

JEA
BOARD AGENDA

DATE: November 15, 2016

TIME: 12:00 PM

PLACE: JEA
21 West Church Street
19th Floor

I. WELCOME

- A. Call to Order
- B. Time of Reflection
- C. Pledge to Flag
- D. Adoption of the Agenda
- E. Safety Briefing
- F. Sunshine Law/Public Records Statement – Jody Brooks, Chief Legal Officer

II. PUBLIC HEARING

To consider: Modifications to the Electric Tariff Documentation adjusting energy charges based on rate class and the implementation of a new Economic Stimulus Rider.

- A. Call to Order and Comments from the Chair
- B. Staff Presentation and Board Discussion – Melissa Dykes, Chief Financial Officer
- C. Comments from the Public
Comments from the public at this time should only be related to the Public Hearing.
- D. Adjourn Public Hearing

III. ACTION ON PUBLIC HEARING

- A. Public Hearing to Modify the Electric Tariff Documentation Adjusting Energy Charges Based on Rate Class and Implementing an Economic Stimulus Rider – action

IV. PRESENTATIONS AND COMMENTS

- A. Comments from the Public (not related to the public hearing)
- B. Council Liaison's Comments – Greg Anderson
- C. Office of the Mayor Liaison's Comments – Dr. Johnny Gaffney
- D. Nassau County's Ex-Officio Representative's Comments – Mike Mullin
- E. Veteran's Day Ceremony – Mike Hightower, Chief Public Affairs Officer

V. FOR BOARD CONSIDERATION

- A. Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed during previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.
 - 1. Approval of Board Meeting Minutes October 18, 2016 – action
 - 2. Monthly Operating and Financial Summary – information
 - 3. Monthly JEA Financial Review & Statements – information
 - 4. Monthly JEA Operations Report – information
 - 5. Monthly FY16 Communications & Engagement Calendar and Plan Update – information
- B. Strategic Discussions/Action
 - 1. JEA Sewer System: Framework to Resiliency – Brian Roche, Vice President/General Manager, Water/Wastewater Systems – 10 minutes – presentation/information
 - a. Storm Assessment Report
 - b. Major Capital Improvements and Significant O&M Activities
 - 2. Fuel Charge Reduction (Part of the Multi-Year Capital Structure Strategy) – Melissa Dykes, Chief Financial Officer – 5 minutes – presentation/action
 - 3. Release of Excess Debt Management Strategy Rate Stabilization Funds (Part of the Multi-Year Capital Structure Strategy) – Melissa Dykes, Chief Financial Officer – 5 minutes – presentation/action
 - 4. Electric System Debt Parameter Resolutions (Part of the Multi-Year Capital Structure Strategy) – Melissa Dykes, Chief Financial Officer – 5 minutes – presentation/action
 - 5. Fiscal Year 2016 Operating Budget Line Item Transfers – Melissa Dykes, Chief Financial Officer – 5 minutes – presentation/action

6. Fiscal Year 2016 Year-End Financial Results – Melissa Dykes, Chief Financial Officer – 10 minutes – presentation/information

- C. Open Discussion
- D. Other New Business
- E. Old Business – none

VI. REPORTS

- A. Compensation Committee Report – Delores Kesler, Committee Chair
 - 1. Fiscal Year 2016 Pay for Performance Program – action
 - 2. Fiscal Year 2017 Pay for Performance Program – action
 - 3. Fiscal Year 2016 CEO Performance – action
 - 4. Fiscal Year 2017 CEO Goals – action
 - 5. Pension Discussion – information
- B. Managing Director/CEO’s Report
- C. Chair’s Report

VII. CLOSING CONSIDERATIONS

- A. Announcements – Next Board Meeting – December 13, 2016
- B. Adjournment

Board Calendar	
Board Meeting:	12:00 PM – Third Tuesday of Every Month <i>(Exception: December – 2nd Tuesday)</i>
<u>Committees</u>	
Finance & Audit Committee:	December 1, 2016 – 2:00 PM
Government Affairs Committee:	December 13, 2016 – 10:30 AM

A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call **665-7550** by **8:30 AM** the day before the meeting and we will provide reasonable assistance for you.

B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony upon which the appeal is to be based.



