt Defeasance					
Other	4,966	4,966	18,894		
Sub-total	\$ 112,547	\$ 112,547	\$ 363,053	\$ 272,125	\$ 274,917
Ending Balance	\$ 65,304	\$ 65,304	\$ 20,947	\$ 6,452	\$ 3,853

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 150,319	\$ 141,415	\$ 48,796	\$ 38,131	\$ 97,066
Additions:					
R&R/OCO Contribution	153,372	150,171	166,107	193,071	197,357
Capacity Fees	28,002	29,389	32,857	39,930	48,027
Loans betw Capital Fds		268			
Other (incl septic tank)	6,383	16,390	12,654	7,571	18,654
Sub-total	\$ 187,757	\$ 196,218	\$ 211,618	\$ 240,572	\$ 264,038
Withdrawals:					
Capital Expenditures	196,637	189,626	191,087	181,637	234,775
Loan Repayment		99,189	31,196		
Transfer to Constr. Fund					
Other (incl septic tank)	24	22			13,399
Sub-total	\$ 196,661	\$ 288,837	\$ 222,283	\$ 181,637	\$ 248,174
Ending balance	\$ 141,415	\$ 48,796	\$ 38,131	\$ 97,066	\$ 112,930



Maximum Balance: 152,710
Minimum Balance: 12,847

Average Balance: 79,515

Observations

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2025.

Water System - Environmental Fund [Capital Projects]

For the First Quarter Ending December 31, 2022

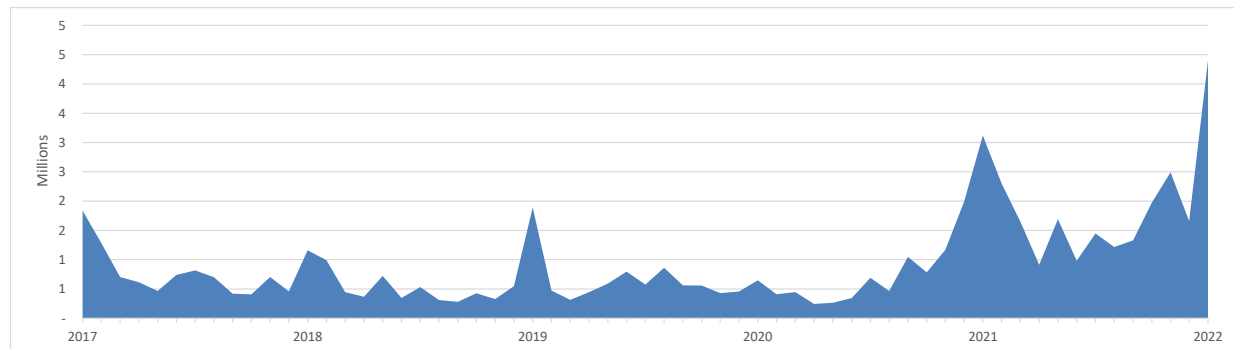
Definitions and Goals

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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2023	2024	2025
Opening Balance	\$ 4,400	\$ 4,400	\$ 4,400	\$ -	\$ -
Additions:					
Environmental Contributions	6,685	6,685	10,047		
Loans betw Capital Fds					
Other			13,412	22,940	36,635
Sub-total	\$ 6,685	\$ 6,685	\$ 23,459	\$ 22,940	\$ 36,635
Withdrawals:					
Capital Expenditures	8,820	8,820	27,859	22,940	36,635
Other					
Sub-total	\$ 8,820	\$ 8,820	\$ 27,859	\$ 22,940	\$ 36,635
Ending Balance	\$ 2,264	\$ 2,264	\$ -	\$ -	\$ -

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 1,839	\$ 1,159	\$ 1,891	\$ 648	\$ 3,118
Additions:					
Environmental Contributions	6,691	10,656	6,649	9,743	15,918
Loans betw Capital Fds					
Other					
Sub-total	\$ 6,691	\$ 10,656	\$ 6,649	\$ 9,743	\$ 15,918
Withdrawals:					
Capital Expenditures	7,370	9,924	7,892	7,273	14,636
Septic Tank Phase Out					
Other	1				
Sub-total	\$ 7,371	\$ 9,924	\$ 7,892	\$ 7,273	\$ 14,636
Ending balance	\$ 1,159	\$ 1,891	\$ 648	\$ 3,118	\$ 4,400



Maximum Balance: 4,400
Minimum Balance: 244

Average Balance: 985

Observations

Water System - Construction / Bond Fund

For the First Quarter Ending December 31, 2022

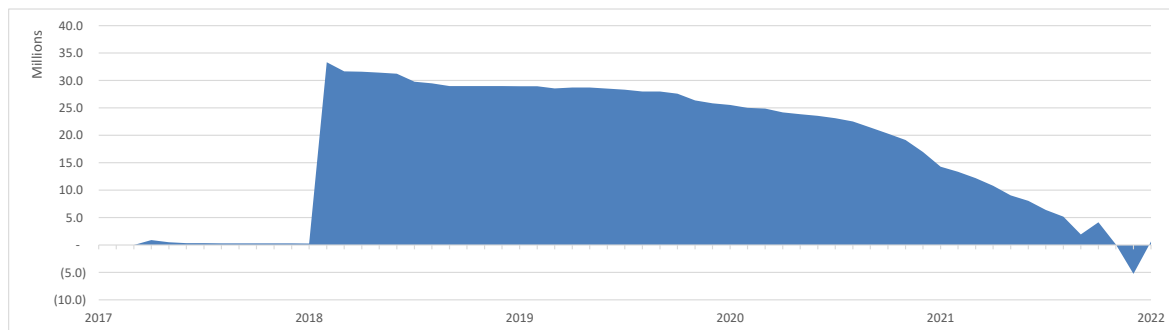
Definitions and Goals

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	2023	2024	2025
Opening Balance	\$ 646	\$ 646	\$ 646	\$ -	\$ -
Additions:					
Bond Proceeds	-	-		186,544	# 304,000
Revolving credit facility				-	
Other	4,966	4,966	6,593	-	
Sub-total	\$ 4,966	\$ 4,966	\$ 6,593	\$ 186,544	\$ 304,000
Withdrawals:					
Capital Expenditures/Bond Issue Costs	5,380	5,380	7,239	186,544	304,000
Other					
Sub-total	\$ 5,380	\$ 5,380	\$ 7,239	\$ 186,544	\$ 304,000
Ending Balance	\$ 232	\$ 232	\$ -	\$ -	\$ -

Historical Activity

	2018	2019	2020	2021	2022
Opening Balance	\$ 15	\$ 284	\$ 28,968	\$ 25,541	\$ 14,266
Additions:					
Bond Proceeds	894	33,884	506	520	7,304
Revolving credit facility					
Loans/transfers b/w Capital Fds					
Other			837	34	-
Sub-total	\$ 894	\$ 33,884	\$ 1,343	\$ 554	\$ 7,304
Withdrawals:					
Capital Expenditures	623	4,930	4,770	11,829	20,924
Bond Proceeds					
Loans/trnsf btw CapFds					
Other	2	270	-	-	-
Sub-total	\$ 625	\$ 5,200	\$ 4,770	\$ 11,829	\$ 20,924
Ending balance	\$ 284	\$ 28,968	\$ 25,541	\$ 14,266	\$ 646



Maximum Balance: 33,333
Minimum Balance: (5,260)

Average Balance: 20,872

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.

Energy Market Risk Management: Physical and Financial Positions

Summary as of 2/1/2023	
Projected FY23 Fuel Expense (Budget = \$672M)	\$575
EMRM Compliance	Yes
Counterparty Credit Limit Exceptions	No
Any Issues of Concern	No

Table 1: Physical Counterparties (Contracts One Year or Greater) as of 2/1/2023

Generating Unit	Fuel Type	Supplier/Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
NS CFB	Limestone	CY23-CY24 Vulcan	Fixed Price	\$7,329,135	1.92 years
NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	\$727,516,750	8.33 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$188,074,853	26.16 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$104,839,827	16.16 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$181,950,046	26.33 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$177,235,335	26.41 years
NG Fleet	Natural Gas	Main Street/MGAG	Index W/Discount	\$300,070,536	29.75 years
NG Fleet	Natural Gas	Main Street/MGAG	Index W/Discount	\$400,892,985	30 years
NG Fleet	Natural Gas	Main Street/MGAG	Index W/Discount	\$496,499,435	30 years

Table 2: Financial Positions as of 2/1/2023

Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY23	Natural Gas	36,382,866	23,109,500	63.5%	\$ 3.01	Swap	\$ 3.60	\$ 13,336,873	Wells Fargo & RBC
FY24	Natural Gas	57,835,411	35,531,214	61.4%	\$ 3.73	Swap	\$ 3.65	\$ (2,873,042)	Wells Fargo & RBC
FY25	Natural Gas	48,478,667	22,975,788	47.4%	\$ 4.03	Swap	\$ 3.72	\$ (6,825,394)	Wells Fargo & RBC
FY26	Natural Gas	47,696,313	20,183,583	42.3%	\$ 4.12	Swap	\$ 4.02	\$ (1,264,668)	Wells Fargo & RBC
FY27	Natural Gas	48,932,034	13,288,376	27.2%	\$ 4.20	Swap	\$ 4.33	\$ 2,516,970	Wells Fargo & RBC
CY23-31	Nat.Gas-PPA	108,368,571	75,858,000	70.0%	\$ 3.99	Swap	\$ 2.57	\$ (120,727,326)	Nextera

Table 3: Fuel & Purchase Power Procurement as of 2/1/2023

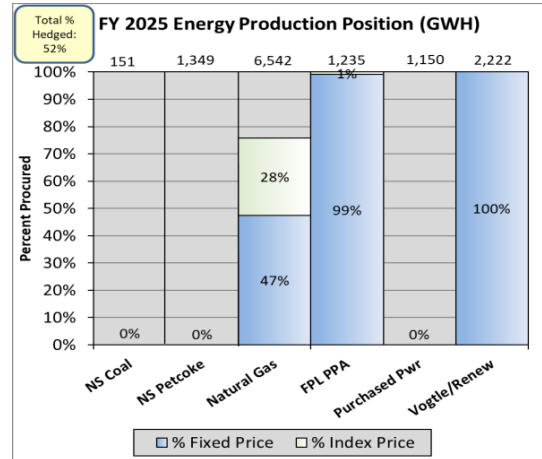
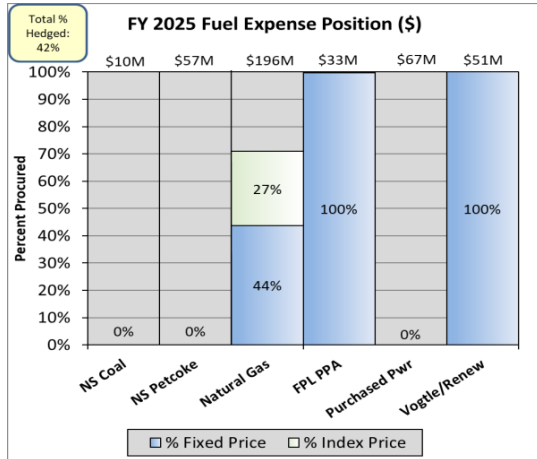
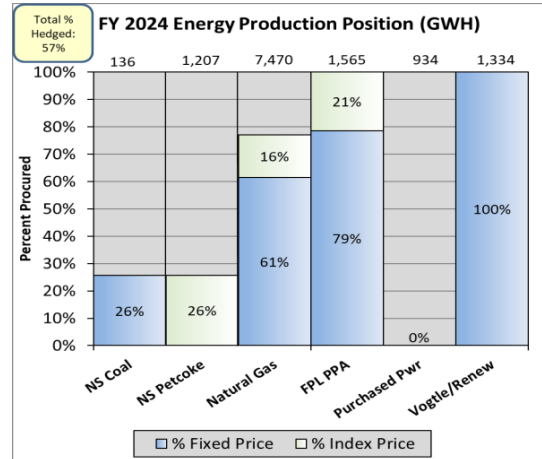
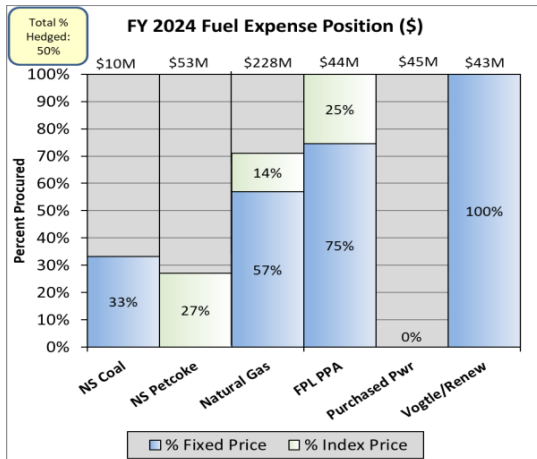
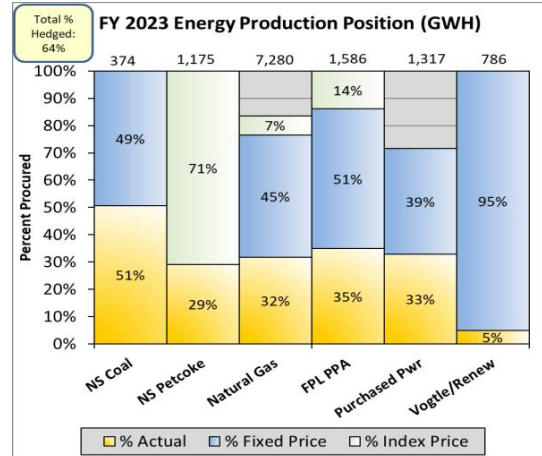
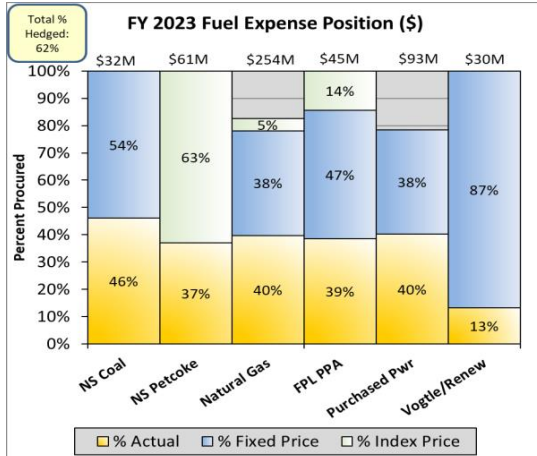
Fuel Type	Natural Gas	Coal	Petcoke	Limestone	FPL PPA	PurchPwr	Oil/Diesel	Renewables	Vogtle
FY23 Remaining / Energy Mix	57%	2%	10%	N/A	12%	10%	0%	4%	5%
Expected Spend (\$)	152.9M	17.2M	38.1M	2.9M	27.7M	54.9M	3M	20.5M	7M
% Procured	71%	100%	100%	100%	100%	64%	100%	100%	100%
% Hedged	64%	100%	0%	100%	76%	64%	100%	93%	100%
FY24 Budget / Energy Mix	59%	1%	9%	N/A	12%	7%	0%	5%	6%
Expected Spend (\$)	227.9M	10.2M	52.4M	3.6M	44.4M	65.8M	3.3M	33.1M	11.7M
% Procured	71%	33%	27%	100%	100%	0%	100%	100%	100%
% Hedged	57%	33%	0%	100%	75%	0%	100%	94%	100%
FY25 Projection / Energy Mix	51%	1%	11%	N/A	10%	9%	0%	5%	13%
Expected Spend (\$)	195.8M	9.8M	55.7M	4.1M	33.1M	22.2M	3.1M	34.2M	19.2M
% Procured	71%	0%	0%	19%	100%	0%	100%	100%	100%
% Hedged	44%	0%	0%	19%	100%	0%	100%	94%	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 1: Limestone contract value is based on current contract pricing; due to supply disruption this price is expected to increase
- 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
- Biomass consumption is part of the reported renewables; pricing is subject to market conditions
- New five year solar purchase power agreement with FPL reported as renewable in Table 3

Finance and Operations Committee Report

2/27/2023





Rating Agency Presentation

Fiscal Year 2022



February 2023

Introduction

Overview of JEA and Jacksonville

Financials

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FY2023 – FY2027 Projections

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JEA Well-positioned to take on future challenges



Electric System

Maintained excellent financial and operational metrics with rates currently at median in the state

- Improving balance sheet with system debt at a 38-year low
- Continued excellent distribution system reliability

Capital program includes \$1.5 billion of projects over the next five years, 69% cash funded 31% bond funded

Total debt reduction of \$2.8 billion since system peak in 2009

- Accelerated principal due before 2026, resulting in debt service coverage of at least 3.0x and fixed charge coverage of 1.6x when Vogtle comes fully online
- In January 2022 retired \$48 million of Scherer – Bulk Power Supply System Bonds and \$27 million of SJRPP Issue Three Bonds with proceeds from the Scherer Plant closure
- In September 2022 used the remaining St. Johns River Power Park funds to redeem approximately \$102 million of Issue Three Bonds

Water System

Maintained excellent financial and operational metrics with rates (5/8” meter, 6 kgals of consumption) currently lower than median of Florida peers tracked and reported on by JEA monthly

- Debt to asset ratio of 37% is the lowest since FY2000
- Commitment to investing in infrastructure ensures reliable operation

Capital program of \$2.2 billion over the next five years, 60% cash funded 40% bond funded

Total debt reduction of \$867 million since 2011 with a debt to asset ratio under the 46% peer ratio

- Strong balance sheet and ample liquidity
- Superior debt service coverage expected to be 3.0x to 4.1x over the next five years

JEA Board of Directors

JEA has been a municipal electric system since 1895, an independent agency of the City of Jacksonville, Florida since 1968, and has operated the water and sewer system since 1997

JEA has a seven-member Board that meets at least eight times per year, with four members appointed by the City Council President and three members by the Mayor, all confirmed by City Council



Chair



Vice Chair



Secretary



John Baker



Dr. Zachary Faison, Jr.



Rick Morales



Tom VanOsdol

GOVERNANCE, AUDIT, AND COMPLIANCE COMMITTEE

The Governance, Audit, and Compliance Committee's primary function is to assist the Board in fulfilling its oversight responsibilities in the areas of Board governance and compliance, including audit and risk management

FINANCE & OPERATIONS COMMITTEE

The Finance & Operations Committee's primary function is to assist the Board in fulfilling its oversight responsibilities with JEA's strategic objective of Delivering Business Excellence

WORKFORCE AND CUSTOMER COMMITTEE

The Workforce and Customer Committee's primary function is to assist the Board in fulfilling its oversight responsibilities with JEA's strategic objectives of Building an Unbeatable Team and Earning Customer Loyalty

EXTERNAL AFFAIRS COMMITTEE

The External Affairs Committee's primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring JEA's stakeholder strategies, environmental stewardship, economic development, and communications

JEA Leadership Team

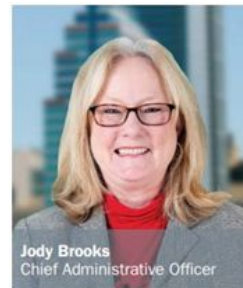


First established by the City of Jacksonville in 1895, JEA has grown from a city department to the eighth largest municipal utility in the country, providing energy, water and wastewater services to more than 485,000 customers. We are proud of our deep-rooted service to the Northeast Florida community and our ability to navigate an everchanging industry over the past century.

Today, JEA is focused on a number of initiatives as we look for ways to better serve our customers and community. We are continuously working to reduce the number and duration of power and water outages our customers experience. We are improving services to make doing business with JEA easier and more convenient. We are diversifying our energy mix to include more sources of renewable energy and investing in infrastructure improvements.

We are safeguarding our environment by lowering our carbon footprint and helping preserve the St. Johns River. We are helping to grow our local economy and support the businesses we serve. We are also giving back to the community through employee volunteerism, supporting those who are in financial need, and partnering with local agencies that help people maintain the quality of life everyone deserves.

Now, more than ever, JEA is positioned for success, as our first-class workforce is squarely focused on developing an unbeatable team, delivering business excellence and earning customer loyalty. We believe that the best and brightest days for JEA lie ahead, and we welcome you to share in our exciting journey.



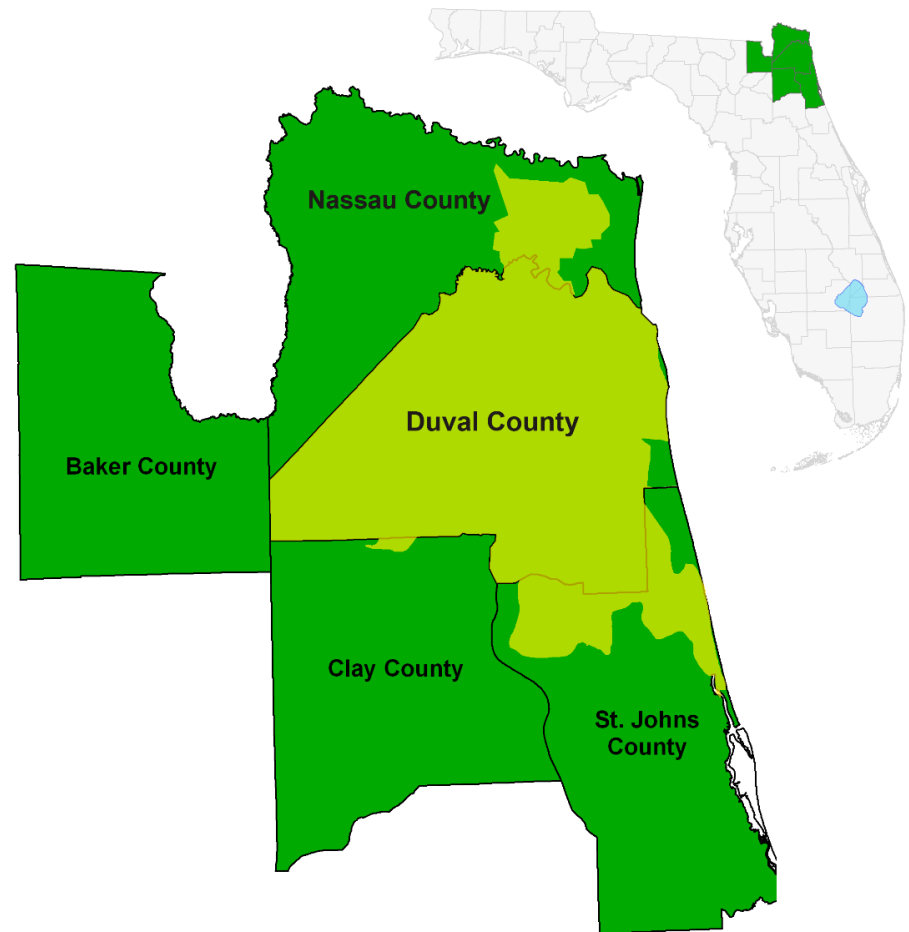
JEA Service Territory

Located in Jacksonville, Florida, our service territory includes the entire Jacksonville Metropolitan Statistical Area (MSA) which has an estimated population of 1.6 million¹

The Jacksonville MSA saw a 17% increase in population from 2012 to 2021.

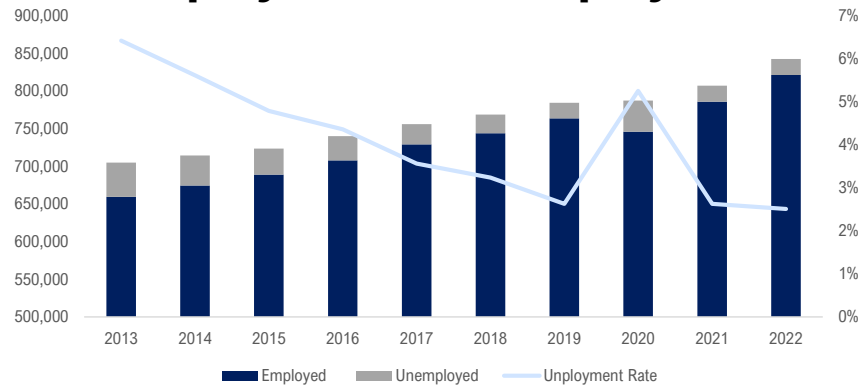
JEA's service territory also includes 160,604 electric, water and reclaimed meters in neighboring St. Johns, Nassau and Clay Counties

Source: U.S. Census Bureau, "2021 American Community Survey 5-Year Estimates"



JEA The local economy is made up of a diverse mix of industries

Employment & Unemployment



Source: US Bureau of Labor Statistics "Jacksonville, FL Economy at a Glance:"

Median Household Income

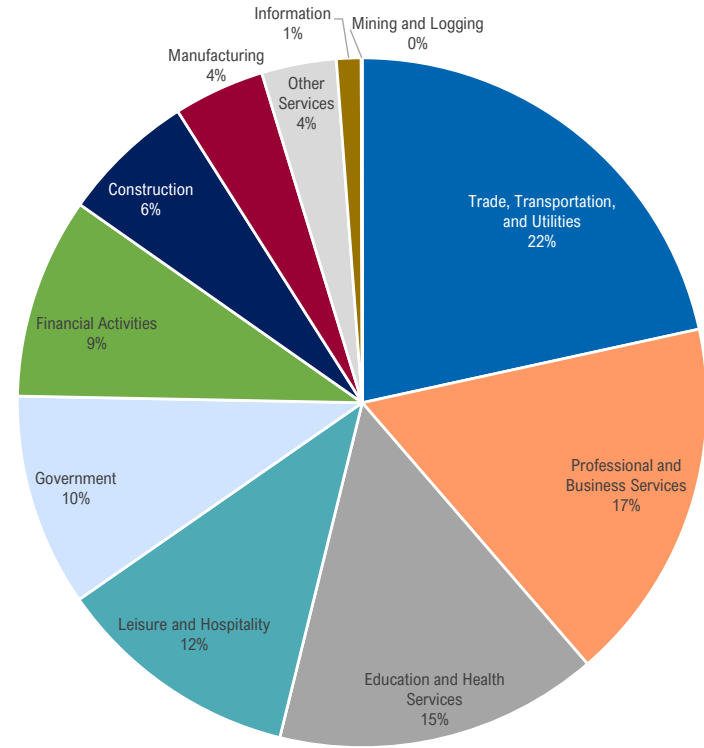
Florida's median household income has increased 6.8% year over year.



Duval County median household income has increased 4.6% year over year.



Source: U.S. Census Bureau, "2021 American Community Survey 1-Year Estimates"
Median household income in the past 12 months (in 2021 inflation-adjusted dollars)



Source: US Bureau of Labor Statistics "Jacksonville, FL Economy at a Glance:", Dec 2022

JEA Committed to environmental stewardship

Reducing Greenhouse Gas Emissions



JEA's Electrification Rebates Program has reduced GHG emissions by over 1 million metric tons. That is the equivalent of over 225,000 cars off the road for 1 year.

The closing of Plant Scherer Unit 4 in FY2022 reduces CO2 emissions by 1.3 million metric tons per year. That's equivalent to over 3 billion miles driven by average gasoline powered vehicles.



The FY2023 Fuel Forecast is 6% carbon neutral which is triple the FY2022 actual. This includes a solar expansion and Plant Vogtle Unit 3.

Joined the Southeastern Energy Exchange Market which allows near real-time access to purchase renewable energy.



Protecting our Local Environment



Recognized by the Florida Urban Forestry Council with its "2021 Outstanding Utility Award" for JEA's commitment to a sustainable and resilient tree canopy

Installation of backup pumps and diesel generators led to zero sanitary sewer overflows during Hurricane Ian in 2022.