INTER-OFFICE CORRESPONDENCE

November 9, 2016

SUBJECT: BOARD MEETING AGENDA

FROM: Melissa Charleroy and Cheryl Mock, JEA Executive Assistants

TO: All Members, JEA Board of Directors

Scheduled times and locations for JEA meetings to be held **Tuesday, November 15, 2016**, are as follows:

12:00 PM **Board Meeting and Public Hearing to Modify the Electric Tariff
Documentation Adjusting Energy Charges Based on Rate Class
and Implementing an Economic Stimulus Rider
19th Floor, JEA Tower**

We are looking forward to seeing you on the 15th. Please call Melissa Charleroy at 665-7313 or Cheryl Mock at 665-4202 if you require additional information.

/mmc

cc:

P. McElroy	M. Hightower	S. Tuten	M. Evans	J. Gabriel, OGC
J. Brooks	T. Hobson	M. Charleroy	V. Wright	
M. Brost	B. Roche	C. Mock	L. Bartley	
P. Cosgrave	M. Whiting	B. Taylor	C. Edgar	
M. Dykes	J. Upton	M. Ruiz-Adams	J. Bryant	
A. Hiers	G. Boyce	W. Stanford	J. Gutos	

e-copy:

Patrick Maginnis
Security Desk
Security Office
Brandi Sneed
Russell Park
Ted Delay
Timothy Chrisp

I. F.
Sunshine Law/Public Records Statement

Florida's Government in the Sunshine Law
Office of General Counsel

This meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times. Official acts of the JEA Board may be conducted at this meeting that will be considered binding on the JEA. Reasonable notice has been provided and minutes of this meeting shall be taken and promptly recorded.

III. A.

Public Hearing to Modify the Electric Tariff Documentation Adjusting Energy Charges Based on Rate Class and Implementing an Economic Stimulus Rider



Building Community

AGENDA ITEM SUMMARY

November 1, 2016

SUBJECT:	PUBLIC HEARING TO MODIFY THE ELECTRIC TARIFF DOCUMENTATION
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: JEA has an ongoing plan to review, update, and where possible, expand its rate options, to provide customers more rate choices for their utility services.

Significance:

SEE ATTACHED

Effect:

MEMORANDUM FOR

Cost or Benefit:

DETAILS

Recommended Board action: Staff recommends, pending the outcome of the public rate hearing, that the Board adopt the attached Resolution 2016-15 and its attachments (see Exhibits I through III) prepared by staff and approved by the Chief Legal Officer, to document the action taken.

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ RFW

MISSION

Energizing our community through high-value energy and water solutions.

VISION

JEA is a premier service provider, valued asset and vital partner in advancing our community.

VALUES

- Safety
- Service
- Growth²
- Accountability
- Integrity

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team

**INTER-OFFICE MEMORANDUM**

November 1, 2016

**SUBJECT: PUBLIC HEARING TO MODIFY THE ELECTRIC TARIFF
DOCUMENTATION****FROM: Paul E. McElroy, Managing Director/CEO****TO: JEA Board of Directors****BACKGROUND:**

JEA continues to review, update, and where possible, expand its rate options to provide customers more choices for their utility services. JEA staff recently conducted a cost of service analysis of current electric rates, which has been audited by Black and Veatch. In conjunction with the cost of service study, JEA staff has evaluated the current capital structure and is proposing a five year financial plan that addresses rate stability for customers, cash reserves, debt structure, and capital requirements. Additionally, to support economic development in the region, JEA is recommending a new economic development option for new customers coming to JEA's service territory.

DISCUSSION:

A. **Electric Rate Restructuring** – Staff is proposing to restructure electricity charges to better align with cost of service. The proposed action will:

- Adjust energy charges based on rate class
- Lower overall bills for residential and commercial customers when coupled with a fuel charge decrease
- Keep base rates stable with no forecasted increases for the next five years
- Pay down \$190 million of debt early, when coupled with the multi-year capital structure strategy
- Ensure utility rates continue to be based on cost to provide service
- Position balance sheet ahead of significant coming environmental regulations

By restructuring today, aligning rates with the cost of service, and paying down debt early, JEA can save customers more than \$100 million over 8 years and eliminate the need for future rate increases within this five year planning period.

B. **Economic Development Offering** – Staff is proposing to implement an Economic Stimulus Rider, designed to provide a financial incentive for new commercial or industrial customers to locate within the JEA service area. This rate rider would allow JEA to negotiate rates in certain controlled circumstances, given the following:

- 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
- Documentation demonstrating to JEA's satisfaction that there is a viable lower cost alternative to the customers taking electric service from JEA

Staff has submitted all Electric Tariff Documentation changes to the Florida Public Service Commission.

RECOMMENDATION:

Staff recommends, pending the outcome of the public rate hearing, that the Board adopt the attached Resolution 2016-15 and its attachments (see Exhibits I through III) prepared by staff and approved by the Chief Legal Officer, to document the action taken.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/RFW

RESOLUTION 2016-15

A RESOLUTION REGARDING RATE SCHEDULE CHANGES AND ADDITIONS TO THE EXISTING ELECTRIC TARIFF DOCUMENTATION; CONDUCTING A PUBLIC HEARING AND FINDING THE MODIFICATIONS OF THE TARIFF DOCUMENTATION TO BE REASONABLE; IMPOSING THESE MODIFICATIONS FOLLOWING THE PUBLIC HEARING; PROVIDING FOR THE IMPLEMENTATION OF THESE MODIFICATIONS, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, JEA, pursuant to duly published notice, a copy of which is attached hereto as **Exhibit I**, held a public hearing to consider changes to the existing Electric Tariff Documentation to restructure energy rates for various rate classes, create an Economic Stimulus Rider; and

WHEREAS, at that public hearing JEA presented statements and documentation which demonstrated a modification of existing Electric Tariff Documentation; and

WHEREAS, rate matters addressed at the public hearing were: restructuring energy rates for various rate classes and creating an Economic Stimulus Rider; and

WHEREAS, any public testimony which was presented at the Public Hearing was considered; and

WHEREAS, JEA has heard all presentations, reviewed all documentation and is fully advised of the premises; now therefore:

BE IT RESOLVED by JEA:

1. Modifications of the JEA Electric Tariff Documentation restructuring energy rates for various rate classes, a copy of which is attached hereto as **Exhibit II**, and incorporated herein by reference, are hereby found to be reasonable, and accordingly are adopted effective December 1, 2016.

2. Modifications of the JEA Electric Tariff Documentation creating a new Economic Stimulus Rider, copies of which are attached hereto as **Exhibit III**, and incorporated herein by reference, are hereby found to be reasonable, and accordingly are adopted effective December 1, 2016.

3. Staff is authorized to take any necessary administrative actions to implement the approved JEA Electric Tariff Documentation modifications.

4. This Resolution shall be effective immediately upon passage by the Board.

Dated this 15th day of November, 2016.

JEA

BY _____

Tom Petway, Chair

Form Approved:

by: _____

Office of General Counsel

Notice of Public Hearing



JEA will conduct a public hearing at 12:00 p.m., or as soon thereafter as the matter may be heard, on Tuesday, November 15, 2016 at the JEA Tower, 21 West Church St., Jacksonville, Florida 32202, to consider the following:

- A. Modification of the Electric Tariff Documentation restructuring base energy rates based on rate class; and
- B. Modification of the Electric Tariff Documentation creating an Economic Stimulus Rider to incentivize new commercial or industrial customers to locate within the JEA service area.

The public is invited to be present and heard. If any person with a disability requires reasonable accommodations to participate in the above hearing, please call (904) 665-7550 no later than three (3) days before the meeting.

If a person decides to appeal any decisions made by JEA with respect to any matter considered at the proceedings, for the purpose of such appeal, that person will need a record of the proceedings and for such purpose, that person may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

Tom Petway
Chair

Form Approved:

A handwritten signature in blue ink, appearing to read "Jay Z. Brooks", is written over a horizontal line.