Expanding on Water Purification testing to pilot a 1 million gallons per day facility to purify wastewater for aquifer recharge

In FY2022 we sold 5.2 billion gallons in reclaimed water for irrigation. Our reclaimed system has seen about 14% growth on average over the last 5 years.



JEA Placing the wellbeing of our community & employees at the forefront of all that we do

Customer and Community Impact

JEA responded to customer concerns about higher than usual bills due to high temperatures and fuel prices by suspending disconnections and waiving late fees for 6 weeks.



Credit card fees to customers were eliminated on October 1, 2022. We also shortened the return of customer deposits from 24 to 12 months.

Year-round tree trimming, system hardening and the installation of generators and diesel pumps at sewer facilities allow JEA to minimize storm impacts to customers



FMEA has recognized JEA with its “Building Strong Communities” award for making valuable investments that enhance the quality of life in Northeast Florida.

Building an Unbeatable Team



On January 3, 2022, we welcomed our first Director of Diversity Equity and Inclusion, Paul McFadden. Paul established the DEI Council to integrate best practices for diversity, equity, and inclusion into JEA policies and programs.

JEA is proud to be recognized as 14th in Forbes 2022 America’s Best Midsize Employers



JEA allows applicable employees to work from where they work best. We are also extending flexible dispatch options to employees in the field.

Pay adjustments for employees during FY22 that recognized the inflationary environment and the need to add and retain top talent in a competitive labor market.



JEA Ensuring sound governance & stability for generations to come

Board and Leadership Team

The majority of board members have been in place for about 3 years. They provide clear directions on goals and hold leadership accountable. Board Committees include Governance, Audit and Compliance; Finance and Operations; External Affairs; and Workforce and Customers



The JEA Board of Directors demonstrated a willingness to enact rate adjustments to support our systems. Fuel Costs are now passed through to customers monthly. The budget for FY 2023 assumes a 1.5% mid year increase in electric base rates. District Energy System rates have been restructured to more appropriately recover costs and to increase transparency. Rate increases began on 10/1.

Managing Risk Exposure



JEA hedges approximately 68% of our fuel costs and undertakes short term fixed price PPAs to lower rate pressure. In FY23 we will make a \$124 Million contribution to NFPP Rate Stabilization Fund to decrease base rate pressures in out years

Cybersecurity training is required of all JEA employees to be renewed annually. We also regularly use simulated phishing emails to create teachable moments for employees. We've implemented system hardening related to backups. We utilize 24/7 monitoring and vulnerability management to respond quickly to any weaknesses or issues as they arise. Vulnerability management is an ongoing process that includes proactive asset discovery, continuous monitoring, mitigation, remediation, and defense tactics to protect JEA, our attack surface, from Cyber Exposure.



JEA employs a defense-in-depth approach to the physical protection of our personnel and assets. This approach incorporates a variety of security resources and technologies to protect our systems from an act of sabotage. JEA works continuously with our law enforcement partners at the local, state, and federal levels to ensure we are properly addressing the ever-changing threat landscape.

JEA Improving Lives. Building Community.

to be the best utility in the nation

Our Values

Safety

We put the physical and emotional wellbeing of people first, both at and away from work.

Respect

We treat others with courtesy and respect, seeking diverse perspectives and helping to bring out the best in everyone.

Integrity

We place the highest standard on ethics and personal responsibility, worthy of the trust our customers and colleagues place in us.

Our Strategic Focus Areas

Developing an Unbeatable Team

because we know employees that are treated well will treat our customers well

Delivering Business Excellence

because we are serious about serving as good stewards of the resources our customers rely on

Earning Customer Loyalty

because our customers count on us for delivering affordable, reliable services

Our Strategic Objectives

Foster an Exceptional Work Culture

Employee Engagement

Diversity, Equity & Inclusion

Deepen Customer & Community Engagement

Reasonable Rates

Sound Business Decisions

Economic Development

Customer Solutions

Stakeholder Relationships

Environmental Stewardship

Plan for the Future

Employee Development

Long-term Workforce Plan

New Business Opportunities

Integrated Resource Plan

Resilient & Reliable Infrastructure

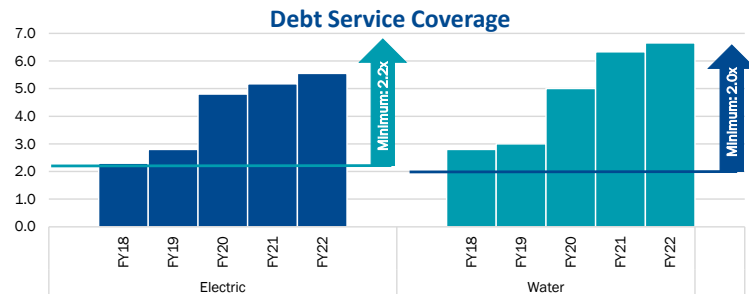
Make Doing Business with JEA Easy

Technology, Tools & Data

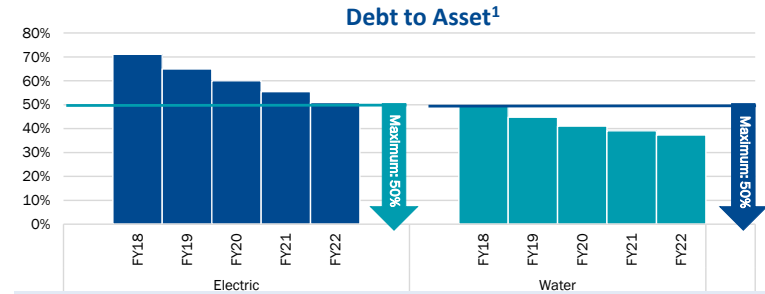
Governance & Policy Review



JEA Consolidated | Historical Financial Metrics

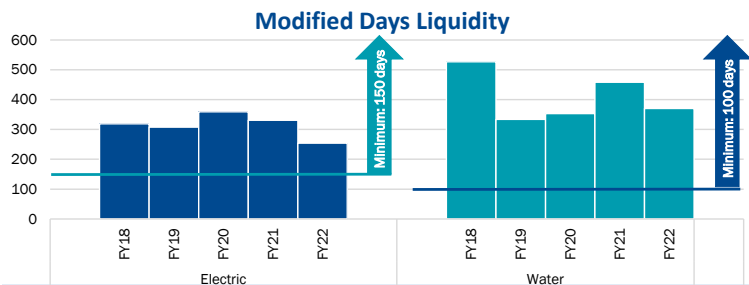


FY2022 Debt Service Coverage remains strong and provided financial flexibility to respond to industry challenges

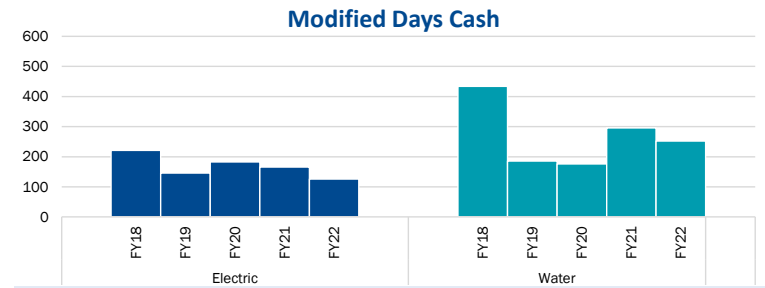


Debt to Asset Ratio continues to improve and now meets or exceeds long-term pricing policy targets

¹ Includes Electric System, Scherer and SJRPP



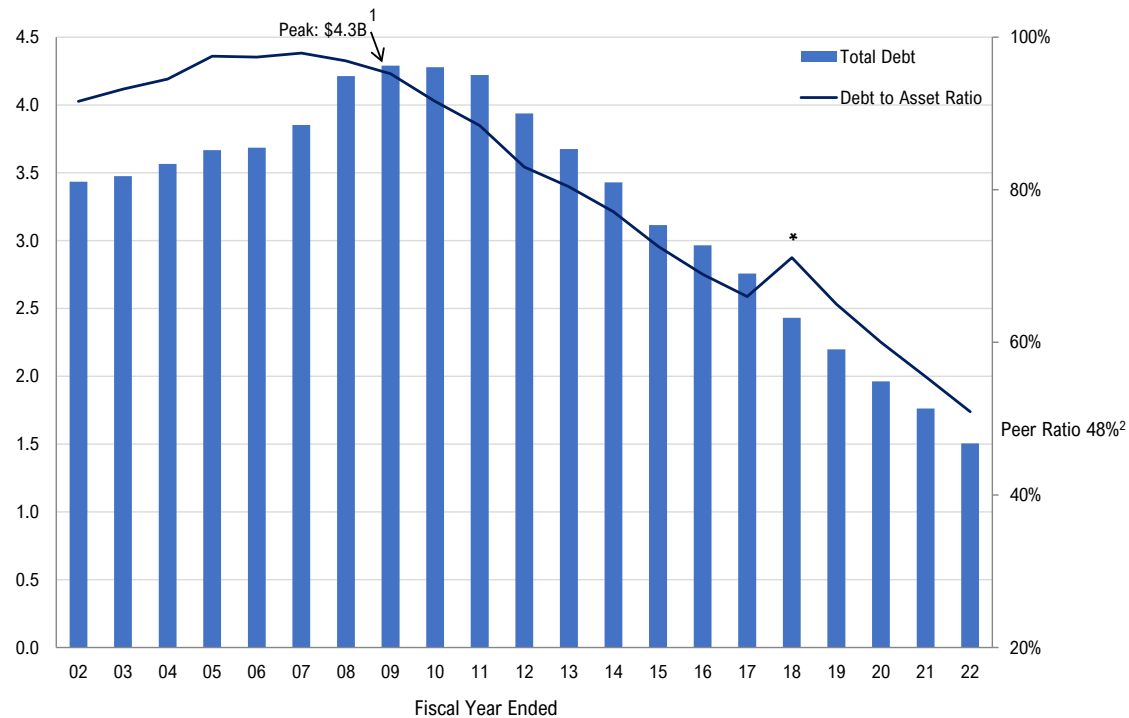
Modified days liquidity remains strong and above pricing policy target



Modified Days Cash remains strong and provided the ability to invest in infrastructure in both systems without new debt through FY22

FY2022 results demonstrate strong performance across all key financial metrics

JEA Electric System | Debt Management

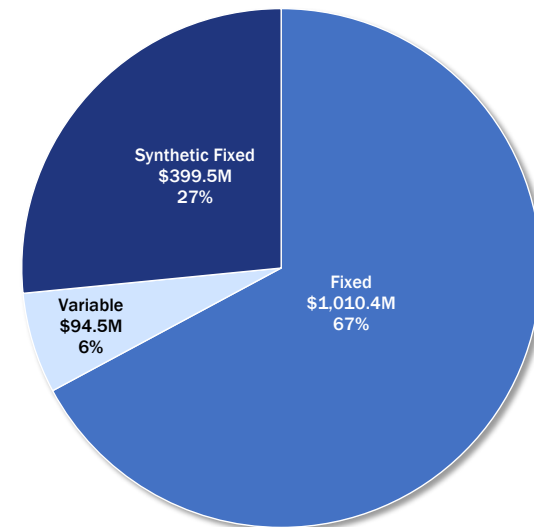


¹ Includes Electric System, Scherer, and SJRPP

² Fiscal 2021 medians – Top 30 City Owned Generators By Debt Outstanding – Aa-rated
Moody's Sector Profile – Public Power – US, 2023-01-30

* Increase in Debt to Asset Ratio in FY18 due to SJRPP retirement

Debt Composition
as of September 30, 2022



\$2.8 billion reduction in debt since peak

Variable rate exposure reduced from 20% in 2008 to 6% in 2022

JEA Electric System | Financial Results

Our Forecasts For FY2022

- **4.9x** Combined debt service coverage
- **185** Days of cash on hand
- **328** Days of liquidity
- **\$258M** Total debt reduction^{1,2}
- **49%** Debt to asset ratio¹
- **47%** Debt to capitalization ratio¹
- **\$190M** Capital expenditures
- **0%** System MWh Sales growth

¹ Includes Electric System, Scherer, and SJRPP

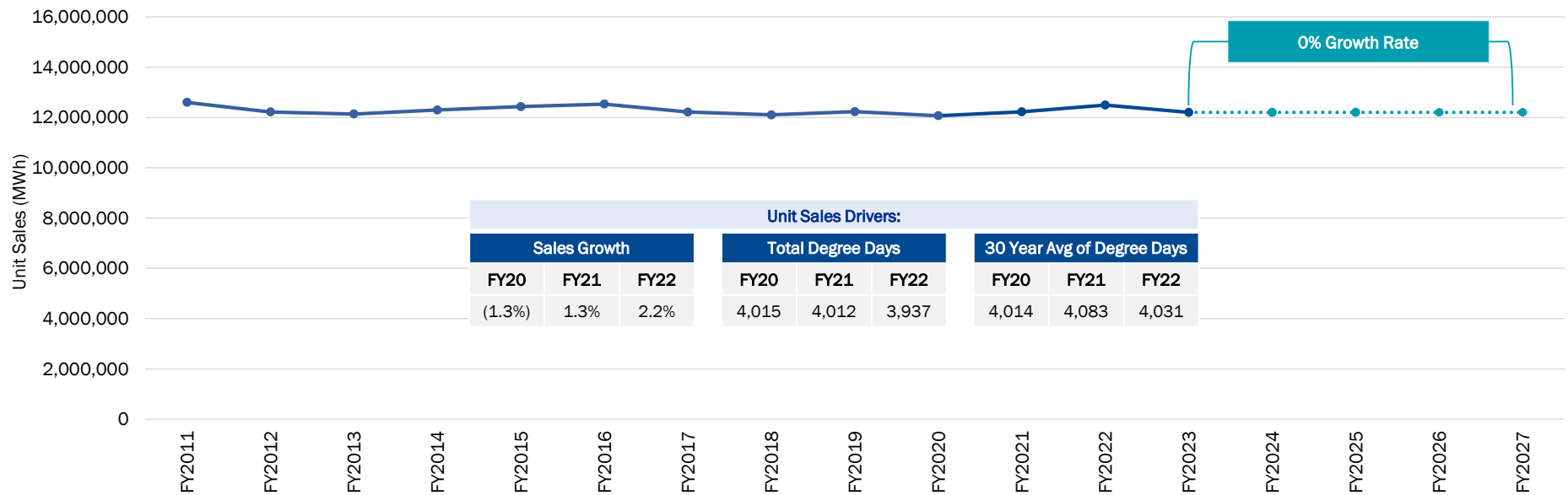
² Includes early retirement of \$129 million of SJRPP debt and \$48 million of Scherer debt

Our Outcomes for FY2022

- **5.6x** Combined debt service coverage
- **126** Days of cash on hand
- **254** Days of liquidity
- **\$258M** Total debt reduction^{1,2}
- **51%** Debt to asset ratio¹
- **46%** Debt to capitalization ratio¹
- **\$188M** Capital expenditures
- **2%** System MWh Sales growth

JEA Electric System | Unit Sales

Weather Normalized Unit Sales in MWh

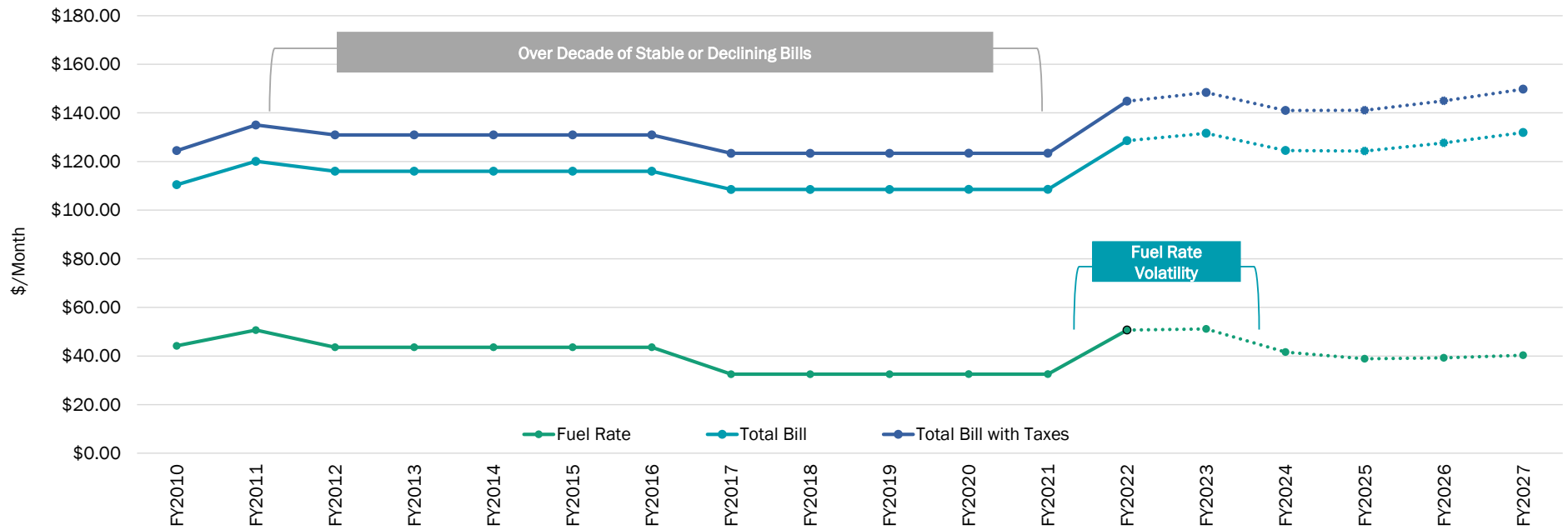


- Historically the electric system experienced -0.1% annualized unit sales growth from 2011 –2022¹ on weather normalized basis
- For financial planning purposes, JEA forecasts system unit sales growth of 0% from FY2023 to FY2027

¹ Includes impact of expiration of sales for resale- territorial contract with FPU

JEA Electric System | Residential Customer Rates

Electric Residential Rates (@1,000 kWh)



- Annual revenue requirement (excluding fuel) increases of approximately 3% between FY2023-2027
- FY2023-2027 total bill projections include base rate assumptions as of April 1 in any given year
- FY2023-2027 fuel rate projections based on annualized estimates of monthly rate. Implemented a new fuel and purchased power policy in FY2022, moving to a monthly setting of the fuel rate. Future incorporation of nuclear, solar, FPL Power Purchase Agreement, and robust hedging strategies will help stabilize the fuel rate over the forecast horizon.

JEA Electric System | Capital Funding Sources & Uses

	2022	2023	2024	2025	2026	2027
Beginning Capital Fund Balance	\$184	\$233	\$173	\$98	\$35	\$36
Beginning Environmental Fund Balance	\$20	\$21	\$15	\$0	\$0	\$0
Funds from Current Year Revenue ¹	\$238	\$163	\$173	\$193	\$209	\$212
Funds from Debt Issuance	\$0	\$0	\$0	\$0	\$225	\$225
Funds from Operating Fund Transfers	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$238	\$163	\$173	\$193	\$434	\$437
Capital Spending²	(\$188)	(\$235)	(\$215)	(\$215)	(\$400)	(\$400)
Early Debt Retirements	\$0	\$0	\$0	\$0	\$0	\$0
Other ³	(\$1)	\$7	(\$50)	(\$40)	(\$33)	(\$34)
Total Uses of Funds	(\$188)	(\$228)	(\$265)	(\$255)	(\$433)	(\$434)
Ending Capital Fund Balance	\$233	\$173	\$98	\$35	\$36	\$39
Ending Environmental Fund Balance	\$21	\$15	\$0	\$0	\$0	\$0

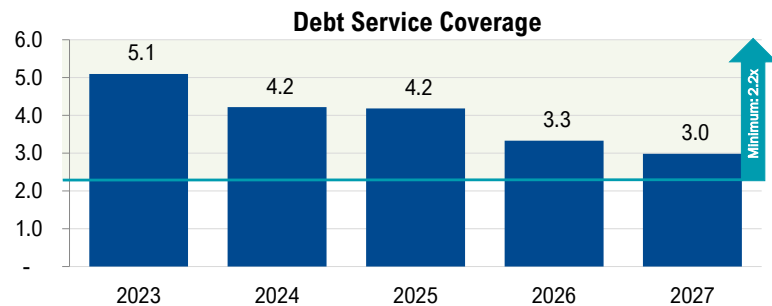
The Electric System capital plan is centered on renewal and replacement, while preparing for additional capital needs including future generation beginning in FY2025-FY2027

¹Includes Non-environmental & Environmental revenues in FY22 & FY23. Environmental rate projected to be folded into base rates April 1 of FY23.

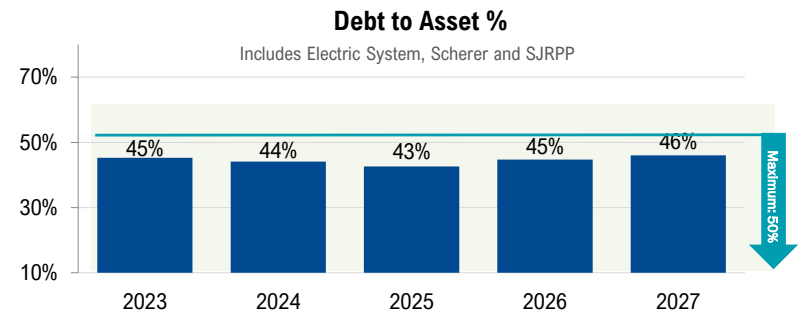
²Includes Non-environmental & Environmental spend in FY22 & FY23.

³Include items such as sale of property, changes in working capital, adjustments for CWIP, Environmental O&M, and Amortization of Environmental Regulatory Asset

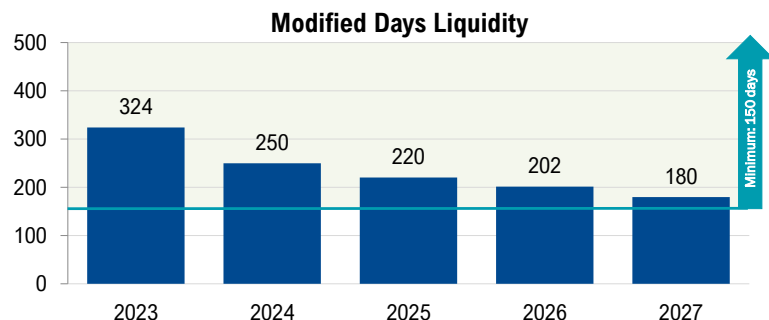
JEA Electric System | Financial Metrics



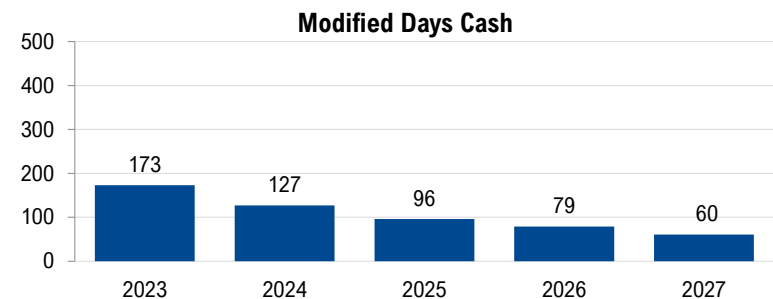
Strong Debt Service Coverage metrics, result of prior accelerated debt repayments, above pricing policy target



Debt to Asset % under internal policy targets



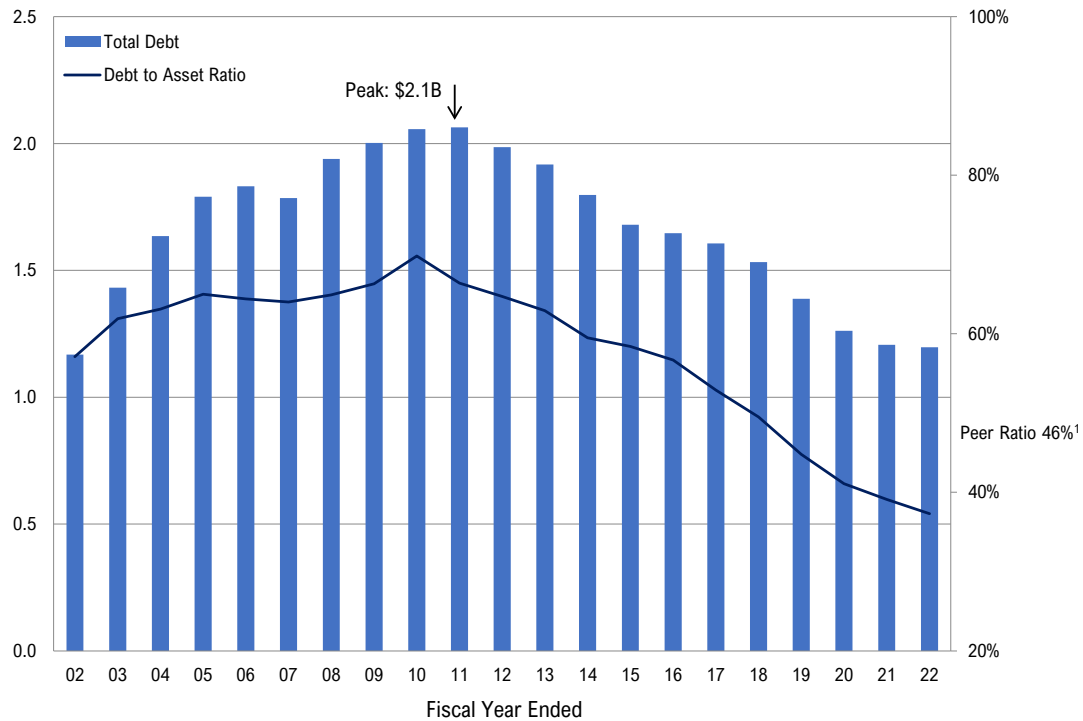
Liquidity metrics impacted by revolver available balance allocation.
Modified days liquidity above pricing policy target



Modified days cash dips below 90 days in five-year window driven by NFPP fund usage to help offset rate pressure beginning in FY24

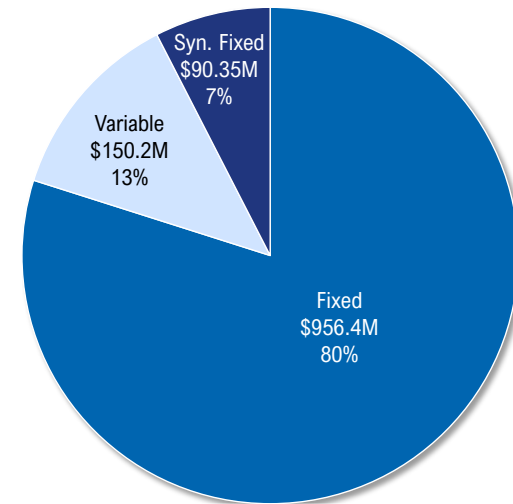
Debt to Asset ratio at Mid 40% Range in 2027 • \$1.5 billion capital plan FY23 – FY27

JEA Water System | Debt Management



¹ Calculated from Moody's Municipal Financial Ratio Analysis database of 189 Aa rated public water-sewer utilities, Nov. 22, 2022

Debt Composition
as of September 30, 2022



\$867 million reduction in debt since peak
Variable rate exposure reduced from 18% in 2009 to 13% in 2022

JEA Water System | Financial Results

Our Forecasts For FY2022

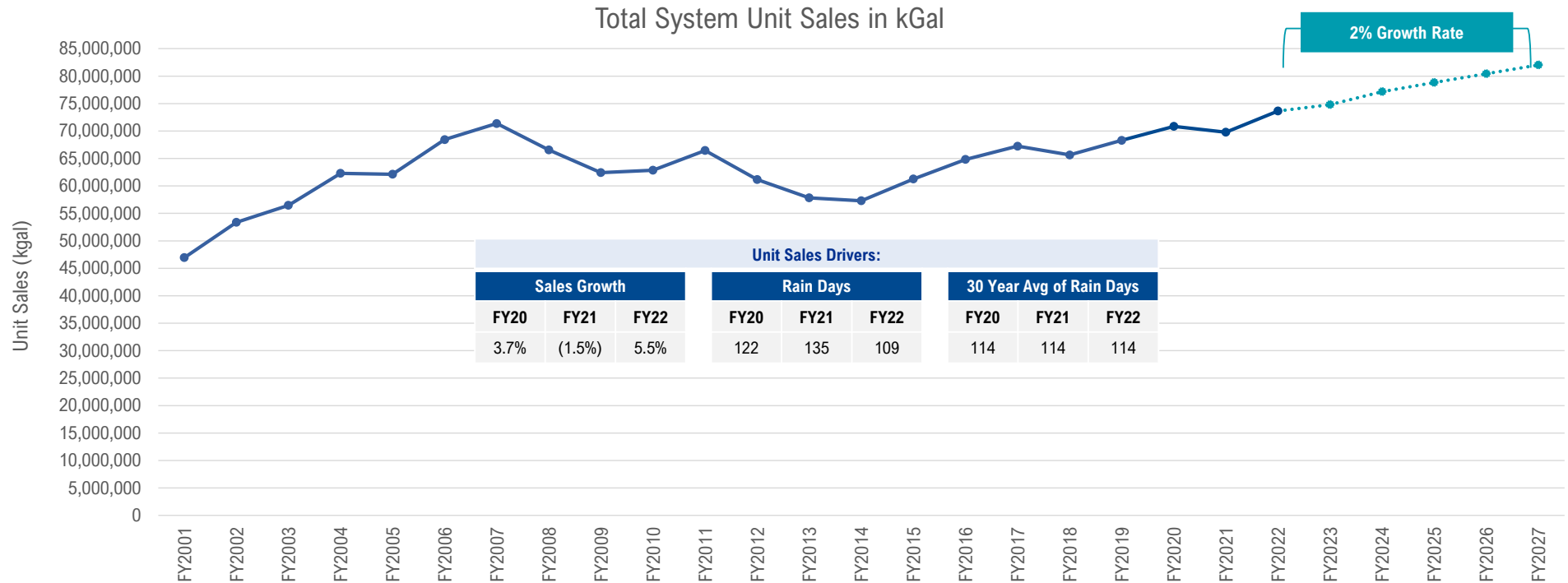
- **5.6x** Combined debt service coverage¹
- **189** Days of cash on hand
- **327** Days of liquidity
- **\$9M** Total debt reduction
- **38%** Debt to asset ratio
- **36%** Debt to capitalization ratio
- **\$310M** Capital expenditures
- **2%** increase in Water kgal sales

¹ Includes capacity fees

Our Outcomes for FY2022

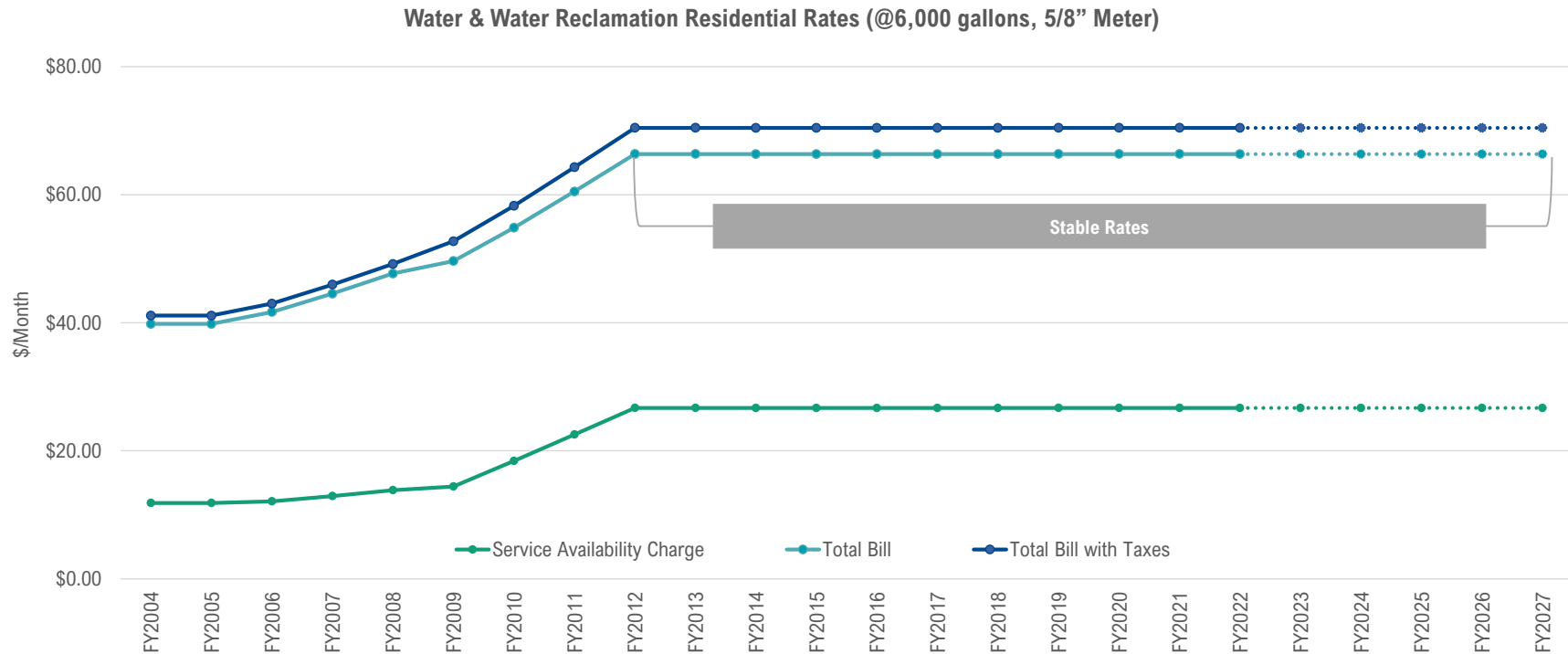
- **6.7x** Combined debt service coverage¹
- **252** Days of cash on hand
- **370** Days of liquidity
- **\$9M** Total debt reduction
- **37%** Debt to asset ratio
- **36%** Debt to capitalization ratio
- **\$302M** Capital expenditures
- **6%** increase in Water kgal sales

JEA Water System | Unit Sales



- FY2023-2027 projected growth rate by commodity is 1.3% for Water, 1.5% for Sewer, 13% for Retail Reclaim, and 0% for Bulk Reclaim. Overall system projected unit sales growth is 2% from FY2023-2027.
- Sales growth assumptions based on production versus sales reconciliation utilizing historic average production ratios for each commodity

JEA Water System | Residential Customer Rates



- No projected residential rate increases in current five-year forecast window.
- Capacity fees for new water, water reclamation, and irrigation connections reflect the first step increase effective April 1, 2022, and the second step increase effective October 1, 2022. The remaining step increase is scheduled for April 1, 2023.

JEA Water System | Capital Funding Sources & Uses

	2022	2023	2024	2025	2026	2027
Beginning Capital Fund Balance	\$97	\$113	\$20	\$24	\$45	\$60
Beginning Environmental Fund Balance	\$30	\$26	\$0	\$0	\$0	\$0
Funds from Current Year Revenue ¹	\$280	\$249	\$244	\$219	\$246	\$237
Funds from Debt Issuance	\$0	\$0	\$217	\$217	\$217	\$217
Funds from Operating Fund Transfers ²	\$0	\$17	\$24	\$35	\$3	\$0
Total Sources of Funds	\$280	\$266	\$492	\$478	\$472	\$461
Capital Spending³	(\$302)	(\$395)	(\$450)	(\$450)	(\$450)	(\$450)
Early Debt Retirements	\$0	\$0	\$0	\$0	\$0	\$0
Other ⁴	\$33	\$10	(\$31)	\$0	\$0	\$0
Total Uses of Funds	(\$269)	(\$385)	(\$481)	(\$450)	(\$450)	(\$450)
Ending Capital Fund Balance	\$113	\$20	\$24	\$45	\$60	\$65
Ending Environmental Fund Balance	\$26	\$0	\$0	\$0	\$0	\$0

The Water System capital plan is driven by growth, programs to rehabilitate and harden infrastructure critical to system operation and reliability, and a Surface Water Discharge Elimination program.

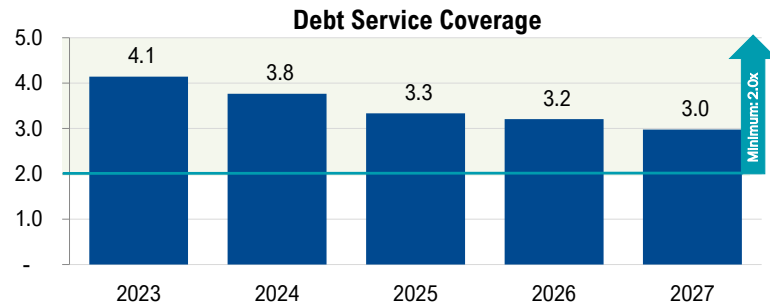
¹Includes Non-environmental & Environmental revenues in FY22 & FY23. Environmental rate projected to be folded into base rates April 1 of FY23.

² Operating funds transfers to support environmental fund wind down plan

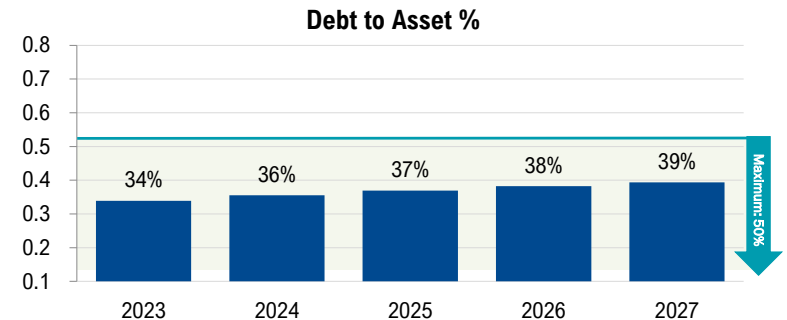
³ Includes Non-environmental & Environmental spend in FY22 – FY26

⁴ Include items such as sale of property, changes in working capital, adjustments for CWIP, Environmental O&M, Amortization of Environmental Regulatory Asset, etc.

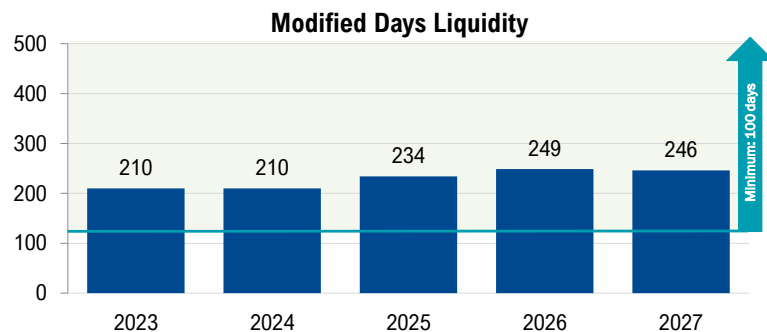
JEA Water System | Financial Metrics



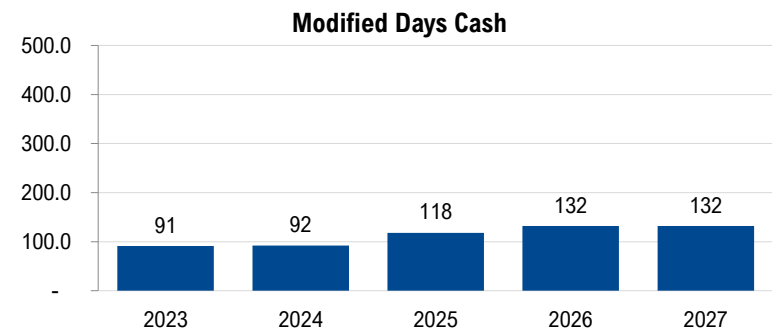
Strong Debt Service Coverage metrics, result of prior accelerated debt repayments, above pricing policy target



Debt to Asset % under internal policy targets

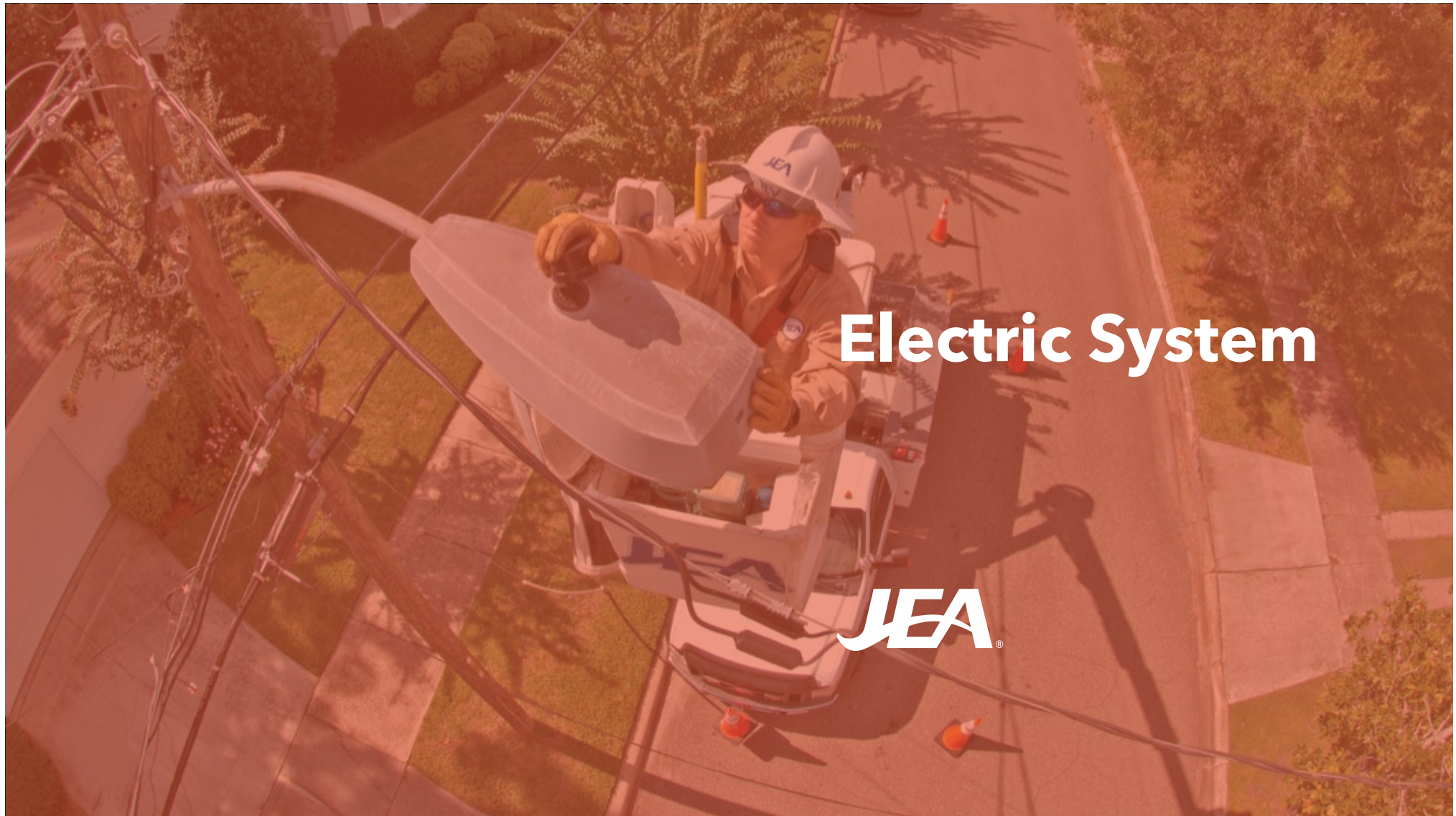


Liquidity metrics impacted by revolver available balance allocation.
Modified days liquidity above pricing policy target



Modified days cash above 90 days in five-year window

Debt to Asset ratio at Mid-High 30% Range in 2027 • \$2.2 billion capital plan FY23 – FY27



JEA Electric System

Highlights

Excellent reliability performance

Continued strong electric customer growth

Completed the remediation of the SJRPP property

Initiated the construction of the new Mayo Clinic substation and expansion of two existing substations to support the commercial and residential growth

Continued the Integrated Resource Planning process to determine JEA's future resource needs

Lowest Electric Enterprise debt in 38 years

Infrastructure

Power Production Assets

- 4 Plants, 15 Units
- Net Capacity: 2,799 MW (2,952 MW winter)
- Fuel Sources: Natural Gas, Petroleum Coke, Coal, Oil
- Small amount of Landfill Gas

Transmission System

- Voltage Levels (kV): 500, 230, 138 & 69
- 744 Miles of Transmission
- 84 Substations

Distribution System

- Voltage Levels (kV): 26.4, 13.2 & 4.16
- 344 feeders (233 – 26.4kV; 82 – 13kV; 29 – 4kV)
- 7,268 circuit miles (41% Overhead, 59% Underground)
- 109,255 transformers, 210,756 poles

JEA Electric System Overview

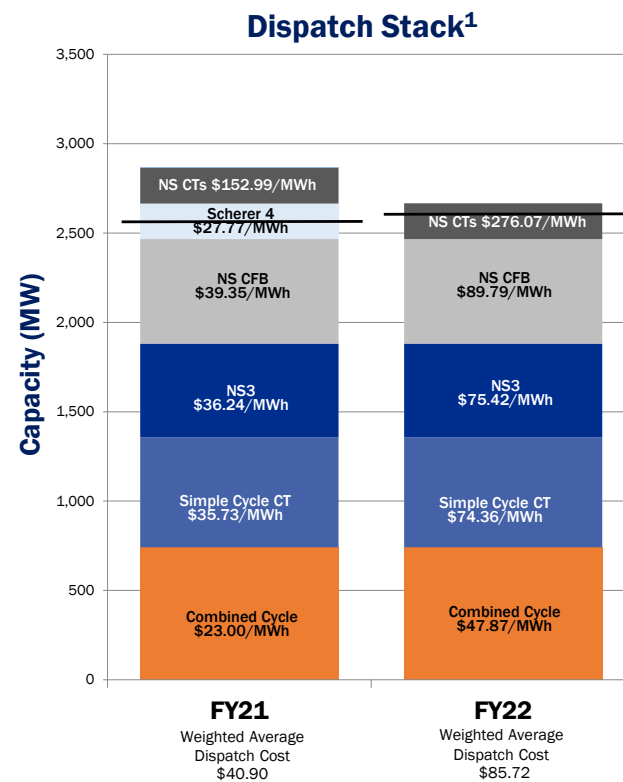
Existing Generation Capacity = 2,671¹ MW

Facility	Primary Fuel Type	Generating Capacity (in MW)	Year in Service
Gas Fuel: 1,885 MW (71%)			
Brandy Branch	Natural Gas	746	2001 – 2019 ²
Northside Gen Unit 3	Natural Gas/Oil	524	1977
Kennedy	Natural Gas/Diesel	300	2000 – 2009 ²
Greenland Energy Center	Natural Gas/Diesel	300	2011
Landfill Energy Systems	Landfill Gas	15	1997 – 2015 ²
Solid Fuel: 586 MW (22%)			
Northside Gen Units 1 & 2	Pet Coke	586	2003
Total: 2,471 MW			
Peaking Reserve: 200 MW (7%)			
Northside CTs	Diesel	200	1975
Grand Total: 2,671 MW			

¹ Based on summer net ratings and Brandy Branch, Greenland, and Kennedy on natural gas capacity. Summer net ratings with Brandy Branch, Greenland, and Kennedy on diesel is 2,799 MW. Winter net ratings and entitled capacity is 2,952 MW.

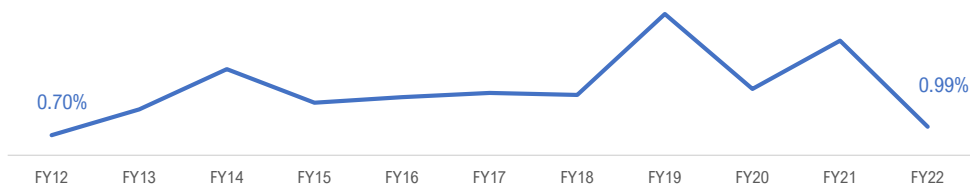
² Multiple units, multiple in-service dates

— Actual Peak

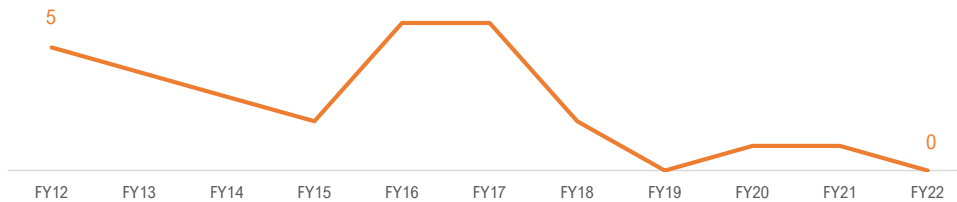


JEA Electric System Performance Monitoring | Generation

Electric Forced Outage Rate (% Hours in Outage per Year)



Permit Exceedences (# Exceedences per Year)



Generating Fleet Reliability

- The JEA fleet Electric Forced Outage Rate finished FY22 at 0.99% well below the target range of 2.25% to 2.50%
- Numerous improvements and projects continue to be implemented in generation to make the units more reliable, have greater capacity and lower costs

Environmental Compliance

- JEA did not experience a permit exceedance during FY22
- JEA remains actively engaged in preparing for all new and emerging environmental regulations

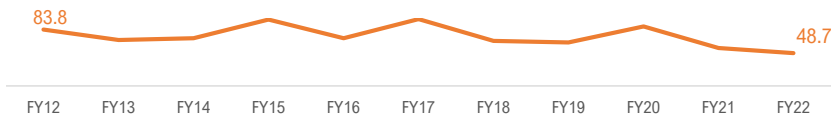
Generating Plant Performance	FY2022	FY2021	FY2020
Generation Fleet Reliability	0.99%	3.99%	2.31%
Environmental Compliance	0	1	1

JEA Electric System Performance Monitoring | Transmission & Distribution

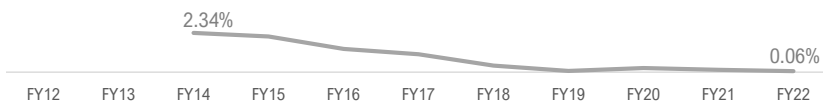
Customer Outage Frequency (# per Year)



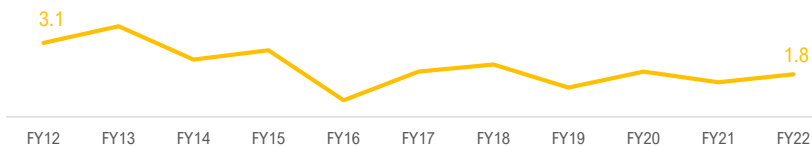
Electric Outage Duration (Minutes per Year)



Customers > 5 Outages per Year (%)



Transmission Line Fault Frequency (# Faults per 100 miles)



Electric Service Reliability

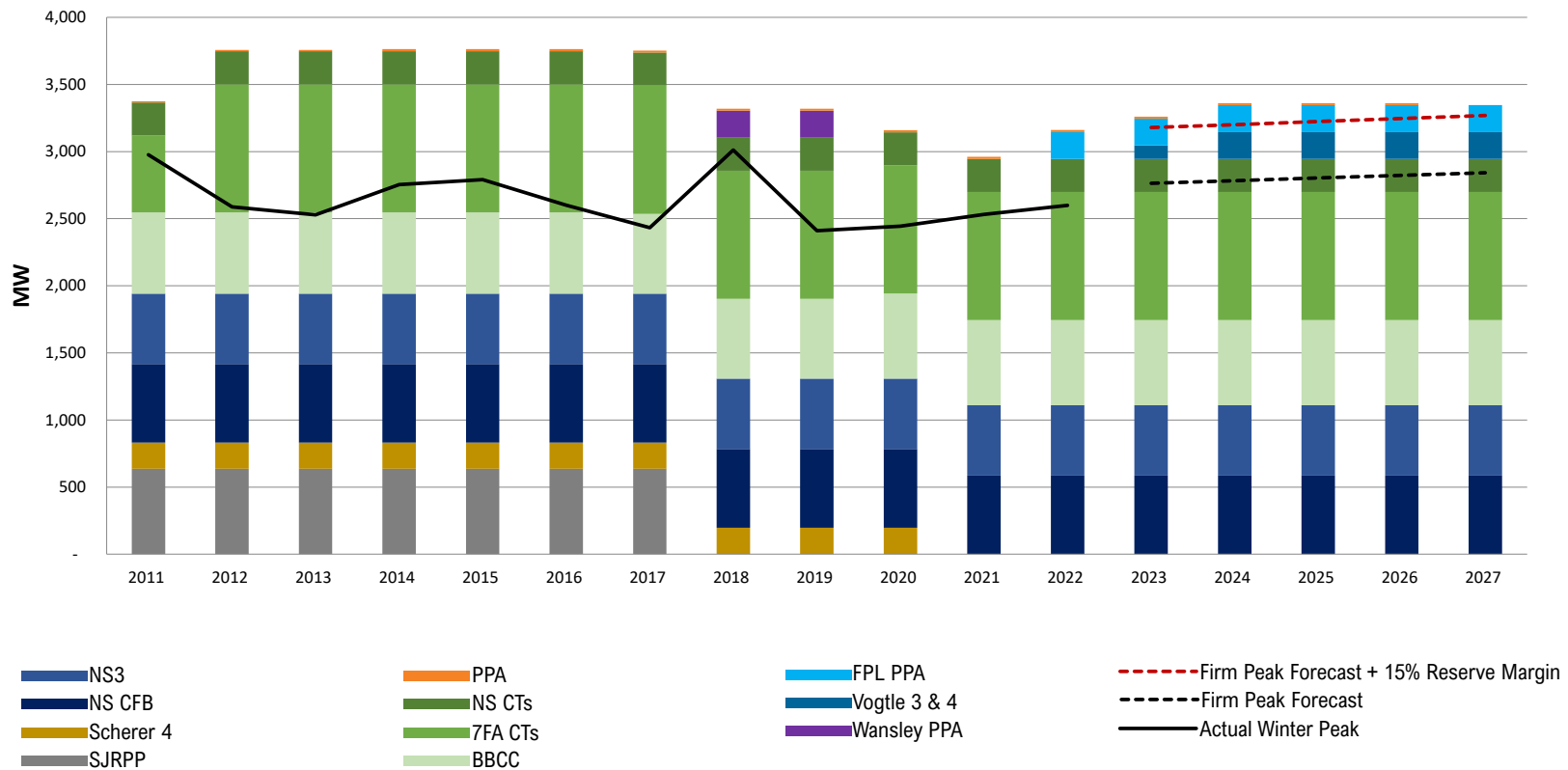
- Outage frequency and duration have been reduced over the last ten years
- The typical JEA customer sees 0.97 outages per year and a total outage duration of about 49 minutes
- Significant improvement trend over past eight years for CEMI5. FY22 had only 0.06% of our customers experiencing more than 5 outages

Transmission Line Reliability

- Overall improving trend over the last ten years

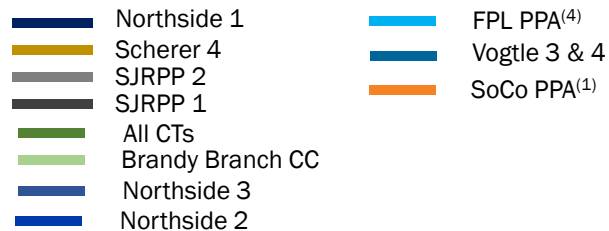
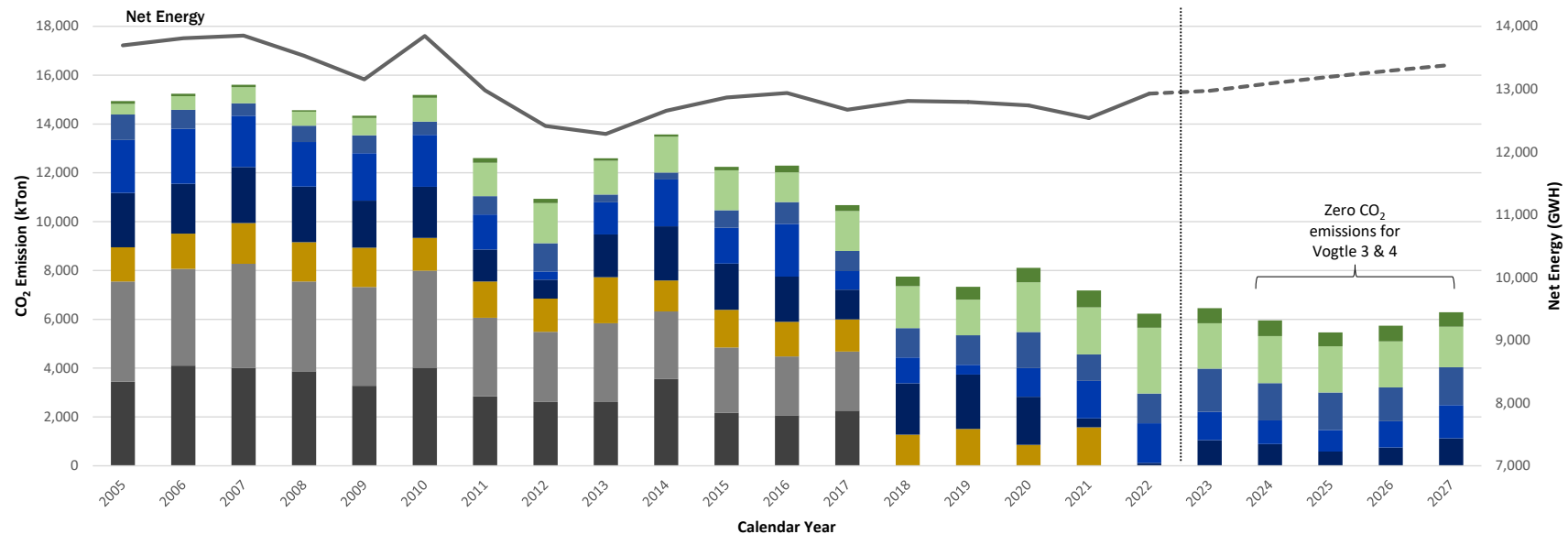
T&D Grid Performance	FY2022	FY2021	FY2020
Customer Outage Frequency	0.97	1.11	1.42
Electric Outage Duration	48.7	56.2	88.5
Customers > 5 Outages per Year	0.06%	0.14%	0.25%
Transmission Line Faults	1.8	1.5	1.9

JEA Electric System | Fleet Optimization & Asset Utilization



JEA must meet customers' electricity demand, as well as the required 15% reserve margin

JEA Electric System | CO₂ Emissions



SJRPP 1 and 2

Retirement in December 2017 resulted in an average reduction of 4,800 kTons of CO₂ emissions per year

Scherer 4

Retirement in December 2021 resulted in an additional reduction of 1,300 kTons of CO₂ emissions per year - approximately 17% of total CO₂ emissions attributed to JEA³.