Assistant General Counsel

JEA

Twenty-~~Fourth~~ Revised Sheet No. 6.0
Canceling Twenty-~~Third~~ Revised Sheet No. 6.0

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RS
Revenue Code RES10

RATE SCHEDULE RS

RESIDENTIAL SERVICE

<u>Available</u>	In all territory served by JEA.
<u>Applicable</u>	To any residential customer in a single family individual house, apartment or mobile home for domestic, non-commercial purposes. All service hereunder will be rendered through a single metering installation. Resale of energy purchased under this rate schedule is not permitted.
<u>Character of Service</u>	JEA's standard voltage levels.
<u>Rate Per Month</u>	\$5.50 Basic Monthly Charge, plus 6.988 cent per kWh plus applicable Fuel, Environmental, and Conservation Charges
<u>Fuel Charge</u>	As stated in the Fuel and Purchased Power Cost Recovery Charge Policy (Sheet No. 5.0)
<u>Environmental Charge</u>	As stated in the Environmental charge (Sheet No. 5.1)
<u>Minimum Bill</u>	\$5.50 per month Basic Monthly Charge.
<u>Term and Conditions</u>	(a) Service hereunder shall be subject to the Rules and Regulations of JEA (b) Conservation charge is a charge of 1.0 cent per kWh for all consumption above 2,750 kWh.

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RYAN WANNEMACHER, DIRECTOR
FINANCIAL PLANNING, BUDGETS, AND RATES

Effective ~~December 1, 2016~~

Deleted: October 1, 2015

JEA

Twenty-~~Fourth~~ Revised Sheet No.8.0
Canceling Twenty-~~Second~~ Revised Sheet No. 8.0

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GS
Revenue Codes COM20

RATE SCHEDULE GS
GENERAL SERVICE

<u>Available</u>	In all territory served by JEA.
<u>Applicable</u>	To any customer whose service is not provided by any other rate schedule, for all electrical requirements at a single location. All service hereunder will be rendered through a single metering installation. Resale of energy purchased under this rate schedule is not permitted.
<u>Character of Service</u>	JEA's standard voltage levels.
<u>Rate Per Month</u>	\$9.25 Basic Monthly Charge, plus 6.447 cent per kWh plus applicable Fuel and Environmental Charges
<u>Fuel Charge</u>	As stated in the Fuel and Purchased Power Cost Recovery Charge Policy (Sheet No. 5.0)
<u>Environmental Charge</u>	As stated in the Environmental Charge (Sheet No. 5.1)
<u>Minimum Bill</u>	\$9.25 per month Basic Monthly Charge.
<u>Fluctuating Load Charge</u>	Customers taking service under this rate having equipment which creates a highly fluctuating or large instantaneous demand such as welders, X-rays, etc., shall pay an additional charge per month of \$0.50 per kVA of rating of such equipment unless the customer installs necessary corrective equipment.

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(Continued to Sheet No. 8.1)

RYAN WANNEMACHER, DIRECTOR
FINANCIAL PLANNING, BUDGETS, AND RATES

Effective ~~December 1, 2016~~

Deleted: October 1, 2015

JEA

Twenty-~~Second~~ Revised Sheet No. 8.2
Canceling ~~Twenty-First~~ Revised Sheet No. 8.2

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GST
Revenue Code COM23TOD

RATE SCHEDULE GST

GENERAL SERVICE TIME OF DAY
(OPTIONAL)

Available

In all territory served by JEA.

Applicable

To any customer whose service is not provided by any other rate schedule, for all electrical requirements at a single location. All service hereunder will be rendered through a single metering installation. Resale of energy purchased under this rate schedule is not permitted.

Character of Service

JEA's standard voltage levels.

Rate Per Month

\$21.00 Basic Monthly Charge, plus
~~12.185~~ cent per kWh during On-Peak hours
~~3.888~~ cent per kWh during Off-Peak hours
plus applicable Fuel and Environmental Charges

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Definition of Billing Periods

On-Peak periods shall be defined as follows:

6 a.m.-10 a.m. - November through March; weekdays only
6 p.m.-10 p.m. - November through March; weekdays only

12 Noon-9 p.m. - April through October; weekdays only

All other periods shall be defined as Off-Peak, including weekends, New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day and Christmas Day.