(1) CO₂ emissions from 200 MW Power Purchase Agreement (PPA) in 2005 - 2010 are not included as emissions are attributed to the owner of the power supply
 (2) SJRPP 1 and 2 CO₂ emissions based on JEA's 80% Ownership, where the joint ownership agreement shared the output MWh at a 50%/50% arrangement.
 (3) Scherer 4 CO₂ emissions based on JEA's 23.6% Ownership.
 (4) Approximately 600 kTon of CO₂ emissions per year from 200 MW of PPA starting 2022 are attributed to the owner of the Power Supply entity of the PPA.

JEA Electric System | Plant Vogtle 3 & 4 Overview



Unit 3

- Fuel load completed in Q3 2022
- All Inspections, Tests, Analysis and Acceptance Criteria (ITAACs) completed
- Commercial Operation in Q2 of 2023

Unit 4

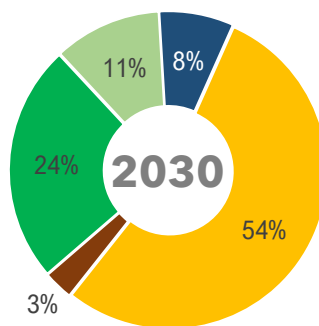
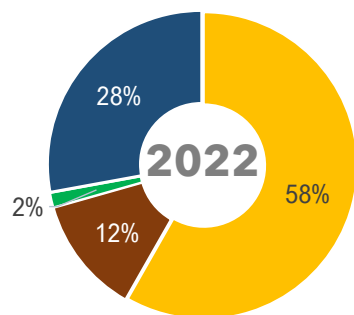
- Direct construction is approximately 95% complete
 - Structural integrity and integrated leak rate test completed in Q1 2022
 - Open vessel testing completed in Q4 2022
- Electrical production levels support projected Q1 2024 in-service date
- Cold hydro testing completed

Projected In-Service Dates: Second Quarter 2023 (Unit 3) and First Quarter 2024 (Unit 4)

JEA Electric System | Integrated Resource Plan (IRP)

Current and Potential Net Energy Mix

Net Energy Mix



■ Natural Gas ■ Coal/Petcoke ■ Renewables ■ Nuclear ■ Purchase Power

JEA IRP modeling results:

- **35% non-carbon emitting energy resources by 2030**
 - 1275 MW Solar
 - 200 MW Nuclear
- **571 MW of higher efficiency gas resource**
- **JEA's CO₂ emissions reduction to approximately 3,700,000 Tons by 2030**
 - Reduction of approximately 35% from 2022 CO₂ emissions
 - 75% from 2005 CO₂ emissions



Water System



JEA Water System

Highlights

Continued to create increasingly reliable and resilient system

Focused on minimizing the impacts to the environment while continuing superior performance and producing high water quality

\$302M in capital projects delivered; continuing upgrade and expansion of system

Increased well field production by 5.7 MGD

Phased out 222 septic tanks and connected these customers to the wastewater system

Began a 10-year program to replace 2" water mains

Continued aggressive manhole and gravity sewer main monitoring, evaluation, and rehabilitation program to prevent sanitary sewer overflows

Infrastructure

Water System

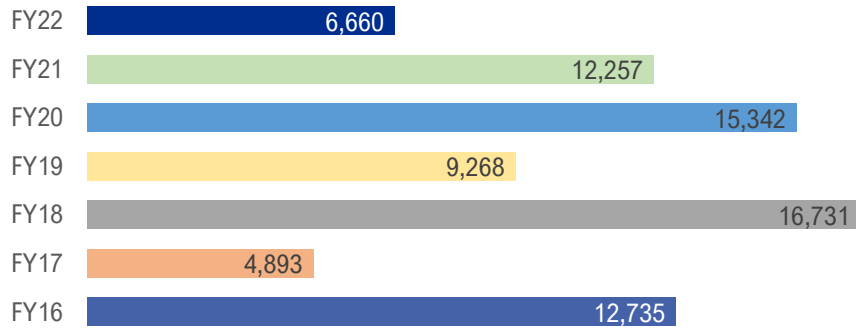
- 28 Major and 10 Minor water treatment plants and 2 re-pump facilities
- 140 permitted water supply wells, 4,989 miles of water distribution mains and total finished water storage capacity of over 83 million gallons
- Two major and four small distribution grids

Water Reclamation System

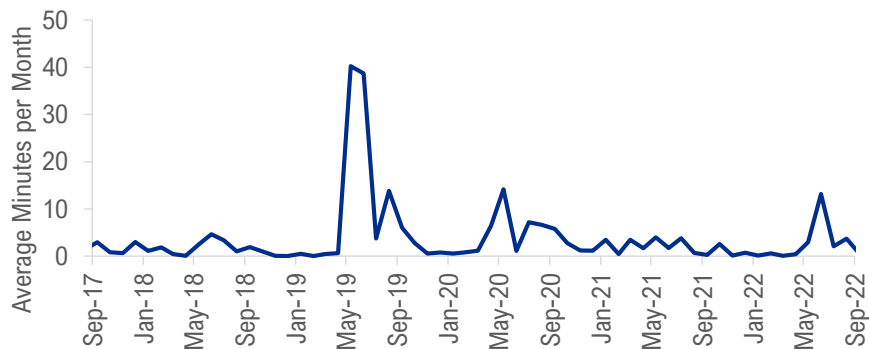
- 11 treatment plants currently ranging in rated average daily treatment capacity from approximately 0.2 to 52.5 MGD
- Approximately 4,289 miles of gravity sewers and force mains
- 1,569 pumping stations and 753 low pressure sewer units

JEA Water System Metrics

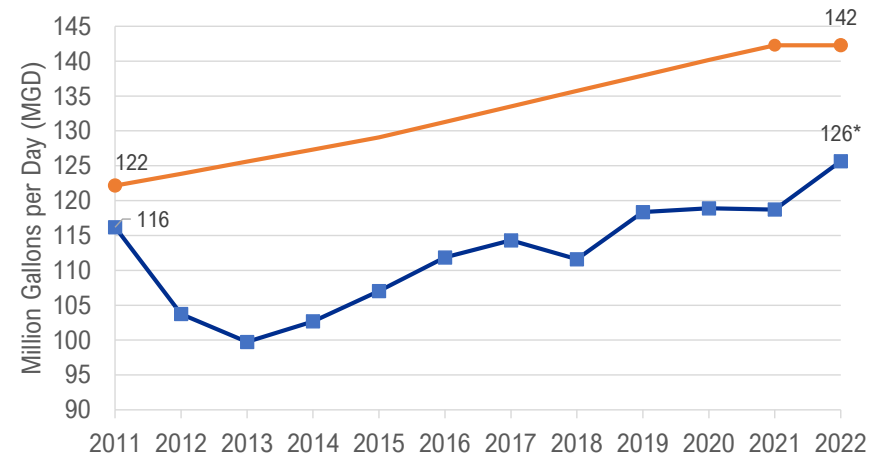
Number of Customers Affected by Unplanned Water Main Outages



Average Minutes Water Pressure Less Than 30 PSI

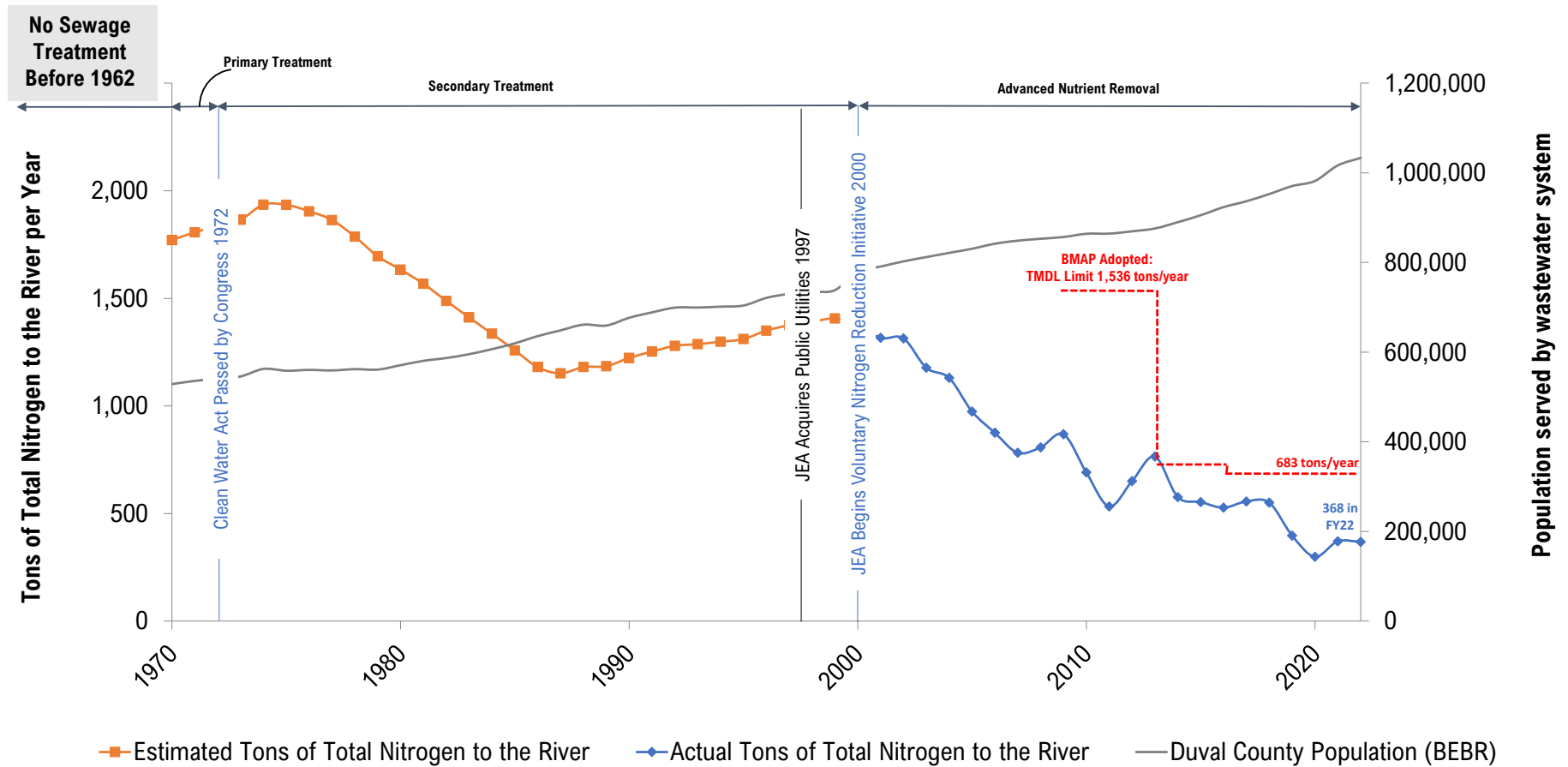


Consumptive Use Permit (CUP)
Extends through April 2031



*Not a full calendar year, Jan. to Nov. 2022

JEA Water System | Continued Reduction of Nitrogen to the St. Johns River



JEA Water System | Water Supply Sustainability Plan

Traditional groundwater sources are becoming limited in Florida. JEA focused on multiple solutions for ensuring a sustainable supply for generations to come

Phased Alternative Water Supply Expansion

- Completed Potable Reuse Pilot Purification Testing
- Permitting and design has commenced for a 1 MGD demonstration facility

Surface Water Discharge Reduction

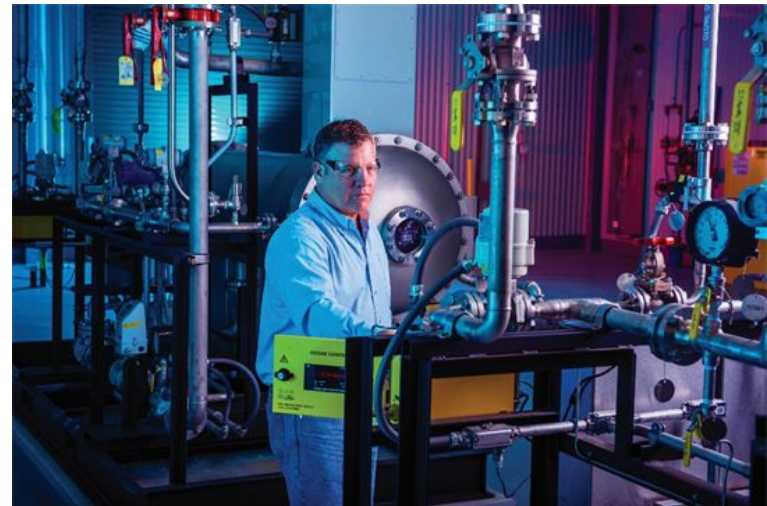
- Conversion of surface water discharge to more beneficial reuse included in JEAs Integrated Water Resource Plan

Enhanced Conservation Program

- JEA's conservation programs and incentives helped customers reduce consumption of water, resulting in valued water savings

Customer and Community Engagement

- JEA encourages and supports sustainability through various year-round education and special events





Consistently demonstrates superior financial & operational performance

Electric

JEA merits a AA credit rating

- ✓ Maintained excellent financial and operational metrics
- ✓ Repaid \$258 million in debt during FY2022 for a total of \$2.8 billion since the system peak in 2009
- ✓ Financial plan reflects the additional cost of Plant Vogtle
- ✓ Capital program to be funded mostly with internal capital
- ✓ Base rate increases projected consistent with historical inflation rates over the forecast period
- ✓ Switched to a monthly fuel rate to increase transparency and directly pass on costs

Water

JEA merits a AAA credit rating

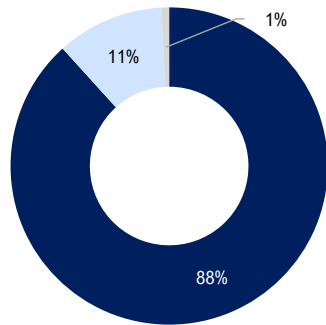
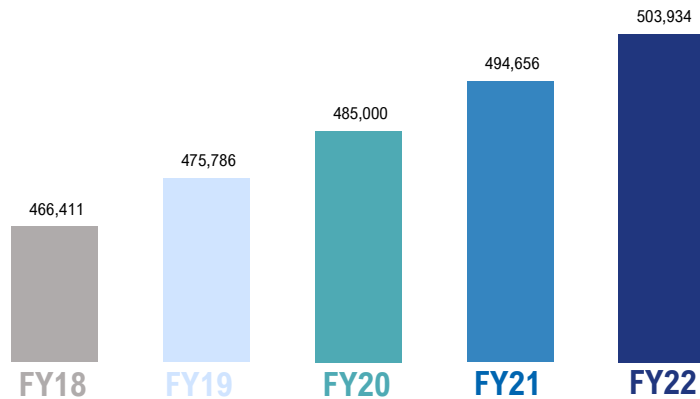
- ✓ Superior operational and financial metrics
- ✓ Repaid \$9 million in debt during FY2022 for a total of \$867 million since the system peak in 2011
- ✓ Robust growth in sales and customers
- ✓ Capital program funded predominantly with internal capital
- ✓ Continued commitment to investing in infrastructure to ensure reliability in operations now and into the future
- ✓ No projected rate increases currently in the five-year forecast period



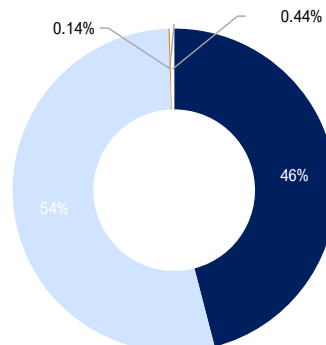


JEA Electric System | Customer Overview

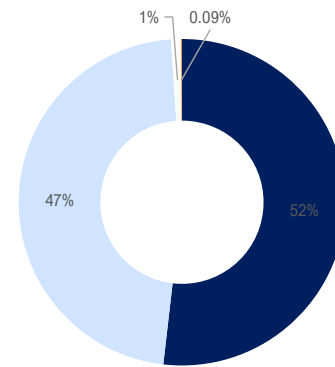
Average Number of Customer Accounts



Average Number of Accounts
503,934



System Sales (MWh)
12,488,252



Revenues (in millions)
\$1,511

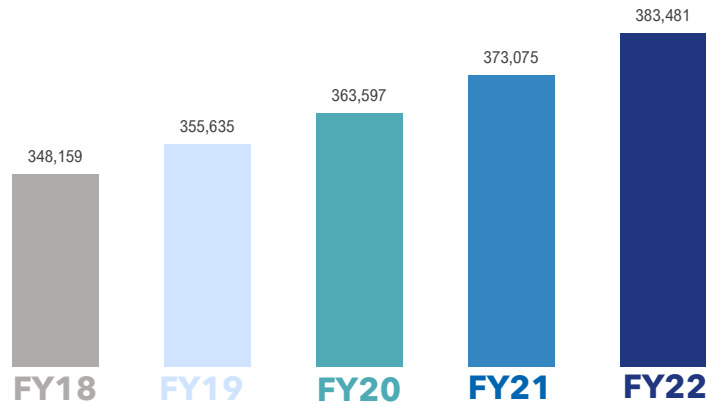
■ Residential
 ■ Commercial & Industrial
 ■ Public Street Lighting
 ■ Sales for resale - Off system

Top Ten Customer Accounts

Rank	Customer	Annual Billed \$	Percentage of \$
1	U S NAVY PUBLIC WORKS CTR	\$ 29,353,780	2.0%
2	CITY OF JACKSONVILLE	\$ 25,542,125	1.7%
3	CMC STEEL US LLC	\$ 24,987,697	1.7%
4	WESTROCK CP LLC	\$ 18,564,171	1.2%
5	DUVAL CO SCHOOL DISTRICT	\$ 16,040,282	1.1%
6	SOUTHERN BAPTIST HOSPITAL OF FLORIDA INC	\$ 11,481,327	0.8%
7	MAYO CLINIC JACKSONVILLE	\$ 10,071,767	0.7%
8	PUBLIX SUPER MARKETS INC	\$ 9,785,778	0.7%
9	ANHEUSER BUSCH CO INC	\$ 9,019,419	0.6%
10	JOHNSON AND JOHNSON VISION CARE INC	\$ 8,773,547	0.6%
Total Billed		\$ 163,619,895	11.0%

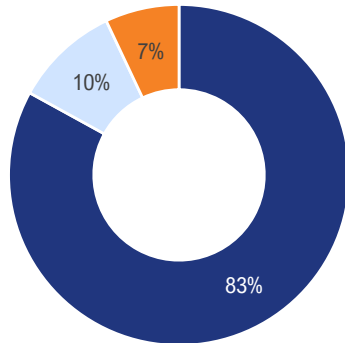
JEA Water System | Customer Overview

Average Number of Customer Accounts



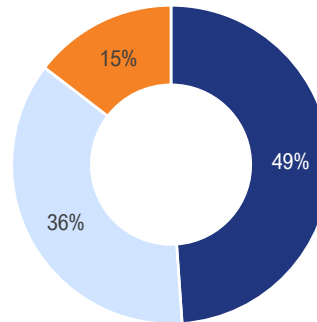
Top Ten Customer Accounts

Rank	Customer	Annual Billed \$	Percentage of \$
1	CITY OF JACKSONVILLE	\$ 2,154,820	1.0%
2	ST JOHNS COUNTY UTILITY	\$ 1,351,873	0.6%
3	DUVAL CO SCHOOL DISTRICT	\$ 1,132,488	0.5%
4	AMERICAN HOMES 4 RENT	\$ 771,453	0.4%
5	SOUTHERN BAPTIST HOSPITAL OF FLORIDA INC	\$ 733,268	0.3%
6	GATE PETROLEUM COMPANY	\$ 444,235	0.2%
7	ST VINCENTS HEALTH SYSTEM INC	\$ 389,171	0.2%
8	MAYO CLINIC JACKSONVILLE	\$ 384,576	0.2%
9	THE AMERICAN BOTTLING COMPANY	\$ 348,095	0.2%
10	UNIVERSITY OF NORTH FLORIDA	\$ 304,081	0.1%
Total Billed		\$ 8,014,059	3.7%



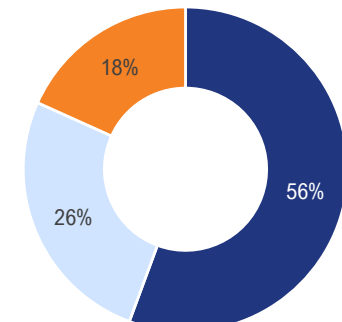
Average Number of Accounts

383,481



System Sales (kgal)

39,208,877



Revenues (in millions)

\$188,877

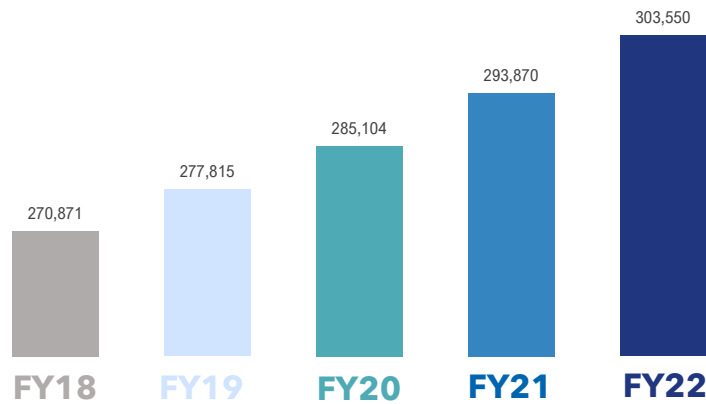
Residential

Commercial & Industrial

Irrigation

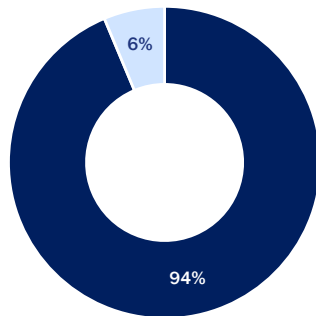
JEA Wastewater System | Customer Overview

Average Number of Customer Accounts

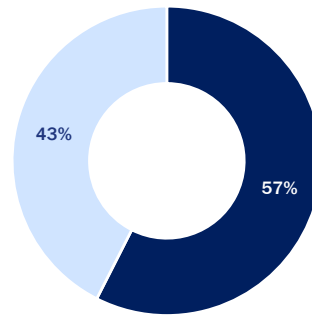


Top Ten Customer Accounts

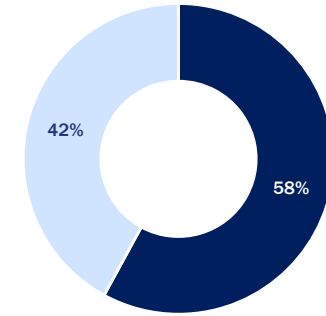
Rank	Customer	Annual Billed \$	Percentage of \$
1	CITY OF JACKSONVILLE	\$ 2,689,025	1.0%
2	ST JOHNS COUNTY UTILITY	\$ 2,073,203	0.8%
3	DUVAL CO SCHOOL DISTRICT	\$ 2,055,201	0.8%
4	JOHNSON AND JOHNSON VISION CARE INC	\$ 1,347,336	0.5%
5	SOUTHERN BAPTIST HOSPITAL OF FLORIDA INC	\$ 1,179,542	0.4%
6	SYMRISE INC	\$ 1,170,452	0.4%
7	THE AMERICAN BOTTLING COMPANY	\$ 1,021,614	0.4%
8	AMERICAN HOMES 4 RENT	\$ 973,254	0.4%
9	WWF OPERATING COMPANY	\$ 935,086	0.3%
10	MAYO CLINIC JACKSONVILLE	\$ 893,262	0.3%
Total Billed		\$14,337,974	5.3%



Average Number of Accounts
303,550



System Sales (kgal)
29,252,868



Revenues (in millions)
\$272,154

■ Residential ■ Commercial & Industrial

Electric System | Coverage Projections

JEA Electric System Debt Service Coverage						
	Actual 2022	2023	2024	Projection 2025	2026	2027
Operating Revenues						
Base Rate System Revenues	810,593,452	795,268,093	819,896,505	850,692,033	886,860,569	924,557,762
Fuel Rate System Revenues	633,262,562	630,642,595	511,921,059	474,871,664	478,668,051	491,476,754
Off System Sales Revenues	436,235	(6,198,250)	(4,647,717)	(2,606,623)	(2,287,127)	(2,015,321)
Uncollectibles	(235,898)	(1,338,535)	(1,541,877)	(1,589,597)	(1,654,329)	(1,723,443)
Franchise and Gross Receipts Taxes	72,597,655	69,751,689	66,173,898	66,071,614	68,104,034	70,658,277
Investment Income	2,547,171	5,118,303	1,430,156	1,926,170	2,648,613	3,032,948
Other Revenues	152,905,607	88,208,406	39,737,358	42,282,954	42,593,015	41,127,927
Net Amt (Paid Into)/Rec'd From Rate Stabilization Fund	(47,049,703)	(160,990,505)	40,388,000	45,000,000	60,000,000	60,000,000
Net Amt (Paid Into) Rec'd From Fuel Reserve	41,766,996	-	-	-	-	-
Total Operating Revenues	\$ 1,666,824,076	\$ 1,420,461,796	\$ 1,473,357,383	\$ 1,476,648,215	\$ 1,534,932,826	\$ 1,587,114,904
Operating Expenses						
O&M incl PSC Fee	227,312,734	250,882,301	284,506,649	266,774,309	263,667,726	273,888,425
Fuel and Purchased Energy	478,743,461	446,746,598	375,707,184	335,486,213	338,069,120	354,496,550
Non-Fuel Purchased Power	408,317,000	326,542,246	421,818,314	461,215,787	458,211,633	453,757,757
Franchise and Gross Receipts Taxes	72,597,655	69,996,127	66,426,892	66,333,462	68,375,047	70,938,776
Total Operating Expenses	\$ 1,186,970,849	\$ 1,094,167,272	\$ 1,148,459,038	\$ 1,129,809,772	\$ 1,128,323,526	\$ 1,153,081,508
Net Revenues	\$ 479,853,227	\$ 326,294,524	\$ 324,898,344	\$ 346,838,443	\$ 406,609,299	\$ 434,033,396
Total Aggregate Debt Service	\$ 86,515,058	\$ 64,016,964	\$ 76,994,648	\$ 82,884,778	\$ 122,143,852	\$ 145,607,351
Other Fixed Charges						
Contribution To City	94,545,151	95,491,107	96,446,018	97,410,478	98,384,583	99,368,429
Total Fixed Charges	\$ 94,545,151	\$ 95,491,107	\$ 96,446,018	\$ 97,410,478	\$ 98,384,583	\$ 99,368,429
Total PP&A Contract Payments	\$ -	\$ 97,880,758	\$ 173,939,074	\$ 189,705,261	\$ 189,992,600	\$ 190,501,562
Senior and Subordinated Debt Service Coverage	5.55 x	5.10 x	4.22 x	4.18 x	3.33 x	2.98 x
Adjusted Debt Service Coverage	4.45 x	3.61 x	2.97 x	3.01 x	2.52 x	2.30 x
Fixed Charge Coverage (with PPA Contract Payments)	4.45 x	2.03 x	1.60 x	1.61 x	1.60 x	1.56 x
System Sales excl FPU						
Territorial System MWH Sales	12,471,050	12,200,000	12,200,000	12,200,000	12,200,000	12,200,000
Off System MWH Sales	30,000	30,000	30,000	30,000	30,000	30,000
TOTAL MWH SALES	12,501,050	12,230,000	12,230,000	12,230,000	12,230,000	12,230,000

Water System | Coverage Projections

JEA Water and Sewer System Debt Service Coverage						
	Actual 2022	2023	2024	2025	2026	Projections 2027
Operating Revenues						
Water Revenues	169,794,547	176,994,109	188,910,805	191,699,248	194,821,254	197,943,261
Sewer Revenues	254,957,121	264,117,230	276,176,708	281,196,989	285,547,962	289,898,935
Reclaim Revenues	23,619,790	25,724,014	33,376,968	37,069,229	39,997,191	42,925,154
Environmental Revenues	26,625,986	12,855,694	-	-	-	-
Franchise Fee Revenues	11,293,971	11,405,571	11,851,945	12,125,403	12,372,705	12,620,007
Uncollectibles & Fees	(234,325)	(578,722)	(598,157)	(611,959)	(624,440)	(636,921)
Capacity & Extension Fees	47,210,691	90,157,473	99,616,462	100,632,458	101,658,912	102,695,932
Investment Income	3,674,211	3,851,631	172,824	708,919	1,410,054	2,072,841
Environmental Rate Stabilization Withdrawals	29,799,658	55,876,005	23,535,186	35,058,183	2,621,888	-
Environmental Rate Stabilization Contributions (from Environmental Revenue)	(25,817,238)	(12,855,694)	-	-	-	-
Environmental Rate Stabilization Contributions (from Operating Fund Transfers)	-	(16,925,823)	(23,535,186)	(35,058,183)	(2,621,888)	-
Other Revenues net of Uncollectibles	19,731,945	16,945,618	17,793,720	18,149,595	18,512,586	18,882,838
Total Operating Revenues	\$ 560,656,358	\$ 627,567,106	\$ 627,301,274	\$ 640,969,882	\$ 653,696,225	\$ 666,402,047
Operating Expenses						
Maintenance and other operating expenses ¹	195,656,427	197,716,379	207,779,336	220,109,834	233,172,554	246,971,397
Franchise Fee Taxes	11,293,971	11,405,571	11,851,945	12,125,403	12,372,705	12,620,007
Total Operating Expenses	\$ 206,950,399	\$ 209,121,950	\$ 219,631,281	\$ 232,235,237	\$ 245,545,259	\$ 259,591,404
Net Revenues	\$ 353,705,959	\$ 418,445,156	\$ 407,669,993	\$ 408,734,645	\$ 408,150,967	\$ 406,810,643
Total aggregate senior debt service and aggregate subordinate debt service	\$ 53,202,018	\$ 101,031,615	\$ 108,342,064	\$ 122,711,157	\$ 127,331,984	\$ 136,630,153
Other Fixed Charges						
City Contribution Expense	26,666,722	26,933,389	29,206,822	29,833,700	30,467,829	31,109,294
Total Fixed Charges	\$ 26,666,722	\$ 26,933,389	\$ 29,206,822	\$ 29,833,700	\$ 30,467,829	\$ 31,109,294
Senior Debt Service Coverage	7.61	4.72	4.29	3.80	3.65	3.39
Senior and Subordinated Debt Service Coverage (including capacity fees)²	6.65	4.14	3.76	3.33	3.21	2.98
Senior and Subordinated Debt Service Coverage (excluding capacity fees)	5.76	3.25	2.84	2.51	2.41	2.23
Fixed Charge Coverage	6.15	3.88	3.49	3.09	2.97	2.75
KGALS						
Water Sales	39,208,877	39,627,000	40,094,611	40,575,746	41,211,007	41,846,268
Sewer Sales	29,252,868	29,677,000	30,154,909	30,632,819	31,059,440	31,486,061
Reclaimed Water Sales	5,166,479	5,505,000	6,925,262	7,641,436	8,176,281	8,711,126
Total KGALS	73,628,224	74,809,000	77,174,782	78,850,000	80,446,728	82,043,455

Robert L. Stein | JEA Board Chair

President of the Regency Group



TERM

04/16/2020 – 02/28/2025

Bobby Stein is President of The Regency Group, a family holding company. He has founded the successful investment and growth of many businesses in a wide variety of industry sectors including water, sewer and waste management, real estate, oil and gas, mortgage services, highway safety, technology, food services and healthcare. Bobby is a board member of Kerrco Inc. (Houston based oil and gas company), SDS (Pizza Hut franchisee), Acme (highway safety business), TL Canon (Applebee's franchisee), and Welltality (healthcare solutions provider). He currently serves as Board Chairman of The Better Angels Society (Ken Burns foundation).

Bobby has served the community in a variety of capacities, including as Board Member for the following organizations: Jacksonville Port Authority, King Distribution, St. Johns Utilities, former Chairman of Jacksonville Electric Authority (predecessor of JEA), and Jacksonville Civic Council JEA Task Force Co-Chair.

Past gubernatorial appointments include member of the President's Intelligence Advisory Board; former Chairman of the Defense Business Board, and ex official member of the Defense Policy Board and the Defense Science Board. Bobby served as a member of the United States Naval Academy Board of Visitors.

Marty Lanahan | JEA Board Vice Chair & Chair, Governance, Audit, Compliance Committee

Regional President – North Central Southwest
Florida - First Horizon Bank



TERM

04/16/2020 – 02/28/2023

Marty Lanahan currently serves as the North Central Southwest Florida Regional President - Executive Vice President for First Horizon Financial. Her extensive career in the banking industry spans 36 years. She spent 19 years at Regions Bank, leading teams in North Florida, the Panhandle, and the West Coast of Florida. Prior to that, she was the Area President over North Florida and the City President for Jacksonville.

Before joining Regions, Lanahan's banking career began with The Atlantic Bank/First Union Bank after graduating from The University of South Carolina with a Finance Degree. She has a diverse background within the financial services sector spanning Commercial/Corporate Banking, Small Business, Retail, Treasury, and Wealth Management.

Lanahan is an active citizen of the state of Florida and is currently on the board of The Moffitt Cancer Center's Medical Practice Group and The Tampa Museum of Art. Ms. Lanahan is also a trustee of the Jessie Ball duPont Fund since 2013. While residing in Jacksonville, Lanahan served on many boards including JEA (Chair), United Way of North Florida, The Cultural Council of Jacksonville (Chair), and The Super Bowl Host Committee where she was responsible for 10,000 volunteers. She also served the citizens of the State of Florida as a Commissioner on The Florida Transportation Commission (Chair).

She has been recognized with numerous awards including One Jax Humanitarian of the Year, City of Jacksonville Spirit of Rosie Award and an Eve Award Winner for employment. She has also been inducted into the First Coast Business Hall of Fame.

Joe DiSalvo | JEA Board Secretary & Chair, Finance and Operations Committee

Lieutenant General U.S. Army, Retired



TERM

04/16/2020 – 02/28/2026

Joe DiSalvo has over 30 years as a strategic leader who built trust, initiative, innovation, integrity, core values, and accountability in organizations ranging from 850 to 65,000 personnel. Exceptionally experienced interacting with U.S. federal government agencies, congress, and international governments (14 years working abroad). Successfully managed \$1B budgets and led 4 strategic planning projects at the national level. His passion is leading and inspiring individuals and organizations to excel and impact positively on society. Joe currently provides consulting services focused on leader development, strategic planning, team building, business development and crisis management. Joe is also on the Board of Advisors for two private companies and on the Board of Directors for a public power utility company.

Joe graduated from the United States Military Academy in 1981 with a Bachelor of Science degree and was commissioned in the Armor Corps. He has a Masters in Operations Research from the Air Force Institute of Technology and a Masters of Strategic Studies from the U.S. Army War College.

Joe's military career culminated as the U.S. Southern Command's Deputy Commanding General, as a Lieutenant General, from 2015-2018, where he was responsible for security cooperation and capacity building with militaries from Central America, Caribbean, and South America. From 2013 to 2015 as a Major General, he commanded the U.S. 6th Army where he was responsible for partnering, advising, and mentoring senior army leaders from Central America, Caribbean, and South America. From 2012 to 2013 Joe was Chief of Staff, U.S. Southern Command where he led 9 directorates and oversaw a \$1,062M budget.

Joe was Deputy Commanding General of III U.S. Army Corps from 2010 to 2012 where he oversaw the tactical training, operations, and quality of life for 35,000 Soldiers and their families in Fort Hood, Texas. Additionally, as a Brigadier General, he was also the Corps Chief of Staff from 2009 to 2010 where he supervised 8 directorates and managed a \$500M budget. While assigned to the Pentagon, from 2008-2009 he was the senior advisor to the Chairman of the Joint Chiefs of Staff for Western Hemisphere security and Homeland Defense. As a Colonel, in 2006-2007 Joe was the lead Iraq campaign policy analyst for the Joint Staff. From 2003-2006 he commanded 2nd Brigade Combat Team, 3rd Infantry Division, which included two combat tours.

Joe is married with three grown children. He is a military history enthusiast and enjoys all sports, especially road racing (running).

John Baker | JEA Board Member

Executive Chairman & CEO of
FRP Holdings, Inc.



TERM

04/16/2020 – 02/28/2024

Mr. Baker is currently Executive Chairman and Chief Executive Officer of FRP Holdings, Inc. a real estate company located in Jacksonville, Florida. From February 2008 until October 2010, he served as the President and Chief Executive Officer of Patriot Transportation Holding, Inc. Before joining Patriot, Mr. Baker was President and Chief Executive Officer of Florida Rock Industries, Inc.

Mr. Baker received a B.A. from Princeton University and graduated with honors from the University of Florida School of Law. Mr. Baker is a director of Blue Water Industries Holdings, LLC and a senior advisor for Brinkmere Capital Partners, LLC, a private equity firm.

Mr. Baker is a former member of the of the Board of Directors of Wachovia Corp, Jacksonville Port Authority, Progress Energy, Vulcan Materials, Hughes Supply and Texas Industries, Inc. Mr. Baker maintains leadership roles in several community educational organizations including Tiger Academy, KIPP School Jacksonville, and the YMCA of Florida's First Coast.

Dr. A. Zachary Faison, Jr. | JEA Board Member

30th President & CEO of
Edward Waters University



TERM
04/16/2020 – 02/28/2026

Dr. A. Zachary Faison, Jr. assumed responsibility as the 30th President and CEO of Edward Waters College (EWC) in July 2018 post a unanimous vote by the College's Board of Trustees. Faison's selection made him the youngest serving President & CEO of a Historically Black College or University (HBCU) in America.

A native of Atlanta, Georgia, Faison's career includes distinguished professional experiences as a higher education executive administrator, educator, and attorney. Before his Presidential appointment at EWC, Faison served as General Counsel & Vice President of External Affairs at Tuskegee University (TU) in Tuskegee, AL. Prior to his appointment at TU, he served as Vice President for Enrollment Management & Student Affairs at Virginia Union University (VUU) in Richmond, VA, where he founded the VUU College for African-American Men (VCAAM). Dr. Faison also previously served as Special Assistant to the President for Legal & Legislative Affairs, Community Affairs, and Economic Development at Mississippi Valley State University in Itta Bena, MS, where he later became University Chief of Staff before being named Vice President of Institutional Advancement & Executive Director of the MVSU Foundation. As a scholar-educator, Faison has held professorial appointments at both the undergraduate and graduate levels in Political Science, Criminal Justice, and Business Administration. Faison is also a former state prosecutor having prosecuted criminal felony drug cases in Georgia.

Faison graduated Magna Cum Laude from Albany State University (ASU) with a Bachelor of Arts (B.A.) in English where he was an ASU Presidential & Foundation Scholar, Dwight D. Eisenhower National Fellow (US-DOT), and an ASU Velma Fudge Grant University Honors Program & ASU Merit Scholar Graduate. He earned his Juris Doctorate (J.D.) from the University of Georgia School of Law (UGA) where he was a member of the Executive Moot Court Board & Moot Court team. Faison completed post-doctoral study at the Harvard University Graduate School of Education's Institute for Educational Management (IEM) and was a Millennium Leadership Initiative Institute (MLI) Fellow of the American Association of State Colleges & Universities (AASCU). He also holds the Certification in Fundraising Management (CFRM) from The Philanthropy School at Indiana University (IU).

He is the son of Alderman Faison, Sr. and Dr. Jewel J. Faison, and brother to Dr. Morgan Zacheya-Jewel Faison. Faison has been blissfully married for twelve years to Mrs. Tyciee L. Faison, who is also a seasoned higher education administrator, educator, and ordained minister.

Ricardo Morales III | JEA Board Member

President & CEO,
Morales Construction Co. Inc.



TERM

9/28/2021 – 2/28/2024

Ricardo "Rick" Morales III leads operations at Morales Construction, a design/build general contracting company specializing in estate custom homes in Northeast Florida. He has more than 35 years of experience in all phases of construction, including financial management, field supervision, project management, estimating, project development and executive management.

Morales started his career as an estimator for Atlantic Constructors, a division of Patterson Enterprises, in 1985. In 1987, he joined Morales Construction Co., becoming president of the company in 1995.

Morales is active in numerous business and charitable organizations. He was appointed to the Florida Judicial Qualifications Commission by Gov. Jeb Bush in 2001 and 2007, then reappointed by Gov. Rick Scott in 2013 and served as its chairman from 2013 to 2015. Morales is a board member, PAC chairman and previous board president of the Northeast Florida Builders Association and is a director and past chairman of the Presidents Council for the Florida Home Builders Association.

Morales is a graduate of The Bolles School in Jacksonville and Wofford College in Spartanburg, South Carolina, where he received a bachelor's degree in finance.

Tom VanOsdol | JEA Board Member

Executive Vice President and
Chief Missions Integration Officer,
Ascension Florida



TERM

04/16/2020 – 02/28/2023

Tom VanOsdol, MS, MA, FACHE, serves as Executive Vice President and Chief Mission Integration Officer, Ascension. In this role he provides strategic leadership to advance the commitments that make evident the identity of Ascension as a ministry of the Catholic Church, continuing the healing mission of Jesus with special attention to persons living in poverty and those most vulnerable. In addition, Mr. VanOsdol supports the Mission Committee of the Ascension Sponsor.

Prior to his current role, Mr. VanOsdol served as Senior Vice President, Ascension, and Ministry Market Executive, Ascension Florida and Gulf Coast, from 2017-2022. In this role, he had daily strategic and financial responsibility for Ascension's Florida and Gulf Coast Ministry Market, which includes Ascension Sacred Heart sites of care across the Florida Panhandle, Ascension St. Vincent's sites of care in and around Jacksonville, Florida, and Ascension Providence Hospital in Mobile, Alabama.

Mr. VanOsdol has held executive leadership roles and numerous local board and community service appointments, including as Chair of the Florida Hospital Association Board and the JAX USA Economic Development Board in Jacksonville. Prior to relocating to Florida with Ascension in 2015, Mr. VanOsdol served as a regional president for Ascension St. Vincent in Indiana. He began his healthcare career in direct patient care as a speech-language pathologist in 1988.

Mr. VanOsdol earned undergraduate and graduate degrees from Ball State University, Indiana Wesleyan University, and the Mendoza College of Business at the University of Notre Dame. Mr. VanOsdol also earned LEAN Six-Sigma certification from Purdue University, and a two-year graduate certificate in theology and formation for Catholic healthcare ministry leadership from the Aquinas Institute, St. Louis. In addition, he is a Fellow in the American College of Healthcare Executives.

JEA Legal Disclosure

This Presentation is provided for general informational purposes only and it does not include every item which may be of interest, nor does it purport to present full and fair disclosure, within the meaning of applicable securities laws, with respect to JEA or its operational and financial information, including, but not limited to, any of JEA's bond programs. This Presentation is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of JEA's debt, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy any security or other financial instrument in any jurisdiction or to adopt any investment strategy. Any investment decisions regarding JEA's securities should be made only after a careful review of the complete offering and disclosure materials with respect to such securities and in consultation with independent professional advisors as to the suitability of such securities for an investor's particular circumstances.

The information presented herein has been gathered from sources JEA believed to be reliable, certain of which have 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 expressed in this Presentation.

This Presentation contains statements which, to the extent they are not recitations of historical fact, constitute "forward looking statements." Such statements generally are identifiable by the use of words, such as "plan," "expect," "intend," "believe," "anticipate," "project," "forecast," "estimate," "budget" or other similar words. The forward looking statements in this Presentation are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of JEA. All forward looking statements included or incorporated by reference in this Presentation are based on information available on the date hereof and any assumptions could be inaccurate and, therefore, the actual results could differ materially from those in such forward looking statements.

The information in this Presentation is current as of the date hereof and there may events that occur subsequent to such date that may have a material adverse effect on the operational and financial information included in this Presentation. JEA has not undertaken any obligation to update any of the information in this Presentation.



**ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2022**

**(Prepared pursuant to certain
continuing disclosure undertakings
relating to the Bonds listed
in APPENDIX H hereto)**

Filed on EMMA

**Dated as of
[April 25, 2023]**

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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 Marshall
Sheila E. Pressley
L. David Emanuel
Theodore B. Phillips
Jody L. Brooks
Laura Marshall Schepis
Laura M. Dutton

Vice President, Financial Services

Joseph E. Orfano²

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 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, 2022**

INTRODUCTION

General

This Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2022 (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, 2022, 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, 2022 (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 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	April 16, 2020 – February 28, 2025 ⁽²⁾
Martha T. Lanahan, Vice Chair	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – [February 28, 2027 ⁽³⁾]
Gen. Joseph P. DiSalvo, Secretary	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2026 ⁽⁴⁾
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 ⁽⁴⁾
Ricardo 'Rick' Morales III	President & CEO, Morales Construction Co. Inc.	October 1, 2021 – February 28, 2024 ⁽⁵⁾
Thomas VanOsdol	President & CEO, Ascension Florida and Gulf Coast	April 16, 2020 – [February 28, 2027 ⁽³⁾]

⁽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.

⁽²⁾ Mr. Stein was reappointed for a first full term commencing February 28, 2021.

⁽³⁾ [Ms. Lanahan and Mr. Van Osdol were each reappointed to a second full term commencing February 28, 2023.]

⁽⁴⁾ General DiSalvo and Dr. Faison were each reappointed for a first full term commencing February 28, 2022.

⁽⁵⁾ Mr. Morales was appointed for a first full term commencing October 1, 2021, replacing Dr. Leon L. Haley, Jr.

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 421 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

Management

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" presently comprised of a Vice President, Electric Systems; Vice President, Water/Wastewater Systems; Vice President, Planning and Engineering; Vice President, Customer Experience, Insights and Digitization; Vice President, Financial Services; Vice President, Supply Chain/Operations Support; Chief Information Officer; Vice President, IT Infrastructure and Operations; Vice President, Application Delivery and Enterprise Architecture; 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; Vice President, Water/Wastewater Systems and Vice President, Planning and Engineering report to the Chief Operating Officer. The Vice President, Customer Experience, Insights and Digitization reports to the Chief Customer Officer. The Vice President, Financial Services; Vice President, Supply Chain/Operations Support; and Chief Information Officer report to the Chief Financial Officer. The Vice President, IT Infrastructure and Operations and Vice President, Application Delivery and Enterprise Architecture report to the Chief Information 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 developing and implementing JEA's broad strategic direction, as well as evaluating disruptive industry trends and ways to develop new product offerings and customer-centric service models. Her team includes Analytics, Board Services, Corporate Strategy, Economic Development and Real Estate, New Business, Distributed Resources, and Learning and Development. She also leads a cross-functional team focused on JEA's Resiliency efforts.

Ms. Dutton has served the public power industry for more than 19 years, with over 17 years at the Tennessee Valley Authority (TVA), with experience in strategy development, planning and analysis across several functions. She earned an accounting degree and a master's degree in business administration from the University of North Alabama. She also served in a variety of community leadership roles including Leadership Chattanooga, the Combined Federal Campaign, and the Junior League of Chattanooga Board of Directors. Currently, she serves on the Supervisory Committee for the Tennessee Valley Federal Credit Union Board of Directors and is a Trustee for Jacksonville's Museum of Science and History.

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, 2022, JEA had 2,294 budgeted employee positions, of which 1,583 were budgeted to the Electric System, 705 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 1,581 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, 2025.

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 2022 Financial Statements (as defined herein) attached hereto as APPENDIX A for a discussion of certain information on the City's plan. The Actuarial Valuation and Review as of October 1, 2020 for the City's GERP (the "2020 Actuarial Valuation Report") and the Actuarial Valuation and Review as of October 1, 2021 for the City's GERP (the "2021 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, 2020 Valuation or the October 1, 2021 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2017, 2018, 2019, 2020, and 2021, JEA contributed approximately \$48,942,000, \$35,459,523, \$34,352,000, \$38,050,000 and \$40,401,000

to the GERP, respectively. JEA's minimum required contribution to the GERP for the Fiscal Year ended September 30, 2022 was \$43,825,000 and is \$43,985,801 for the Fiscal Year ending September 30, 2023.

Preparation of the Actuarial Valuation as of October 1, 2022 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 2021 Actuarial Valuation Report and the 2020 Actuarial Valuation Report, the latest two reports available.

JEA expects that its annual contributions to GERP will continue to be at lower levels in the near term than it had been for the 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, 2021, the aggregate unfunded actuarial accrued liability for the GERP was \$1,410,245,182, which represented an increase of \$63,320,978 from an aggregate unfunded actuarial accrued liability for the GERP for the Fiscal Year ended September 30, 2020 of \$1,346,924,204. 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. 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, 2021 of \$675,232,155 (an increase of \$27,112,006 from JEA's allocated share for the Fiscal Year ended September 30, 2020) of the aggregate amount of \$1,410,245,182 and (b) 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. 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, 2022 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 Power Park 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, 2022 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, 2021, 2020, and 2019, respectively.

As of October 1, 2021, the SJRPP Plan's actuarial value of assets was \$184,604,014, the actuarial accrued liability entry-age normal was \$163,682,311, the unfunded actuarial accrued liability was (\$20,921,703), the funded ratio was 112.8 percent, the covered payroll was \$284,024 and the unfunded actuarial accrued liability as a percentage of covered payroll was (7366.2) percent. 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.

In the current Fiscal Year, JEA intends to manage the SJRPP Plan to maintain a funded ratio consistent with the goal of having the SJRPP Plan assets (including all employer contributions scheduled to be made) equal to the expected Actuarial Accrued Liability derived in an open group projection for each annual actuarial valuation. JEA made no contributions during the Fiscal Year ended September 30, 2021. JEA made \$13,307,093 in contributions during the Fiscal Year ended September 30, 2020, satisfying its required employer contributions of \$3,901,061 and \$3,374,430 for the Fiscal Years ended September 30, 2021 and 2022, respectively. 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, 2021, \$5,490,393 of excess contributions remained. That amount, adjusted for projected interest earnings, offset the required employer contribution of \$3,374,430 for the Fiscal Year ending September 30, 2022. JEA's required employer contribution for the Fiscal Year ending September 30, 2023 is \$108,830 and will be made in full from JEA's reserve credit balance. The decrease in the required total employer contribution to \$108,830 for the Fiscal Year ending September 30, 2023 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 112-119 of JEA's 2022 Financial Statements attached hereto as APPENDIX A 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.

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 2013 through 2022.

<u>Year</u>	<u>Jacksonville MSA Labor Force</u>			<u>Unemployment Rate (%)</u>	
	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment Rate (%)</u>	<u>Florida</u>	<u>U.S.</u>
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
2022	832,510*	810,812*	2.6*	2.7*	3.6

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.

* Preliminary 2022 data for the Jacksonville MSA and the State is subject to change.

The table below shows the preliminary estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for calendar year 2022. [CONTINUE TO MONITOR FOR FINAL 2022 FULL-YEAR DATA EXPECTED IN MARCH]

	Number of Employees	Percent of Distribution
Trade, Transportation and Utilities	164,600	21.4%
Professional and Business Services	130,000	16.9
Education and Health Services	116,600	15.1
Leisure and Hospitality	88,100	11.5
Government	77,300	10.0
Finance	73,000	9.5
Construction	50,100	6.5
Other Services ⁽¹⁾	37,100	4.8
Manufacturing	33,100	4.3
Total Non-Agricultural Employment (Except Domestics, Self-Employed and Unpaid Family Workers)	769,900	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
Amazon	E-commerce Fulfillment	16,000
Baptist Health System	Healthcare	12,600
Mayo Clinic	Healthcare	8,450
Bank of America / Merrill Lynch	Banking	8,000
UF Health Jacksonville	Healthcare	6,600
Florida Blue	Health Insurance	5,700
Southeastern Grocers	Supermarkets	5,700
Ascension St. Vincent's Healthcare	Healthcare	5,050
Citibank	Banking	4,000
JP Morgan Chase	Banking	3,900

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	11,172 ⁽¹⁾
Naval Air Station, Mayport	United States Navy	10,030
City of Jacksonville	Municipal Government	7,868 ⁽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	4,960
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 2022-23 (<https://www.coj.net/departments/finance/docs/budget/fy-2022-2023-budget-summary.aspx> **Error! Hyperlink reference not valid.**)

⁽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, 2022, see Note 8 to JEA's 2022 Financial Statements attached hereto as APPENDIX A.

Strategic Planning

JEA's strategic planning efforts are guided by its values:

1. Safety – Putting the physical and emotional wellbeing of people first, both at and away from work,
2. Respect – Treating others with courtesy and respect, seeking diverse perspectives and helping to bring out the best in everyone, and
3. Integrity – Placing the highest standard on ethics and personal responsibility, worthy of the trust its customers and colleagues place in it.

With these values in mind, JEA's strategic efforts are centered around three strategic focus areas:

1. Developing an Unbeatable Team – because knowing employees that are treated well will treat JEA customers well,
2. Delivering Business Excellence – because JEA and its employees are serious about serving as good stewards of the resources its customers rely on, and
3. Earning Customer Loyalty – because JEA's customers count on it to deliver affordable, reliable services.

To execute on the strategic focus areas, JEA has laid out its strategic objectives:

1. Fostering an Exceptional Work Culture
 - Employee engagement
 - Diversity, equity and inclusion
2. Deepening Customer and Community Engagement
 - Reasonable rates
 - Sound business decisions
 - Economic Development
 - Customer Solutions
 - Stakeholder Relationships
 - Environmental stewardship

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3. Planning for the Future
 - Employee Development
 - Long-term workforce plan
 - New Business Opportunities
 - Integrated Resource Plan
 - Resilient & Reliable Infrastructure
4. Making Doing Business with JEA Easy
 - Technology, Tools & Data
 - Governance & Policy Review

While JEA's mission, vision, and values generally do not change, the strategic objectives, 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.

ELECTRIC UTILITY SYSTEM

ELECTRIC UTILITY FUNCTIONS

General

In 2021, 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, 2022, the Electric System served an average of 503,934 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, 2022 were approximately 12.5 billion kilowatt-hours ("kWh"). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2022 (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 \$1,666,824,000.

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 2,799 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 were jointly owned by JEA and FPL; JEA's ownership interest in the Power Park assets was 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 ended 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. In 2020, JEA and FPL entered into cooperation and retirement agreements for the closure of Scherer Unit 4 on or before January 1, 2022, and Scherer Unit 4 was closed on that date. 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, biomass 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, 2027.

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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>357</u>	<u>382</u>
Northside	1	ST	5/03 ⁽⁴⁾	Petcoke/Coal/G	293	293
	2	ST	4/03 ⁽⁴⁾	Petcoke/Coal/Biomass/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>1,356</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>774</u>	<u>831</u>
GEC	1 ⁽³⁾	CT	6/11	G/LO	179	191
	2 ⁽³⁾	CT	6/11	G/LO	179	191
					<u>357</u>	<u>382</u>
System Total					<u>2,799</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 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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The following table sets forth JEA's fuel mix for the Fiscal Years ended September 30, 2018 through 2022 and JEA's projected fuel mix for the Fiscal Years ending September 30, 2023 through 2027. 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									
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
2022	0.2	58.2	0.0	10.6	2.2	0.0	18.9	9.9	12,488,252
Projected⁽⁷⁾									
2023	0.3	57.4	0.0	14.0	0.0	3.5	12.6	12.2	12,315,421
2024	0.1	57.6	0.0	13.1	0.0	6.4	10.4	12.4	12,311,690
2025	0.1	49.7	0.0	14.3	0.0	13.2	13.2	9.4	12,314,857
2026	0.2	49.6	0.0	13.9	0.0	13.2	13.8	9.3	12,294,753
2027	0.1	48.7	0.0	15.0	0.0	12.8	13.0	10.5	12,312,861

⁽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 50 to 90 percent petcoke, 10 to 40 percent coal, 10 to 28 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 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, 22,815 MWh in the Fiscal Year ended September 30, 2021, and 17,758 MWh in the Fiscal Year ended September 30, 2022. Projections include aggregate non-firm off-system sales of 550,578 MWh during the Fiscal Years ending September 30, 2023 through 2027.

⁽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, 2022, JEA purchased approximately 85 percent of its petcoke requirements from KOMSA Sarl (Koch Minerals SA) and approximately 15 percent from TCP Petcoke Corporation. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2022, JEA purchased approximately 72 percent of its coal

requirements from Interocean Coal Sales and approximately 28 percent from CMC - Coal Marketing DAC. 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 33 percent of JEA's natural gas needs for the Fiscal Year ended September 30, 2022 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 is 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 JEA's 2022 Financial Statements attached hereto as APPENDIX A.

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 Unit 4. Based on information provided by NextEra, those swaps that have not yet settled had a total mark-to-market cost of approximately \$138.8 million on September 30, 2022.

As of September 30, 2022, JEA had 34 commodity swap transactions with an aggregate notional quantity of 68,799,700 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 \$135 million at that date.

JEA has five contracts to purchase prepaid natural gas supplies at specified volumes per day. Beginning with an average of 21,000 MMBtu/day and then increasing to 22,000 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, 2049 and 2052. 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, 2022, 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

[NEED TO FURTHER UPDATE THE FOLLOWING VOGTLE DISCUSSION FROM GA POWER'S VCM-28 REPORT, EXPECTED TO BE FILED IN MARCH]

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 2026.

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.

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 \$7.320 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 \$7.855 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 \$3.369 billion.

On September 29, 2022, MEAG announced that MEAG and the Vogtle Units 3 and 4 Project Entities have entered into a Definitive Settlement Agreement with Georgia Power (the "Settlement Agreement") to resolve claims relating to the 2019 Global Amendments currently pending in litigation filed by MEAG and the Vogtle Units 3 and 4 Project Entities on June 18, 2022, in the Superior Court of Fulton County, Georgia. Under the Settlement Agreement:

(a) Georgia Power will reimburse the Vogtle Units 3 and 4 Project Entities for (1) 15 percent of their share of the actual cost of construction of the Additional Vogtle Units in excess of \$18.7 billion, up to and including \$19.6 billion, and (2) 20 percent of their share of the actual cost of construction of the Additional Vogtle Units in excess of \$19.6 billion. MEAG and the Vogtle

Units 3 and 4 Project Entities will release Georgia Power from claims for reimbursement of costs of construction of the Additional Vogtle Units other than pursuant to the Settlement Agreement;

(b) The Vogtle Units 3 and 4 Project Entities will not tender any of their ownership interests in the Additional Vogtle Units to Georgia Power, which will remain 22.7 percent in the aggregate;

(c) The parties will dismiss with prejudice the existing litigation among them and deliver customary releases relating to the litigation; and

(d) MEAG Power waives its rights under the Agreement Regarding Additional Participating Party Rights, dated November 2, 2017, by and among MEAG, Georgia Power, and the other Vogtle Co-Owners ("Additional Rights Agreement"), and agrees to vote to continue the construction of the Additional Vogtle Units upon occurrence of specified project adverse events unless the commercial operation date of either of the Additional Vogtle Units is not projected to occur by December 31, 2025.

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 \$3.379 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, July 12, 2022, and January 19, 2023, MEAG issued approximately \$150.4 million, approximately \$212.0 million, and approximately \$192.4 million of additional Project J tax-exempt bonds, Series 2021A, Series 2022A and Series 2023A, respectively. JEA provided updated disclosure regarding JEA in connection with MEAG's July 8, 2021 Project J Bonds, Series 2021A Official Statement, June 29, 2022 Project J Bonds, Series 2022A Official Statement and January 12, 2023 Project J Bonds, Series 2023A Official Statement, respectively, relating to the issuances 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, 2022A and 2023A.

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, 2021. 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)⁽¹⁾

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
Series 2022A - Tax Exempt Bonds	212,005
Remaining Financing Requirement	146,215
Total Long-term Bonds Issued	\$2,513,110

DOE Advances⁽²⁾

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	\$178,210
Total Capital Requirements⁽³⁾	\$3,378,599

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Includes Advances and related capitalized interest accretion.

⁽³⁾ Represents estimated total construction costs and required reserve deposits, net of payments received.

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Based on information provided by MEAG, JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2022 is summarized as follows (000s omitted)⁽¹⁾:

Fiscal Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>	<u>Build America Bonds Subsidy</u>	<u>Capitalized Interest</u>	<u>Net Debt Service</u>
2023	\$ 31,967	\$ 150,394	\$ 182,361	(\$ 26,439)	(\$77,630)	\$ 78,292
2024	34,451	147,901	182,352	(26,100)	(7,407)	148,845
2025	35,771	144,567	180,338	(25,746)	—	154,592
2026	37,109	142,548	179,657	(25,378)	—	154,279
2027	38,516	140,696	179,212	(24,993)	—	154,219
2028	40,011	138,676	178,687	(24,592)	—	154,095
2029	41,544	136,684	178,228	(24,173)	—	154,055
2030	43,135	134,578	177,713	(23,737)	—	153,976
2031	44,795	132,386	177,181	(23,281)	—	153,900
2032	46,477	130,215	176,692	(22,806)	—	153,886
2033	48,332	127,705	176,037	(22,311)	—	153,726
2034	50,235	125,219	175,454	(21,794)	—	153,660
2035	52,168	122,696	174,864	(21,255)	—	153,609
2036	45,678	120,071	165,749	(20,692)	—	145,057
2037	34,584	117,285	151,869	(20,106)	—	131,763
2038	30,988	114,410	145,398	(19,494)	—	125,904
2039	28,020	111,344	139,364	(18,855)	—	120,509
2040	18,891	108,248	127,139	(18,189)	—	108,950
2041	15,847	104,965	120,812	(17,495)	—	103,317
2042	9,710	101,860	111,570	(16,770)	—	94,800
2043	3,393	62,828	66,221	(11,035)	—	55,186
2044	—	6,028	6,028	(1,193)	—	4,835
Total	<u>\$731,622</u>	<u>\$2,621,304</u>	<u>\$3,352,926</u>	<u>(\$456,434)</u>	<u>(\$85,037)</u>	<u>\$2,811,455</u>

⁽¹⁾ Totals may not add due to rounding.

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 \$3.379 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 for Plant Vogtle Unit 3 of April 2016 and for Plant Vogtle Unit 4 of April 2017 being revised to the current projected placed in service dates for Plant Vogtle Unit 3 and for Plant Vogtle Unit 4 of [May or June] 2023 and [the fourth quarter of 2023 or first quarter of 2024], 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.

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. On June 17, 2021, 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.

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 MW. 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 68,457 MWh for approximately \$5.161 million in the Fiscal Year ended September 30, 2022 and 86,836 MWh for approximately \$6.424 million in the Fiscal Year ended September 30, 2021.

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 18,024 MWh of electricity in fiscal year 2022 and 14,925 MWh of electricity in fiscal year 2021. JEA pays only for the energy produced. Purchases of energy were approximately \$3.928 million in the Fiscal Year ended September 30, 2022 and \$3.169 million for the Fiscal Year ended September 30, 2021.

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 53,607 MWh in fiscal year 2022 and 51,629 MWh in fiscal year 2021. JEA pays only for the energy produced. Purchases of energy were approximately \$4.174 million in the Fiscal Year ended September 30, 2022 and \$3.990 million for the Fiscal Year ended September 30, 2021.

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, were structured as PPAs. EDF-DS was selected as the vendor for the sites, and contracts were executed in January 2019; however, impacts caused by the COVID-19 pandemic, resulted in project delays.

All five of the EDF-DS contracts have been terminated. Planning and identification of substitute projects and future solar generation will be part of JEA's ongoing Integrated Resource Plan ("IRP") process.

In tandem with the IRP process and aligning with JEA's commitment to increase its renewable portfolio, JEA entered into an agreement with The Energy Authority to purchase 150 MWac of electric energy and capacity resources and renewable attributes (solar) from FPL. The contract, executed on January 24, 2023, is over a five-year term and totals \$106.6 million. JEA additionally has sought bids for the development of at least 300 MWac of solar and energy storage systems on JEA-owned parcels. The solicitation, released January 31, 2023 and facilitated through The Energy Authority, is sourcing full attribute, solar, and/or solar plus storage resource solutions formatted in multiple blocks, not to exceed 74.9 MWac each. Facilities are expected to commission no later than third quarter of 2026.

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,

2023, JEA is obligated to guaranty, directly or indirectly, certain of TEA's electric trading activities in an amount up to \$60,000,000 and certain of TEA's natural gas procurement and trading activities up to \$47,300,000, 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 \$60,000,000 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, 2022, see Note 7 to JEA's 2022 Financial Statements attached hereto as APPENDIX A.

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 2027 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 the North American Electric Reliability Corporation ("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 of SERC. 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 and data facilities; and evaluate and resolve system disturbances.

JEA is subject to standards enacted by NERC 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. Accordingly, JEA maintains a compliance program as per the guidance of the NERC Compliance Monitoring and Enforcement Program (CMEP). 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 had received 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 had been converted to JEA's Open Access Transmission service, which is a JEA Board approved tariff (Open Access Transmission) that allowed transmission customers to use JEA's transmission system to move energy across the JEA system and is consistent with FERC Order No. 888. JEA executed an early termination of the Cedar Bay transmission provision effective October 1, 2022.

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
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 7,238 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, 2022, the Electric System served an average of 503,934 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, 2018 through 2022.

	Fiscal Year Ended September 30,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Electric Revenues (000s omitted):					
Residential	\$ 785,986	\$ 644,639	\$ 624,078	\$ 629,355	\$ 618,171
Commercial and industrial	714,288	566,942	556,722	590,473	594,395
Public street lighting	15,039	13,821	13,410	13,176	12,873
Sales for resale	1,341	2,137	2,128	3,914	5,474
FPL saleback	0	1	(1)	1,664	30,767
TOTAL	<u>\$1,516,654</u>	<u>\$1,227,540</u>	<u>\$1,196,337</u>	<u>\$1,238,582</u>	<u>\$1,261,680</u>
Sales (MWh):					
Residential	5,741,350	5,642,412	5,566,222	5,515,428	5,414,721
Commercial and industrial	6,674,205	6,518,435	6,562,365	6,793,557	6,851,803
Public street lighting	54,939	55,487	55,974	57,410	59,176
Sales for resale:					
Off-system	17,758	22,815	18,412	99,563	74,069
FPL saleback	0	0	0	0	332,467
TOTAL	<u>12,488,252</u>	<u>12,239,149</u>	<u>12,202,973</u>	<u>12,465,958</u>	<u>12,732,236</u>
Average Number of Accounts:					
Residential	444,840	436,299	427,321	418,728	410,060
Commercial and industrial	55,105	54,381	53,750	53,204	52,573
Public street lighting	3,989	3,976	3,929	3,854	3,776
TOTAL	<u>503,934</u>	<u>494,656</u>	<u>485,000</u>	<u>475,786</u>	<u>466,409</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, 2022. The following table sets forth the 10 largest Electric System accounts by MWh purchases, during the Fiscal Year ended September 30, 2022.

<u>Customer Accounts</u>	<u>MWh Purchases</u>	<u>Percentage of Total</u>
United States Navy	344,538	2.8
CMC Steel	326,909	2.6
WestRock	229,689	1.8
City of Jacksonville	185,653	1.5
Duval County Public Schools	143,201	1.1
Southern Baptist Hospital	116,804	0.9
Johnson & Johnson Vision Care	106,247	0.8
Anheuser Busch	103,332	0.8
Publix Supermarkets	101,129	0.8
Mayo Clinic Jacksonville	99,652	0.8
TOTAL	1,757,154	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 0.16 percent of estimated gross Electric System revenues for the Fiscal Year ending September 30, 2023. Actual uncollectible accounts were 0.10 percent of gross Electric System revenues for the Fiscal Year ended September 30, 2022.

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 (excluding fuel) anticipated to result in revenue requirement increases averaging approximately 3.0 percent per year over the forecasted Fiscal Years 2023, 2024, 2025, 2026, and 2027.

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.

Effective [April 1, 2023], the Environmental charge and Conservation charges were eliminated for all rate classes and incorporated into the energy charge. Basic monthly charges for each rate class were raised to more closely represent the cost to serve each class of customer.

A comparison of residential rates in selected major regional cities, including fuel adjustments and franchise fees, as of January 2023, 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>
St. Petersburg (Duke Energy Florida)	98.05	182.84	232.25	380.49
Gainesville (GRU)	97.55	182.61	229.81	371.41
Key West (Keys Energy Services)	103.00	180.00	218.50	334.00
Ocala (Electric Dept.)	89.82	162.64	199.05	308.28
FP&L-NWFL	85.37	160.70	192.22	372.16
Tampa (Tampa Electric)	87.11	151.63	189.53	303.21
Orlando (Orlando Utilities Commission)	81.00	147.00	186.25	304.00
JACKSONVILLE (JEA)	73.68	141.69	175.69	277.71
Lakeland (Utilities Dept.)	75.20	139.40	173.30	307.07
Miami (FPL)	69.77	129.50	164.64	270.07
Tallahassee (Electric Dept.)	67.95	126.94	156.44	244.93
Atlanta (GPC)	69.19	117.14	140.03	208.69

Source: Publicly available information from utility websites (January 2023).

A comparison of non-residential rates in selected major regional cities for certain classifications of service for November 2022 (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)	\$316.75	\$10,908.00	\$36,634.50
Key West (Keys Energy Services)	316.61	11,703.50	39,080.50
Ocala (Electric Dept.)	240.16	8,037.20	26,954.00
FP&L-NWFL	238.14	7,105.77	23,159.32
St. Petersburg (Duke Energy Florida)	220.70	6,477.04	21,608.54
Orlando (Orlando Utilities Commission)	208.60	6,684.80	22,201.00
Lakeland (Utilities Dept.)	204.34	7,106.38	23,863.94
Tampa (Tampa Electric)	201.49	5,507.10	18,281.40
Atlanta (GPC)	198.97	5,939.48	22,041.53
Miami (FPL)	181.24	5,678.67	19,070.32
JACKSONVILLE (JEA)	171.85	5,993.80	19,781.00
Tallahassee (Electric Dept.)	163.20	6,108.03	20,025.70

Source: For all Florida cities, Florida Municipal Electric Association, Inc.'s "Commercial/Industrial Comparison of Electric Rates" (November 2022); for Atlanta, GPC (January 2022).

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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 September 2022, the JEA Board approved an extension of the EDP program application date to September 30, 2023. 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.

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, 2027 is shown in the following table.

Electric System Capital Program (000s omitted)

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 235,000
2024	215,000
2025	215,000
2026	400,000
2027	400,000
Total	<u>\$1,465,000</u>

The total amount of the capital program for the five-year period is estimated to be approximately \$1,465 million. It is expected that approximately \$450 million of the capital program for this period will be provided from the proceeds of bonds and that approximately \$1,015 million will be provided from revenues and available funds of the Electric System. 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 100 percent owned by JEA as of August 10, 2022. The Power Park was formerly 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 owned an undivided 80 percent interest in the Power Park, and FPL owned the other 20 percent. JEA and FPL shared 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 was to 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 paid its share of the costs of retirement and dismantlement of the Power Park; provided, however, FPL did 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 and are required to be made in accordance with the terms of the Second Power Park Resolution.

The estimate for decommissioning St. Johns River Power Park as of the date of this Annual Disclosure Report is approximately \$64.5 million, of which \$64.4 million had been incurred as of January 2023. JEA will pay 80 percent of the decommissioning cost with the exception of the Blount Island Conveyor Demolition, for which JEA pays 100 percent. JEA's portion of total decommissioning costs is estimated to be approximately \$53.1 million, of which approximately \$52.7 million had been incurred as of the Fiscal Year ended September 30, 2023.

On August 10, 2022 all land and real property assets were transferred to JEA following the substantial completion of demolition and remediation. 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.

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¹ The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.

Operation

The following table shows the total plant capacity factors for the Power Park since 2018. 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		
	<u>Unit 1 (%)</u>	<u>Unit 2 (%)</u>	<u>Total (%)</u>
2018 ⁽¹⁾	45.7	29.8	37.8
2019 ⁽²⁾	n/a	n/a	n/a
2020 ⁽²⁾	n/a	n/a	n/a
2021 ⁽²⁾	n/a	n/a	n/a
2022 ⁽²⁾	n/a	n/a	n/a

⁽¹⁾ During this period, Unit 1 and 2 were permanently shut down on January 5, 2018.

⁽²⁾ 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 and FPL entered into cooperation and retirement agreements setting forth the terms and conditions for the closure of the Scherer Unit 4 on or before 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 2018.

<u>Calendar Year</u>	<u>Scherer Unit 4</u>	
	<u>Availability Factor (%)</u>	<u>Capacity Factor (%)</u>
2018 ⁽¹⁾	76.6	52.5
2019	98.7	53.5
2020 ⁽²⁾	80.2	32.0
2021	93.4	47.7
2022 ⁽³⁾	n/a	n/a

⁽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.

⁽³⁾ Not applicable with Scherer Unit 4 retirement on January 1, 2022.

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 1,185 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 2022 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 IRP is an industry standard process for evaluating long-term power supply requirements for:

- Reliability
- Economics
- Environmental

The process includes:

- Evaluating future need for generating resources
- Evaluating new resource options
- Identifying Scenarios and analyzing solutions
- Gathering Stakeholder feedback
- Determining preferred portfolio
- Developing action plan(s)

JEA has included 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 have the opportunity to review and provide feedback 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 2018 to 2022, the peak demand for power on JEA's Electric System decreased at a compound annual rate of 2.20 percent per year. From 2018 to 2022, energy output decreased at a compound annual rate of 0.18 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>
2018	3,080	14.8	12,807	2.6
2019	2,644	(14.1)	12,862	0.4
2020	2,658	0.5	12,623	(1.9)
2021	2,582	(2.9)	12,687	0.5
2022	2,816	9.1	12,900	1.7

⁽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. [THE FOLLOWING TABLES WILL BE UPDATED AGAIN ONCE THE 2023 TYSP IS PUBLISHED ON APRIL 1.]

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⁾
2023	2,748	413	3,161	2,952	215	0	3,167	6
2024	2,766	415	3,181	2,952	315	0	3,267	86
2025	2,781	417	3,198	2,952	415	0	3,367	169
2026	2,795	419	3,214	2,952	415	0	3,367	153
2027	2,806	421	3,227	2,952	400	0	3,352	125

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⁾
2023	2,606	391	2,997	2,799	215	0	3,014	17
2024	2,624	393	3,017	2,799	315	0	3,114	97
2025	2,639	396	3,035	2,799	415	0	3,214	179
2026	2,652	398	3,050	2,799	415	0	3,214	164
2027	2,663	399	3,062	2,799	400	0	3,199	137

⁽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, 2022, JEA had accrued liabilities of approximately \$29,284,934 related to environmental matters, of which approximately \$16,515,239 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 JEA's Financial Statements attached hereto as APPENDIX A. 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.

On October 27, 2022, the D.C. Circuit Court ordered the repeal of CPP, and Section 111(d) revisions were vacated, but ACE challenges remained in abeyance. EPA will propose an ACE replacement rule in April of 2023, to be finalized around mid-2024. On December 23, 2022, EPA proposed revisions to Section 111(d) implementing rules (timing and state plans) and clarifications of definitions including "remaining useful life," with comments due by February 27, 2023.

Environmental Justice ("EJ")

In May 2022, Department of Justice's ("DOJ's") Environment and Natural Resources Division (ENRD) in partnership with EPA developed four "principles" for Environmental Justice Enforcement Strategy:

1. Prioritize cases that will reduce public health and environmental harms to overburdened and underserved communities.
2. Make strategic use of all available legal tools to address environmental justice concerns.
3. Ensure meaningful engagement with the impacted communities.
4. Promote transparency regarding environmental justice enforcement efforts and their results.

On December 22, 2022, EPA released a memo titled "Principles for Addressing Environmental Justice Concerns in Air Permitting." Environmental permit applications and renewals (including Title V) could be scrutinized for potential EJ issues.

Inflation Reduction Act (IRA) of 2022

Also, known as the Manchin-Schumer bill, calls for GHG reductions of about 40% by 2030, compared to the 2005 levels. There are tax incentives for any zero-carbon power production, and EV tax credits will continue. Details of how the Act will be implemented are still to be determined. On January 10, 2023, Biden-Harris Administration announced availability of \$100 million through the Act for Environmental Justice Grants.

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). In April 2022, EPA staff recommended to retain the 70 ppb standard, with a proposal slated for April 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. On January 27, 2023, EPA proposed to further strengthen the annual PM_{2.5} standard from 12 µg/m³ to between 9 and 10 µg/m³. Florida would fully meet an annual standard at 10 µg/m³ but could have a couple of potential nonattainment areas if the standard is lowered to 9 µg/m³. Also, EPA is proposing to retain the 24-hour standard of 35 µg/m³, although it seeks comment on lowering it as low as 25 µg/m³. Comments are due on March 28, 2023. Based on 2009-2021 monitoring data by FDEP, Duval County is around 7 µg/m³ for annual averaging, and 15 µg/m³ for 24-hour averaging.

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. A proposed RTR is due in March 2023.

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 Water Infrastructure Improvements for the Nation Act (the "WIIN Act") was signed, and 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 federal 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 incorporated the rules and regulations and is seeking EPA's approval of a state permitting program. 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 January 2022 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 monitoring requirements of the rule following plant decommissioning in accordance with the post-closure and corrective action plans 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. This exemption would allow for the mining of materials from the three closed Power Park landfills.

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. Although well-controlled, JEA also had to revise the permit conditions to assure that Units 1 and 2 at NGS are subject to enforceable MATS-based SO₂ emission standards.

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 has developed a new rule, to become effective March 6, 2023, to define jurisdictional Waters of the United States. The delegation of the 404 program was expected to streamline permitting; however, delays have been realized as FDEP adapts to the additional workload consequent to assuming the program. The delegation itself is facing 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

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.

For certain information regarding the impact of the COVID-19 pandemic on JEA, see Note 16 of JEA's 2022 Financial Statements attached hereto as APPENDIX A.

Legislation

[TO BE UPDATED]

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, 2022, \$880,460,000 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 \$[854,340,000] in aggregate principal amount of Electric System Bonds outstanding under the Electric System Resolution, consisting of (a) \$[430,910,000] in aggregate principal amount of variable rate Electric System Bonds and (b) \$[423,430,000] 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, 2027. 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 [May 8, 2023] to [July 26, 2026].

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 \$[53,945,000], \$[94,605,000] and \$[38,735,000], 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 Bonds¹ 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.

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.

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, 2022, \$488,775,000 in aggregate principal amount of Subordinated Electric System Bonds was outstanding. As of the date of this Annual Disclosure Report, there is \$[470,185,000] in aggregate principal amount of Subordinated Electric System Bonds outstanding under the Subordinated Electric System Resolution, consisting of (a) \$[51,485,000] in aggregate principal amount of variable rate Subordinated Electric System Bonds and (b) \$[418,700,000] 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 8, 2026.

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, 2022, \$108,000,000 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. On September 14, 2022, an additional \$102,335,000 of Power Park Issue Three Bonds were defeased using available funds of the Electric Utility System. As of the date of this Annual Disclosure Report, \$[92,715,000] 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, 2022, \$27,175,000 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, \$[24,765,000] 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, 2022 and September 30, 2021, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2022 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, 2022 and September 30, 2021. 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,	
	2022	2021
Revenues		
Electric	\$1,516,654	\$1,225,962
Investment income ⁽¹⁾	2,547	2,295
Earnings from The Energy Authority	29,731	15,378
Other, net ⁽²⁾	123,175	25,303
Plus: amounts paid from the Rate Stabilization Fund into the Revenue Fund	82,232	82,016
Less: amounts paid from the Revenue Fund into the Rate Stabilization Fund	(87,515)	(24,370)
Total Revenues	\$1,666,824	\$1,326,584
Cost of Operation and Maintenance ⁽³⁾		
Fuel	478,743	326,870
Purchased power ⁽⁴⁾	408,317	204,846
Maintenance and other operating expenses	227,313	211,537
State utility and franchise taxes	72,598	60,080
Total Cost of Operation and Maintenance	1,186,971	803,333
Net Revenues	\$ 479,853	\$ 523,251
Debt Service Requirement on Electric System Bonds (prior to reduction of investment income on sinking fund and Build America Bonds subsidy)	\$ 50,560	\$ 47,552
Less: investment income on sinking fund	(1,167)	(1,677)
Less: Build America Bonds subsidy	(1,535)	(1,536)
Debt Service Requirement on Electric System Bonds	\$ 47,858	\$ 44,339
Debt service coverage on Electric System Bonds ⁽⁵⁾	10.03x	11.80x
Debt Service Requirement on Electric System Bonds (from above)	47,858	44,339
Plus: Aggregate Subordinated Debt Service on Subordinated Electric System Bonds (prior to reduction of Build America Bonds subsidy)	40,500	58,701
Less: Build America Bonds subsidy	(1,843)	(1,908)
Aggregate Subordinated Debt Service on Subordinated Electric System Bonds	38,657	56,793
Debt Service Requirement on Electric System Bonds and Aggregate Subordinated Debt Service on Subordinated Electric System Bonds	\$ 86,515	\$ 101,132
Debt service coverage on Electric System Bonds and Subordinated Electric System Bonds ⁽⁶⁾	5.55x	5.17x

(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 Aggregate Subordinated Debt Service on 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 \$340.2 million, or 25.6 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily related to higher electric revenues and an increase in other revenue offset, in part, by an increase in amounts paid from the Revenue Fund into the Rate Stabilization Fund.

Electric revenues increased \$290.7 million, or 23.7 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, related to a \$290.0 million increase in territorial sales revenues, comprised of a \$239.0 million increase in fuel revenues and a \$51 million increase in base revenues. The increase in fuel revenues was due to an increase in fuel costs. The increase in base revenues was driven by higher consumption as a result of a 1.9% increase in customers.

Earnings from The Energy Authority increased \$14.4 million, or 93.3 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, related to higher margins on purchases and sales transactions by The Energy Authority and increased purchases by JEA through The Energy Authority.

Other revenues increased \$97.9 million, or 386.8 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily related to the \$100 million consummation payment from FPL for the retirement of Scherer Unit 4 offset, in part, by a \$1 million decrease in late fees, which were temporarily suspended during the current year.

Amounts paid from the Revenue Fund into the Rate Stabilization Fund increased \$63.1 million, or 259.1 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily related to a \$72.7 million increase in purchased power contributions offset, in part, by a \$9.9 million decrease in fuel contributions.

Cost of Operation and Maintenance

Total Cost of Operation and Maintenance increased \$383.6 million, or 47.8 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021. Total fuel and purchased power expenses increased \$355.3 million, or 66.8 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily related to a 46.5 percent increase in fuel expense and a 99.3 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 1.8 percent for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, to 12,904,526 MWh from 12,674,148 MWh, with an increase of 24.7 percent for MWh purchased offset, in part, by a decrease of 6.0 percent for MWh generated. The cost per MWh of power generated increased 92.1 percent and the cost per MWh of purchased power increased 47.8 percent.

Net Revenues

Net Revenues available for debt service decreased \$43.4 million, or 8.3 percent, to \$479.9 million for the Fiscal Year ended September 30, 2022 from \$523.3 million for the Fiscal Year ended September 30, 2021. Total Revenues increased \$340.2 million, or 25.6 percent, and total Cost of Operation and Maintenance increased \$383.6 million, or 47.8 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, as stated above. The decrease in Net Revenues available for debt service is primarily related to the increase in fuel and purchased power expense and the increase in amounts paid from the Revenue Fund into the Rate Stabilization Fund offset, in part, by higher territorial sales revenues and the consummation payment from FPL for the retirement of Scherer Unit 4.

Debt Service Requirement on Electric System Bonds

The Debt Service Requirement on Electric System Bonds increased \$3.5 million, or 7.9 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, related to a \$1.8 million increase in scheduled principal amortization, a \$2.2 million increase in variable interest rates and a \$0.5 million decrease in investment income on sinking fund balances offset, in part, by \$1.0 million lower fixed rate interest expense as a result of lower outstanding debt balances.

JEA did not issue any Electric System Bonds during the Fiscal Year ended September 30, 2022.

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.

Debt Service Coverage on Electric System Bonds

The debt service coverage on Electric System Bonds decreased to 10.03 times for the Fiscal Year ended September 30, 2022 as compared to the debt service coverage of 11.80 times for the Fiscal Year ended September 30, 2021 as a result of the 8.3 percent decrease in Net Revenues available for debt service and the 7.9 percent increase 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 \$18.1 million, or 31.9 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily related to a \$16.2 million decrease in scheduled principal amortization and a \$2.1 million lower fixed rate interest expense as a result of lower outstanding debt balances.

JEA did not issue any Subordinated Electric System Bonds during the Fiscal Year ended September 30, 2022.

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.

Debt Service Coverage on Electric System Bonds and Subordinated Electric System Bonds

The combined debt service coverage on Electric System Bonds and Subordinated Electric System Bonds increased to 5.55 times for the Fiscal Year ended September 30, 2022 as compared to the debt service coverage of 5.17 times for the Fiscal Year ended September 30, 2021 as a result of the 8.3 percent decrease in Net Revenues available for debt service being proportionately less than the 14.5 percent decrease in the combined Debt Service Requirement on Electric System Bonds and Aggregate Subordinated Debt Service on 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 on September 30, 2022 was 126 days, and the Days of Liquidity was 254 days. The Days of Cash on Hand for the Electric System and the Scherer 4 Project on September 30, 2021 was 166 days, and the Days of Liquidity was 331 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 JEA's 2022 Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days)

The Days of Liquidity computation is as follows:

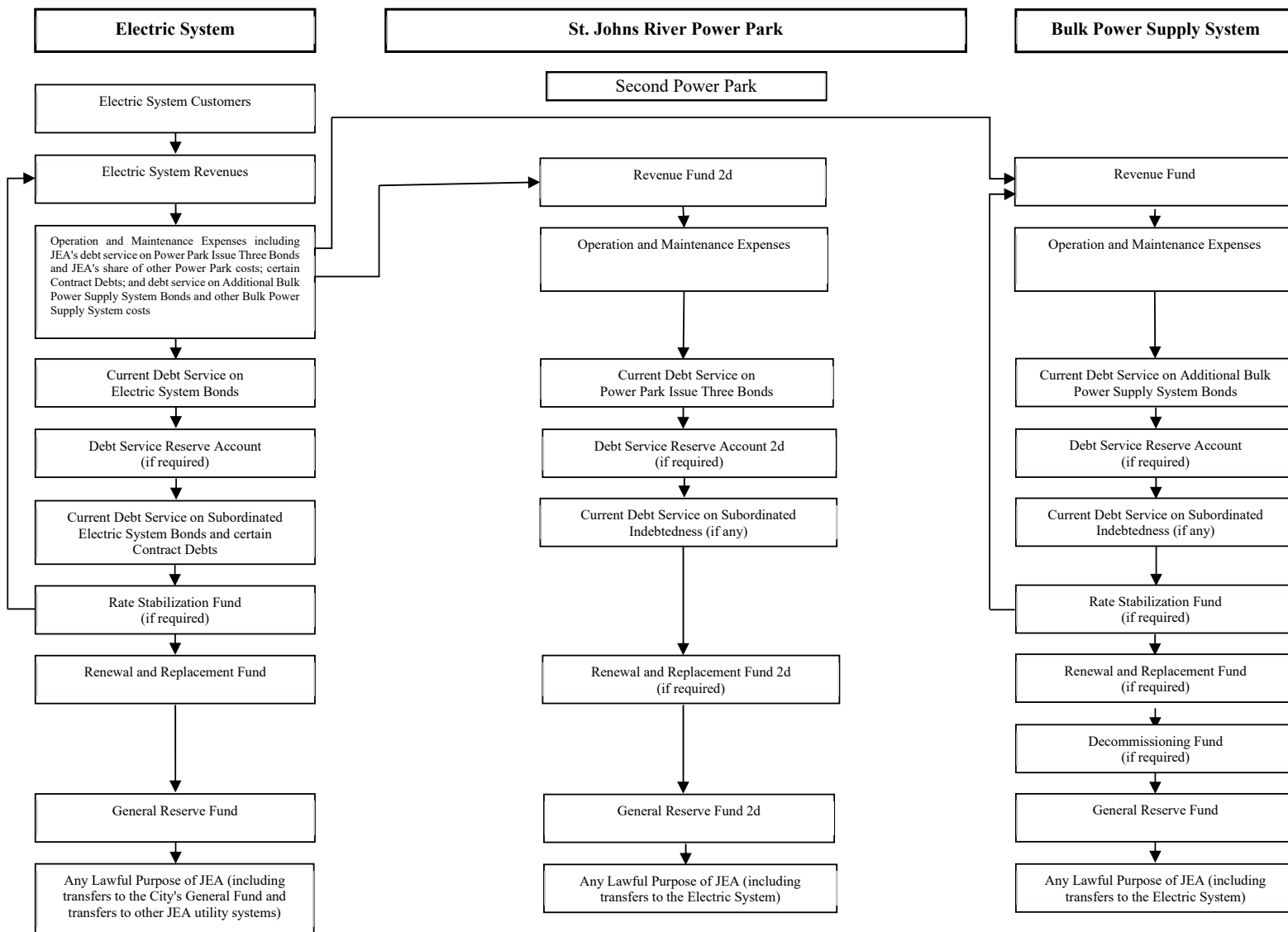
(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of JEA's 2022 Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility*) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days)

*. Allocated share of available Revolving Credit Facility on September 30, 2022 was approximately \$412.0 million and approximately \$405.6 million on September 30, 2021; however, the total balance of \$497 million could have been drawn as of September 30, 2022.

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, 2022 (which consist of the statement of net position of JEA as of September 30, 2022 and September 30, 2021 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 2022 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2022 and September 30, 2021 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, 2022 and September 30, 2021 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 2022 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2022 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 2022 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 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 \$94,545,651 for the Fiscal Year ended September 30, 2022 to \$95,491,107 for the Fiscal Year ending September 30, 2023. 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 \$[51,485,000] 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 \$489,855,000 as of September 30, 2022, of which, \$399,510,000 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 2022 Financial Statements attached hereto as APPENDIX A.

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, 2022, 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 \$38,230,617, of which approximately \$31,503,874 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, 2022	Fixed Rate of Interest	Variable Rate Index⁽¹⁾	Termination Date⁽²⁾
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008A</i>	Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")	\$100,000,000	\$51,680,000	3.836%	BMA Municipal Swap Index	10/1/2036
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, 2008B-2, 2008B-3 and 2008B-4</i>	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	78,300,000	3.661	68% of 1 month LIBOR	10/1/2035
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 and 2008C-2</i>	GSMMDP	174,000,000	84,800,000	3.717	68% of 1 month LIBOR	9/16/2033
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008D-1</i>	MSCS	98,375,000	62,980,000	3.907	SIFMA Municipal Swap Index	10/1/2031
<i>Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D</i>	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.

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, 2022, 19.2 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 3.1 years. As of September 30, 2022, the remaining 80.8 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 83 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 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, 2022, 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 2022 Financial Statements attached hereto as APPENDIX A.

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, 2022, JEA had \$3,000,000 in borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. On December 22, 2022, the Revolving Credit Facility was drawn upon by the District Energy System for an additional \$4,000,000, leaving \$493,000,000 available to be drawn. As of the date of this Annual Disclosure Report, JEA has \$[7,000,000] in borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System.

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 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



**ANNUAL DISCLOSURE REPORT
FOR
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2022**

**(Prepared pursuant to certain
continuing disclosure undertakings
relating to the Bonds listed
in APPENDIX E hereto)**

Filed on EMMA

**Dated as of
[April 25, 2023]**

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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 Marshall
Sheila E. Pressley
L. David Emanuel
Theodore B. Phillips
Jody L. Brooks
Laura Marshall Schepis
Laura M. Dutton

Vice President, Financial Services

Joseph E. Orfano²

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 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, 2022**

INTRODUCTION

General

This Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2022 (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, 2022, 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, 2022 (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 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	April 16, 2020 – February 28, 2025 ⁽²⁾
Martha T. Lanahan, Vice Chair	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – [February 28, 2027 ⁽³⁾]
Gen. Joseph P. DiSalvo, Secretary	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2026 ⁽⁴⁾
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 ⁽⁴⁾
Ricardo 'Rick' Morales III	President & CEO, Morales Construction Co. Inc.	October 1, 2021 – February 28, 2024 ⁽⁵⁾
Thomas VanOsdol	President & CEO, Ascension Florida and Gulf Coast	April 16, 2020 – [February 28, 2027 ⁽³⁾]

⁽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.

⁽²⁾ Mr. Stein was reappointed for a first full term commencing February 28, 2021.

⁽³⁾ [Ms. Lanahan and Mr. Van Osdol were each reappointed to a second full term commencing February 28, 2023.]

⁽⁴⁾ General DiSalvo and Dr. Faison were each reappointed for a first full term commencing February 28, 2022.

⁽⁵⁾ Mr. Morales was appointed for a first full term commencing October 1, 2021, replacing Dr. Leon L. Haley, Jr.

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 421 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

Management

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" presently comprised of a Vice President, Electric Systems; Vice President, Water/Wastewater Systems; Vice President, Planning and Engineering; Vice President, Customer Experience, Insights and Digitization; Vice President, Financial Services; Vice President, Supply Chain/Operations Support; Chief Information Officer; Vice President, IT Infrastructure and Operations; Vice President, Application Delivery and Enterprise Architecture; 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; Vice President, Water/Wastewater Systems; and Vice President, Planning and Engineering report to the Chief Operating Officer. The Vice President, Customer Experience, Insights and Digitization reports to the Chief Customer Officer. The Vice President, Financial Services; Vice President, Supply Chain/Operations Support; and Chief Information Officer report to the Chief Financial Officer. The Vice President, IT Infrastructure and Operations and Vice President, Application Delivery and Enterprise Architecture report to the Chief Information 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 developing and implementing JEA's broad strategic direction, as well as evaluating disruptive industry trends and ways to develop new product offerings and customer-centric service models. Her team includes Analytics, Board Services, Corporate Strategy, Economic Development and Real Estate, New Business, Distributed Resources, and Learning and Development. She also leads a cross-functional team focused on JEA's Resiliency efforts.

Ms. Dutton has served the public power industry for more than 19 years, with over 17 years at the Tennessee Valley Authority (TVA), with experience in strategy development, planning and analysis across several functions. She earned an accounting degree and a master's degree in business administration from the University of North Alabama. She also served in a variety of community leadership roles including Leadership Chattanooga, the Combined Federal Campaign, and the Junior League of Chattanooga Board of Directors. Currently, she serves on the Supervisory Committee for the Tennessee Valley Federal Credit Union Board of Directors and is a Trustee for Jacksonville's Museum of Science and History.

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, 2022, JEA had 2,294 budgeted employee positions of which 705 were budgeted to the Water and Sewer System, six were budgeted to the District Energy System, and 1,583 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 1,581 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, 2025.

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 2022 Financial Statements (as defined herein) attached hereto as APPENDIX A for a discussion of certain information on the City's plan. The Actuarial Valuation and Review as of October 1, 2020 for the City's GERP (the "2020 Actuarial Valuation Report") and the Actuarial Valuation and Review as of October 1, 2021 for the City's GERP (the "2021 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, 2020 Valuation or the October 1, 2021 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2017, 2018, 2019, 2020, and 2021, JEA contributed approximately, \$48,942,000, \$35,459,523, \$34,352,000, \$38,050,000 and to the

GERP, respectively. JEA's minimum required contribution to the GERP for the Fiscal Year ended September 30, 2022 was \$43,825,000 and is \$43,985,801 for the Fiscal Year ending September 30, 2023.

Preparation of the Actuarial Valuation as of October 1, 2022 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 2021 Actuarial Valuation Report and the 2020 Actuarial Valuation Report, the latest two reports available.

JEA expects that its annual contributions to GERP will continue to be at lower levels in the near term than it had been for the 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, 2021, the aggregate unfunded actuarial accrued liability for the GERP was \$1,410,245,182, which represented an increase of \$63,320,978 from an aggregate unfunded actuarial accrued liability for the GERP for the Fiscal Year ended September 30, 2020 of \$1,346,924,204. 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. 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, 2021 of \$675,232,155 (an increase of \$27,112,006 from JEA's allocated share for the Fiscal Year ended September 30, 2020) of the aggregate amount of \$1,410,245,182 and (b) 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. 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 112-119 of JEA's 2022 Financial Statements attached hereto as APPENDIX A 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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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 2013 through 2022.

<u>Year</u>	<u>Jacksonville MSA Labor Force</u>			<u>Unemployment Rate (%)</u>	
	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment Rate (%)</u>	<u>Florida</u>	<u>U.S.</u>
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
2022	832,510*	810,812*	2.6*	2.7*	3.6

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.

* Preliminary 2022 data for the Jacksonville MSA and the State is subject to change.

The table below shows the preliminary estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for calendar year 2022. [CONTINUE TO MONITOR FOR FINAL 2022 FULL-YEAR DATA EXPECTED IN MARCH]

	<u>Number of Employees</u>	<u>Percent of Distribution</u>
Trade, Transportation and Utilities	164,600	21.4%
Professional and Business Services	130,000	16.9
Education and Health Services	116,600	15.1
Leisure and Hospitality	88,100	11.5
Government	77,300	10.0
Finance	73,000	9.5
Construction	50,100	6.5
Other Services ⁽¹⁾	37,100	4.8
Manufacturing	33,100	4.3
Total Non-Agricultural Employment (Except Domestic, Self-Employed and Unpaid Family Workers)	<u>769,900</u>	<u>100.0%</u>

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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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>
Amazon	E-commerce Fulfillment	16,000
Baptist Health System	Healthcare	12,600
Mayo Clinic	Healthcare	8,450
Bank of America / Merrill Lynch	Banking	8,000
UF Health Jacksonville	Healthcare	6,600
Florida Blue	Health Insurance	5,700
Southeastern Grocers	Supermarkets	5,700
Ascension St. Vincent's Healthcare	Healthcare	5,050
Citibank	Banking	4,000
JP Morgan Chase	Banking	3,900

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	11,172 ⁽¹⁾
Naval Air Station, Mayport	United States Navy	10,030
City of Jacksonville	Municipal Government	7,868 ⁽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	4,960
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 2022-23 (<https://www.coj.net/departments/finance/docs/budget/fy-2022-2023-budget-summary.aspx> **Error! Hyperlink reference not valid.**).

⁽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, 2022, see Note 8 to the JEA's 2022 Financial Statements attached hereto as APPENDIX A.

Strategic Planning

JEA's strategic planning efforts are guided by its values:

1. Safety – Putting the physical and emotional wellbeing of people first, both at and away from work,
2. Respect – Treating others with courtesy and respect, seeking diverse perspectives and helping to bring out the best in everyone, and
3. Integrity – Placing the highest standard on ethics and personal responsibility, worthy of the trust its customers and colleagues place in it.

With these values in mind, JEA's strategic efforts are centered around three strategic focus areas:

1. Developing an Unbeatable Team – because knowing employees that are treated well will treat JEA customers well,

2. Delivering Business Excellence – because JEA and its employees are serious about serving as good stewards of the resources its customers rely on, and
3. Earning Customer Loyalty – because JEA's customers count on it to deliver affordable, reliable services.

To execute on the strategic focus areas, JEA has laid out its strategic objectives:

1. Fostering an Exceptional Work Culture
 - Employee engagement
 - Diversity, equity and inclusion
2. Deepening Customer and Community Engagement
 - Reasonable rates
 - Sound business decisions
 - Economic Development
 - Customer Solutions
 - Stakeholder Relationships
 - Environmental stewardship
3. Planning for the Future
 - Employee Development
 - Long-term workforce plan
 - New Business Opportunities
 - Integrated Resource Plan
 - Resilient & Reliable Infrastructure
4. Making Doing Business with JEA Easy
 - Technology, Tools & Data
 - Governance & Policy Review

While JEA's mission, vision, and values generally do not change, the strategic objectives, 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 383,481 customer accounts and 22,634 reuse water customers, respectively, in the Fiscal Year ended September 30, 2022, currently is composed of 38 water treatment plants and two repump facilities, 137 active water supply wells, approximately 4,989 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 124 mgd and a maximum daily flow of approximately 171 mgd during the Fiscal Year ended September 30, 2022. 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 \$231,119,000 (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 303,550 customer accounts in the Fiscal Year ended September 30, 2022, currently is composed of 11 wastewater treatment plants that have a rated average daily treatment capacity of approximately 124 mgd and a maximum daily flow capacity of approximately 248 mgd, approximately 1,564 pumping stations, five vacuum stations, 753 low pressure sewer units and approximately 4,289 miles of gravity sewers and force mains. The Sewer System experienced an average daily flow of approximately 84 mgd and a non-coincident maximum daily flow of approximately 134 mgd during the Fiscal Year ended September 30, 2022. Total Sewer System sales revenues (including sewer capacity fees) during the Fiscal Year ended September 30, 2022 were approximately \$302,239,000 (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.

[THE FOLLOWING TWO PARAGRAPHS REGARDING INTERLOCAL AGREEMENTS ARE SUBJECT TO REVIEW AND POSSIBLE UPDATES.] 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. 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 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 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, 2018 through 2022.

Fiscal Year Ended September 30,	Average Daily Flow (mgd)	Maximum Daily Flow (Non-Coincident) (mgd)
2018	112	152
2019	117	173
2020	118	170
2021	117	174
2022	124	171

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The following table shows the rated maximum daily treatment capacity during the Fiscal Year ended September 30, 2022 for each distribution grid.

<u>Grid</u>	<u>Maximum Daily Treatment Capacity (mgd)</u>
North grid	116
South grid	189
Other	14
Total	319

The water distribution system consists of approximately 4,989 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 4,289 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 1,564 pumping stations, five vacuum stations, 753 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 44.7 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, 2022 for each of JEA's wastewater treatment plants.

<u>Wastewater Treatment Plant</u>	<u>Average Daily Flow (mgd)</u>	<u>Maximum Daily Flow (Non-Coincident) (mgd)</u>	<u>Rated Average Daily Treatment Capacity (mgd)⁽¹⁾</u>	<u>Rated Maximum Daily Treatment Capacity (mgd)⁽¹⁾</u>
Buckman	27.33	58.37	52.50	105.00
District 2	5.95	7.69	10.00	20.00
Southwest	12.29	20.15	14.00	28.00
Arlington East	20.35	25.03	25.00	50.00
Mandarin	7.10	8.82	8.75	17.50
Julington Creek Plantation	0.88	1.15	1.00	2.00
Blacks Ford	5.49	7.14	6.00	12.00
Nassau	1.62	1.97	2.00	4.00
Monterey	2.38	3.07	3.60	7.20
Ponte Vedra	0.53	0.93	0.80	1.60
Ponce De Leon	0.07	0.12	0.24	0.48
Total	83.99	134.44	123.89	247.78

⁽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 will be underway fall of 2023 to expand treatment capacity at Blacks Ford to 12.0 mgd. Construction is underway to expand treatment capacity at Southwest and Nassau to 16.0 mgd and 3.5 mgd respectively, in addition to a 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 2022, 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)	2.00
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	<u>41.29</u>

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Customers and Sales***Water System***

During the Fiscal Year ended September 30, 2022, the Water System served an average of 383,481 customer accounts and 22,634 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, 2018 through 2022 are shown in the following table.

	Fiscal Year Ended September 30,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Water Revenues (000s omitted)					
Residential	\$105,065	\$100,361	\$100,316	\$ 96,699	\$ 91,954
Commercial and Industrial	49,302	47,429	47,011	47,619	47,494
Irrigation	34,510	31,666	35,030	34,800	32,004
Subtotal	<u>\$188,877</u>	<u>\$179,456</u>	<u>\$182,357</u>	<u>\$179,118</u>	<u>\$171,452</u>
Reuse Water	25,260	20,644	21,097	17,909	13,659
TOTAL	<u>\$214,137</u>	<u>\$200,100</u>	<u>\$203,454</u>	<u>\$197,027</u>	<u>\$185,111</u>
Water Sales (kgals):					
Residential	19,168,978	18,448,336	18,839,990	17,921,588	16,932,812
Commercial and Industrial	14,321,083	13,675,041	13,540,631	13,958,000	14,023,130
Irrigation	5,718,816	5,057,191	5,891,176	5,816,484	5,230,617
Subtotal	<u>39,208,877</u>	<u>37,180,568</u>	<u>38,271,797</u>	<u>37,696,072</u>	<u>36,186,559</u>
Reuse Water	5,166,479	4,463,047	4,426,905	3,884,210	3,119,739
TOTAL	<u>44,375,356</u>	<u>41,643,615</u>	<u>42,698,702</u>	<u>41,580,282</u>	<u>39,306,298</u>
Average Number of Accounts:					
Residential	318,284	308,626	299,872	292,460	285,404
Commercial and Industrial	26,939	26,518	26,190	25,963	25,702
Irrigation	38,258	37,931	37,535	37,212	37,053
Subtotal	<u>383,481</u>	<u>373,075</u>	<u>363,597</u>	<u>355,635</u>	<u>348,159</u>
Reuse Water	22,634	19,704	17,031	14,267	11,498
TOTAL	<u>406,115</u>	<u>392,779</u>	<u>380,628</u>	<u>369,902</u>	<u>359,657</u>

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Sewer System

During the Fiscal Year ended September 30, 2022, the Sewer System served an average of 303,550 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, 2018 through 2022 are shown in the following table.

	Fiscal Year Ended September 30,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Sewer Revenues (000s omitted):					
Residential	\$157,706	\$152,684	\$151,893	\$146,186	\$139,174
Commercial and Industrial	114,448	111,255	109,682	110,724	108,126
TOTAL	<u>\$272,154</u>	<u>\$263,939</u>	<u>\$261,575</u>	<u>\$256,910</u>	<u>\$247,300</u>
Volume (kgals):					
Residential	16,816,302	16,148,759	16,405,359	15,717,129	14,623,682
Commercial and Industrial	12,436,566	11,990,765	11,754,843	12,009,667	11,716,940
TOTAL	<u>29,252,868</u>	<u>28,139,524</u>	<u>28,160,202</u>	<u>27,726,796</u>	<u>26,340,622</u>
Average Number of Accounts:					
Residential	284,401	275,022	266,460	259,308	252,531
Commercial and Industrial	19,149	18,848	18,644	18,507	18,340
TOTAL	<u>303,550</u>	<u>293,870</u>	<u>285,104</u>	<u>277,815</u>	<u>270,871</u>

Largest Customers***Water System***

The 10 highest consumption customers served by the Water System composed 6.1 percent of total Water System consumption during the Fiscal Year ended September 30, 2022. The following table sets forth the 10 highest consumption customers, by kgal, during the Fiscal Year ended September 30, 2022.

<u>Customer Account</u>	<u>Annual Billed (kgal)</u>	<u>Percentage of Total</u>
St. Johns County Utility	710,010	1.6
City of Jacksonville	526,506	1.2
Southern Baptist Hospital	320,076	0.7
Duval County Public Schools	263,254	0.6
The American Bottling Company	177,632	0.4
Mayo Clinic Jacksonville	171,283	0.4
Gate Petroleum Company	150,010	0.3
American Homes 4 Rent	147,541	0.3
Johnson & Johnson Vision Care	133,751	0.3
St. Vincent's Health Systems	132,730	0.3
TOTAL	<u>2,732,793</u>	<u>6.1</u>

Sewer System

The 10 customers with the highest usage level served by the Sewer System composed 6.0 percent of the total volume of wastewater treatment billed during the Fiscal Year ended September 30, 2022. 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, 2022.

<u>Customer Accounts</u>	<u>Annual Billed (kgal)</u>	<u>Percentage of Total</u>
St. Johns County Utility	380,623	1.3
City of Jacksonville	292,415	1.0
Southern Baptist Hospital	195,805	0.7
Duval County Public Schools	188,869	0.6
Mayo Clinic Jacksonville	130,683	0.4
American Homes 4 Rent	125,468	0.4
Gate Petroleum Company	120,404	0.4
Symrise Inc	118,703	0.4
Johnson & Johnson Vision Care	114,523	0.4
WWF Operating Company	108,835	0.4
TOTAL	<u>1,776,328</u>	<u>6.0</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 0.12 percent of estimated gross Water and Sewer System revenues for the Fiscal Year ending September 30, 2023. Actual uncollectible accounts were 0.10 percent of gross Water and Sewer System revenues for the Fiscal Year ended September 30, 2022.

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, with the exception of unit consumption (per kgal) and environmental (per kgal) changes effective [April 1, 2023].

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, and [April 1, 2023], as indicated.

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)*								
Non-Irrigation					Irrigation			
Residential Tiers (kgal)			Commercial Tier	Multi-Family Tier	Residential Tiers (kgal)		Multi-Family; Commercial Tiers (kgal)	
<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

*Unit Charge rates in effect prior to April 1, 2023.

Water System Environmental Charge (per kgal)*	
Water	\$0.37
Irrigation	0.37

*Environmental Charge rates in effect prior to April 1, 2023.

Effective [April 1, 2023], environmental charges were eliminated and rolled into the unit charge according to the following schedule.

Water System Unit Charge (per kgal) Effective [April 1, 2023]								
Non-Irrigation					Irrigation			
Residential Tiers (kgal)			Commercial Tier	Multi-Family Tier	Residential Tiers (kgal)		Multi-Family; Commercial Tiers (kgal)	
<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>
\$1.30	\$2.97	\$5.97	\$1.86	\$1.37	\$2.97	\$5.97	\$3.81	\$4.33

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 Monthly Service Availability Charge			
<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 Unit Charge (per kgal)*		
<u>Tiers (kgal)</u>	<u>Residential</u>	<u>Multi-Family; Commercial</u>
1-6	\$4.94	-
7-20	6.02	-
All	-	\$6.02

*Unit Charge rates in effect prior to April 1, 2023.

Sewer System Environmental Charge (per kgal)*	
Residential: 1-20 kgal	\$0.37
Commercial; Multi-Family; Limited Service: All kgal	0.37

*Environmental Charge rates in effect prior to April 1, 2023.

Effective [April 1, 2023], environmental charges were eliminated and rolled into the unit charge according to the following schedule.

Sewer System Unit Charge (per kgal) Effective [April 1, 2023]		
<u>Tiers (kgal)</u>	<u>Residential</u>	<u>Multi-Family; Commercial</u>
1-6	\$5.31	-
7-20	6.39	-
All	-	\$6.39

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		
<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 Unit Charge (per kgal)		
<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 Environmental Charge (per kgal)*
\$0.37

*Environmental Charge rates in effect prior to April 1, 2023.
Note: Environmental Charge not applicable to bulk reclaimed usage.

Effective [April 1, 2023], environmental charges were eliminated and rolled into the unit charge according to the following schedule.

Reclaimed System Unit Charge (per kgal) Effective [April 1, 2023]		
<u>Tiers (kgal)</u>	<u>Residential</u>	<u>Multi-Family; Commercial</u>
1-14	\$2.97	\$3.81
> 14	5.97	4.33

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 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.

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.

<u>Water Line Extension Growth Capacity Charge for Residential and Commercial Service</u>		
<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".

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 has been approved by FDEP and is projected to 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, 2027 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 ("WRF") to 16.0 mgd, expansion of the Nassau Regional Water Reclamation Facility to 3.0 mgd, expansion of the Blacks Ford Water Reclamation Facility to 9.0 mgd construction of the new Greenland Water Reclamation Facility with a capacity of 4.0 mgd, construction of the new Northwest Water Reclamation Facility

with a capacity of 1.5 mgd, construction of a new 1.0 mgd Purified Water Demonstration Facility, surface water discharge reduction projects at Arlington East WRF, Southwest WRF, Cedar Bay WRF, Buckman WRF, Monterey WRF, and Ponte Vedra WRF to comply with Florida Senate Bill 64, 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 southern part of JEA's service territory, and expansion of the Westlake Water Treatment Plant from 3.0 to 7.0 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. The projected total amount of the capital program for the five-year period ending September 30, 2027 is shown in the following table.

**Water and Sewer System Capital Program
(000s omitted)**

Fiscal Year Ending September 30,	<u>Amount</u>
2023	\$ 395,000
2024	450,000
2025	450,000
2026	450,000
2027	450,000
Total	<u>\$2,195,000</u>

The total amount of the capital program for the five-year period is estimated to be approximately \$2,195 million. It is expected that approximately \$868 million of the capital program for this period will be provided by proceeds of bonds and that approximately \$1,327 million will be provided from revenues (including capacity charges) and available funds of the Water and Sewer System. 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

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.

For certain information regarding the impact of the COVID-19 pandemic on JEA, see Note 6 of JEA's 2022 Financial Statements attached hereto as APPENDIX A.

Legislation

[TO BE UPDATED]

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, 2022, \$1,009,675,000 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 \$1,002,400,000 in aggregate principal amount of Water and Sewer System Bonds outstanding under the Water and Sewer System Resolution, consisting of (a) \$137,110,000 in aggregate principal amount of variable rate Water and Sewer System Bonds and (b) \$865,290,000 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, 2024 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] [UPDATE IF RENEWED PRIOR TO FILING THE ADR], and the current expiration date for the letter of credit is December 1, 2023.

Subordinated Water and Sewer System Bonds

As of September 30, 2022, \$187,230,000 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 \$184,655,000 in aggregate principal amount of Subordinated Water and Sewer System Bonds outstanding under the Subordinated Water and Sewer System Resolution, consisting of (a) \$95,810,000 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]. [UPDATE IF RENEWED PRIOR TO FILING THE ADR]

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 JEA's 2022 Financial Statements attached hereto as APPENDIX A.

As of the date of this Annual Disclosure Report, there is \$[27,825,000] 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, 2022 and September 30, 2021 and has been prepared in accordance with the requirements of the Resolution. Such information should be read in conjunction with JEA's 2022 Financial Statements attached hereto as APPENDIX A.

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**Water and Sewer System Schedules of Debt Service Coverage
(In Thousands)**

	Fiscal Year Ended September 30,	
	2022	2021
Revenues		
Water	\$214,073	\$200,100
Water Capacity Charges	17,046	15,798
Sewer	272,074	263,939
Sewer Capacity Charges	30,165	24,131
Investment income	3,674	2,578
Other ⁽¹⁾	19,732	14,123
Plus: amounts paid from the Rate Stabilization Fund into the Revenue Fund	28,991	18,494
Less: amounts paid from the Revenue Fund into the Rate Stabilization Fund	(25,008)	(25,198)
Total Revenues	<u>560,747</u>	<u>513,965</u>
Operation and Maintenance Expenses		
Maintenance and other operating expenses ⁽²⁾	195,656	166,302
State utility and franchise taxes	11,294	10,886
Total Operation and Maintenance Expenses	<u>206,950</u>	<u>177,188</u>
Net Revenues	<u>\$353,797</u>	<u>\$336,777</u>
Aggregate Debt Service on Water and Sewer System Bonds (prior to reduction of Build America Bonds subsidy)	\$ 48,341	\$ 48,944
Less: Build America Bonds subsidy	(2,443)	(2,447)
Aggregate Debt Service on Water and Sewer System Bonds	<u>\$ 45,898</u>	<u>\$ 46,497</u>
Debt service coverage on Water and Sewer System Bonds ⁽³⁾	<u>7.71x</u>	<u>7.24x</u>
Aggregate Debt service on Water and Sewer System Bonds (from above)	\$ 45,898	\$ 46,497
Plus: Aggregate Subordinated Debt Service on Subordinated Water and Sewer System Bonds	7,302	6,700
Aggregate Debt Service on Water and Sewer System Bonds and Aggregate Subordinated Debt Service on Subordinated Water and Sewer System Bonds	<u>\$ 53,200</u>	<u>\$ 53,197</u>
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds excluding Capacity Charges ⁽⁴⁾	<u>5.76x</u>	<u>5.58x</u>
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including Capacity Charges ⁽⁴⁾	<u>6.65x</u>	<u>6.33x</u>

(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 on Water and Sewer System Bonds. Minimum annual coverage is 1.25x.

(4) Net Revenues divided by Aggregate Debt Service on Water and Sewer System Bonds and Aggregate Subordinated Debt Service on Subordinated Water and Sewer System Bonds. Minimum annual coverage is either 1.00x Aggregate Debt Service on Water and Sewer System Bonds and Aggregate Subordinated Debt Service on Subordinated Water and Sewer System Bonds (excluding Capacity Charges) or the sum of 1.00x Aggregate Debt Service on Water and Sewer System Bonds and 1.20x Aggregate Subordinated Debt Service on Subordinated Water and Sewer System Bonds (including Capacity Charges).

Management's Discussion and Analysis of Water and Sewer System Schedules of Debt Service Coverage

Revenues

Total Revenues increased \$46.8 million, or 9.1 percent for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily related to higher sales volumes, increases in customer accounts, increases in Capacity Charges, increases in other revenues and an increase in amounts paid from the Rate Stabilization Fund into the Revenue Fund.

Water revenues (including reuse) increased \$14.0 million, or 7.0 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily related to a 6.6 percent increase in water sales and a 3.4 percent increase in water accounts. Water sales volume, measured in thousands of gallons (kgals), increased 2,731,741 kgals, or 6.6 percent, to 44,375,356 kgals for the Fiscal Year ended September 30, 2022 from 41,643,615 kgals for the Fiscal Year ended September 30, 2021. Residential water sales volume increased 6.4 percent, commercial and industrial water sales volume increased 6.7 percent and irrigation increased 6.8 percent.

Sewer revenues increased \$8.1 million, or 3.1 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily related to a 4.0 percent increase in sewer sales and a 3.3 percent increase in sewer accounts. Sewer sales volume increased 1,113,344 kgals, or 4.0 percent, to 29,252,868 kgals for the Fiscal Year ended September 30, 2022 from 28,139,524 kgals for the Fiscal Year ended September 30, 2021. Residential sewer sales volume increased 4.1 percent and commercial and industrial sewer sales volume increased 3.7 percent.

Water Capacity Charges increased \$1.2 million, or 7.9 percent for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily related to the April 1, 2022 increase in water capacity rates. Sewer Capacity Charges increased \$6.0 million, or 25.0 percent for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily related to the April 1, 2022 increase in the sewer capacity rates.

Investment income increase \$1.1 million, or 42.5 percent for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021 primarily related to an increase in the yields on investments.

Other revenues increased \$5.6 million, or 39.7 percent for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily due to increases miscellaneous service revenues.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund increased \$10.5 million, or 56.8 percent primarily due to higher withdrawals from the environmental rate stabilization fund.

Operation and Maintenance Expenses

Total Operation and Maintenance Expenses increased \$29.8 million, or 16.8 percent for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021 primarily related to higher maintenance and other operating expenses. Maintenance and other operating expenses increased \$29.4 million, or 17.7 percent for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, primarily due to a \$7.5 million increase in interlocal payments, a \$7.5 million increase in compensation and benefits, a \$6.6 million increase in overhead, a \$5.6 million increase in maintenance expenses and a \$2.2 million increase in professional services.

Net Revenues

Net Revenues available for debt service increased \$17.0 million, or 5.1 percent, to \$353.8 million for the Fiscal Year ended September 30, 2022 from \$336.8 million for the Fiscal Year ended September 30, 2021. Total Revenues increased \$46.8 million, or 9.1 percent, and Total Operation and Maintenance Expenses increased \$29.8 million, or 16.8 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021, as described above.

Aggregate Debt Service on Water and Sewer System Bonds

Aggregate Debt Service on Water and Sewer System Bonds for the Fiscal Year ended September 30, 2022 decreased \$0.6 million, or 1.3 percent, as compared to the Fiscal Year ended September 30, 2021, primarily related to a \$1.7 million lower fixed rate interest expense as a result of the July 2021 refunding offset, in part, by a \$0.7 million increase in variable interest rates and a \$0.4 million increase in scheduled principal amortization.

JEA did not issue any Water and Sewer System Bonds during the Fiscal Year ended September 30, 2022.

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.

Debt Service Coverage on Water and Sewer System Bonds

Debt service coverage on Water and Sewer System Bonds increased to 7.71 times for the Fiscal Year ended September 30, 2022 as compared to the debt service coverage of 7.24 times for the Fiscal Year ended September 30, 2021, as a result of the 5.1 percent increase in Net Revenues available for debt service and the 1.3 percent decrease in Aggregate Debt Service on Water and Sewer System Bonds between such periods.

Aggregate Subordinated Debt Service on Subordinated Water and Sewer System Bonds

Aggregate Subordinated Debt Service on Subordinated Water and Sewer System Bonds increased \$0.6 million, or 9.0 percent, for the Fiscal Year ended September 30, 2022 as compared to the Fiscal Year ended September 30, 2021 primarily as a result of higher variable interest rates.

JEA did not issue any Subordinated Water and Sewer System Bonds during the Fiscal Year ended September 30, 2022 or during the Fiscal Year ended September 30, 2021.

Debt Service Coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including Capacity Charges

Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds increased to 6.65 times for the Fiscal Year ended September 30, 2022 as compared to the debt service coverage of 6.33 times for the Fiscal Year ended September 30, 2021, as a result of the 5.1 percent increase in Net Revenues available for debt service between such periods.

Liquidity Resources

The Days of Cash on Hand for the Water and Sewer System on September 30, 2022 was 252 days, and the Days of Liquidity was 370 days. The Days of Cash on Hand for the Water and Sewer System on September 30, 2021 was 296 days, and the Days of Liquidity was 458 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 JEA's 2022 Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days)

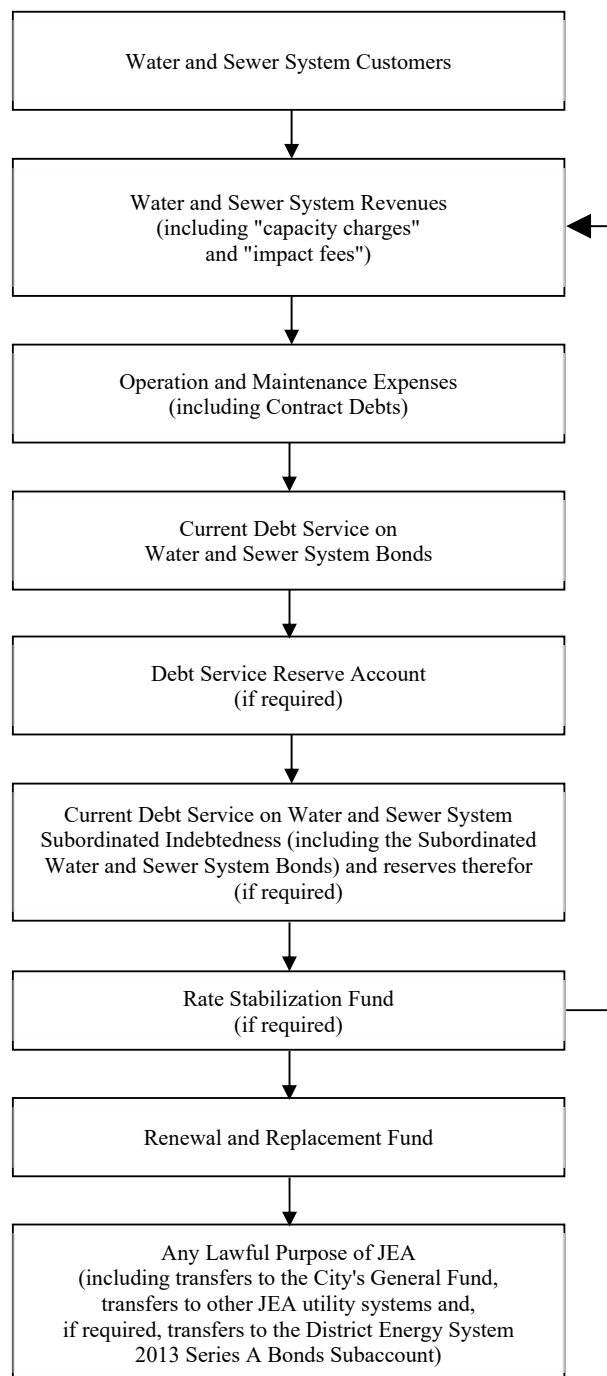
The Days of Liquidity computation is as follows:

(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 JEA's 2022 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)

* Allocated share of available Revolving Credit Facility on September 30, 2022 was approximately \$85.0 million and approximately \$94.4 million on September 30, 2021; however, the total balance available to the Water and Sewer System of \$497 million could have been drawn as of September 30, 2022.

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 SYSTEM 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 and in April 2022 started serving the new JEA headquarters facilities with a demand load of 500 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 17 locations with chilled water and total District Energy System sales revenues were approximately \$8,989,000 for the Fiscal Year ended September 30, 2022.

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

Prior to October 1, 2022, District Energy System ("DES") revenues were 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.

Standard rates for chilled water services were 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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Between December 2021 and September 2022, the consumption rates for chilled water were adjusted monthly to reflect recovery of costs due to changes in the electric rate charged to DES. The following schedule reflects the rates and rate structure in effect during the adjustment period where consumption rates moved to a monthly setting 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 October 1, 2021</u>
> 200 tons	Demand Charge	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton
@ ≤ 2,400 EFLH	Consumption Charge	\$0.11828/ ton-hour	\$0.11132/ ton-hour	\$0.10553/ ton-hour
> 200 tons	Demand Charge	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton
@ > 2,400 EFLH	Consumption Charge	\$0.10128/ ton-hour	\$0.09432/ ton-hour	\$0.08853/ ton-hour
< 200 tons	Demand Charge	NONE	NONE	NONE
@ ≤ 2,400 EFLH	Consumption Charge	\$0.20828/ ton-hour	\$0.20132/ ton-hour	\$0.19553/ ton-hour
< 200 tons	Demand Charge	NONE	NONE	NONE
@ > 2,400 EFLH	Consumption Charge	\$0.10128/ ton-hour	\$0.09432/ ton-hour	\$0.08853/ ton-hour

Effective October 1, 2022, the Board approved a new rate structure for the District Energy System, which has three components.

- Commodity charge – based on ton-hour sales, which is set monthly for full recovery of the electric and water expenses.
- Consumption charge (ton-hours) – based on ton-hour sales, which is set annually for full recovery of operating and maintenance expenses. Adjustments are made by multiplying current rate by CPI-U (All Urban Consumers All Items in U.S. City Average) to get the new rate.
- Demand charge (tons) – based on tons of billable demand, which is set as needed for full recovery of costs for debt service, capital renewal and replacement of equipment for each plant

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The DES rate structure no longer contains pricing differences between 200 tons and 2,400 EFLH thresholds. The following schedule reflects the new rates, rate structure and effective dates.

<u>Charge</u>	<u>Plant</u>	<u>Rate Effective on October 1, 2022</u>	<u>Rate Effective on November 1, 2022</u>	<u>Rate Effective on December 1, 2022</u>	<u>Rate Effective on January 1, 2023</u>
Commodity (Ton-hours)	All	\$0.11220	\$0.08476	\$0.06592	\$0.09785
Consumption (Ton-hours)	All	\$0.04814	\$0.04814	\$0.04814	\$0.04814
Demand	Hogan's Creek	\$38.90/Ton	\$38.90/Ton	\$38.90/Ton	\$38.90/Ton
Demand	Downtown	\$35.40/Ton	\$35.40/Ton	\$35.40/Ton	\$35.40/Ton
Demand	Springfield	\$33.30/Ton	\$33.30/Ton	\$33.30/Ton	\$33.30/Ton

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, 2027 is summarized below.

District Energy System Capital Program (000s omitted)

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 9,800
2024	2,700
2025	4,400
2026	6,900
2027	700
Total	<u><u>\$24,500</u></u>

The total amount of the capital program for the Fiscal Years 2023 through 2027 is estimated to be approximately \$24.5 million, which includes approximately \$9.1 million for the Hogans Creek chilled water extension, \$5.8 million for the Downtown chilled water expansion, and \$3.7 million for chiller replacements 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, 2022, \$29,640,000 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 \$[27,825,000] 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, 2027. 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, 2022 and September 30, 2021, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2022 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, 2022.

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District Energy System Schedules of Debt Service Coverage
(In Thousands)

	Fiscal Year Ended September 30,	
	2022	2021
Revenues		
Services revenues	\$8,989	\$8,042
Investment income	21	2
Other income	2	1
Total Revenues	<u>9,012</u>	<u>8,045</u>
Operation and Maintenance Expenses ⁽¹⁾		
Maintenance and other operating expenses	<u>5,239</u>	<u>4,460</u>
Total Operation and Maintenance Expenses	<u>5,239</u>	<u>4,460</u>
Net Revenues	<u>\$3,773</u>	<u>\$3,585</u>
Aggregate Debt Service ⁽²⁾	<u>\$3,021</u>	<u>\$3,024</u>
Debt service coverage on District Energy System Bonds ⁽³⁾	<u>1.25x</u>	<u>1.19x</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 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 increased \$1.0 million, or 12.0 percent, to \$9.0 million for the Fiscal Year ended September 30, 2022 from \$8.0 million for the Fiscal Year ended September 30, 2021 primarily related to an increase in service revenues of \$0.9 million, or 11.8 percent.

Operation and Maintenance Expenses

Total Operation and Maintenance Expenses increased \$0.8 million, or 17.5 percent, to \$5.2 million for the Fiscal Year ended September 30, 2022 from \$4.5 million for the Fiscal Year ended September 30, 2021, primarily due to an increase in electric utility charges.

Net Revenues

Net Revenues increased \$0.2 million, or 5.2 percent, to \$3.8 million for the Fiscal Year ended September 30, 2022 from \$3.6 million for the Fiscal Year ended September 30, 2021, primarily related to the increase in Revenues, offset, in part, by the increase in Operation and Maintenance Expenses.

Aggregate Debt Service on District Energy System Bonds

Aggregate Debt Service on District Energy System Bonds for the Fiscal Year ended September 30, 2022 remained relatively flat as compared to the Fiscal Year ended September 30, 2021.

JEA did not issue any District Energy System Bonds during the Fiscal Years ended September 30, 2022 or September 30, 2021.

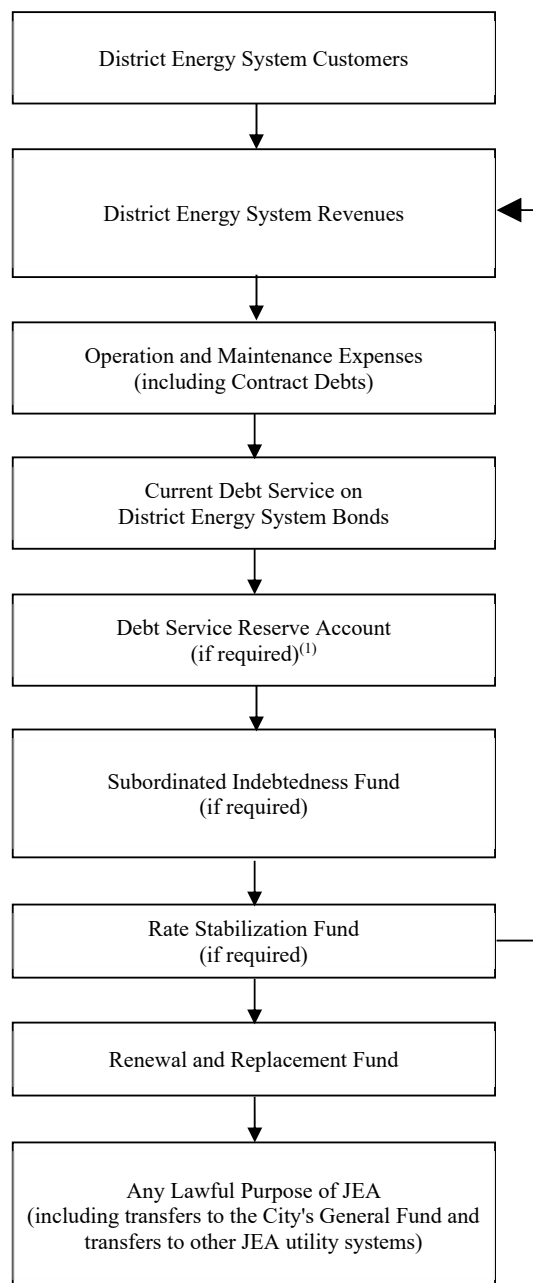
Debt Service Coverage on District Energy System Bonds

The debt service coverage ratio on District Energy System Bonds decreased to 1.25 times for the Fiscal Year ended September 30, 2022 as compared to the debt service coverage ratio of 1.19 times for the Fiscal Year ended September 30, 2021 as a result of the 5.2 percent increase 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. Attached hereto as APPENDIX A are (a) the financial statements of JEA for its Fiscal Year ended September 30, 2022 (which consist of the statements of net position of JEA as of September 30, 2022 and September 30, 2021 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 2022 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2022 and September 30, 2021 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, 2022 and September 30, 2021 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 2022 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2022 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 2022 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 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 \$26,666,722 for the Fiscal Year ended September 30, 2022 to \$26,933,389 for the Fiscal Year ending September 30, 2023. 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)	Aa2 (stable)	AA+ (stable)
Outstanding Subordinated Water and Sewer System Bonds	AA (positive)	Aa2 (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 \$[95,810,000] 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, 2022, JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of \$489,855,000, of which \$90,345,000 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 2022 Financial Statements attached hereto as APPENDIX A.

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 to "A+" on August 5, 2013, triggering the assignment to MLCS and the Merrill Lynch & Co. guarantee described above.

As of September 30, 2022, 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 \$38,230,617, of which approximately \$6,726,743 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, 2022</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	\$5,055,000	4.09%	CPI Index	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.

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, 2022, 19.2 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 3.1 years. As of September 30, 2022, the remaining 80.8 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 83 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 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, 2022, 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 2022 Financial Statements attached hereto as APPENDIX A.

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, 2022, JEA had \$3,000,000 in borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. On December 22, 2022, the Revolving Credit Facility was drawn upon by the District Energy System for an additional \$4,000,000, leaving \$493,000,000 available to be drawn. As of the date of this Annual Disclosure Report, JEA has \$[7,000,000] in borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System.

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

[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 Water and Sewer System or the District Energy System other than as set forth in JEA's 2022 Financial Statements attached hereto as APPENDIX A 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