Fuel Charge

As stated in the Fuel and Purchased Power Cost Recovery Policy (Sheet No. 5.0)

Environmental Charge

As stated in the Environmental Charge (Sheet No. 5.1)

(Continued to Sheet No. 8.3)

RYAN WANNEMACHER, DIRECTOR
FINANCIAL PLANNING, BUDGETS, AND RATES

Effective ~~December 1, 2016~~

Deleted: October 1, 2015

JEA

Canceling ~~Fifteenth~~ Revised Sheet No. 12.1
~~Fourteenth~~ Revised Sheet No. 12.1

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(Continued from Sheet 12.0)

Excess Reactive Demand Charge: \$6.58 for all Excess Reactive Demand as defined below

Energy Charge:

For the first 300 kWh per kW of Ratcheted Demand: ~~1.250~~ cent per kWh

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For the next 65 kWh per kW of Ratcheted Demand: ~~1.157~~ cent per kWh

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For all energy above 365 kWh per kW of Ratcheted Demand: ~~1.056~~ cent per kWh

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Peaking Price: ~~22.700~~ cents per kWh plus applicable Fuel Charge

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Customers will be notified no later than 4:00 p.m. Eastern Time of the time periods "peaking price" will be in effect for the following day.

Fuel Charge: As stated in the Fuel and Purchased Power Cost Recovery Charge Policy (Sheet No. 5.0)

Environmental Charge: As stated in the Environmental Charge (Sheet No. 5.1)

Transmission Service Discount: A discount of \$1.93 per kW of Billing Demand and 0.25 cent per kWh will be allowed for service taken at 69,000 volts or higher, but less than 230,000 volts, when the customer provides all of the equipment required to take service at JEA's existing transmission lines. A discount of \$2.56 per kW of Billing Demand and 0.32 cent per kWh will be allowed for service taken at 230,000 volts or higher.

Minimum Bill: The dollar amount of the minimum bill shall be specified in the Service Agreement.

Definition of Billing Demand: The maximum integrated 15-minute metered kW demand in the billing period unless otherwise specified in the Service Agreement. In no event shall Billing Demand be less than 50,000 kW.

Definition of Ratcheted Demand: The greater of the Billing Demand in the current month or the highest Billing Demand occurring in the previous eleven months.

Determination of Reactive Demand: As stated in the Excess Reactive Demand (KVAR) Policy (Sheet No. 5.1).

Application of Peaking Price: JEA will activate the Peaking Price when JEA's marginal price meets or exceeds JEA's Combustion Turbine Price as listed in JEA's Schedule A interchange report.

(Continued on Sheet 12.2)

RYAN WANNEMACHER, DIRECTOR
FINANCIAL PLANNING, BUDGETS, AND RATES

Effective ~~December 1, 2016~~

Deleted: October 1, 2015

JEA

Seventeenth Revised Sheet No. 16.20
Canceling Sixteenth Revised Sheet No. 16.20

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RIDER GSXLD
GENERAL SERVICE EXTRA LARGE DEMAND

Available In all territory served by JEA.

Applicable To any customers who have executed a ten (10) year General Service Extra Large Demand Electric Service Agreement with JEA and whose existing account is no less than 25,000 kW demand or whose existing multiple accounts in aggregate are no less than 25,000 kW demand. Resale of energy purchased under this rider/rate schedule is not permitted.

Character of Service JEA's standard voltage levels.

Rate Per Month For customers executing an General Service Extra Large Demand Electric Service Agreement the charges per month listed below will apply to the customer's respective accounts unless the customer elects to totalize. Combined accounts under contract will be subject to the rates listed under the heading "Rates per Month for Combined Accounts".

Rates for Contracted Accounts under Rate Schedules GS, GSD and GSLD:

	<u>GSXLD-GS</u>	<u>GSXLD-GSD</u>	<u>GSXLD-GSLD</u>
Basic Monthly Charge	\$9.25	\$85.00	\$335.00
Demand Charge per kW	Not Applicable	\$6.98	\$10.06
Energy Charge per kWh	5.150 cent	2.356 cent	1.622 cent
Fuel Charge	See Sheet No. 5.0	See Sheet No. 5.0	See Sheet No.5.0
Energy Only Charge per kWh	Not Applicable	6.341 cent	Not Applicable
Excess kVar Charge per Excess kVar	Not Applicable	Not Applicable	Per Sheet 5.1
Environmental charge	See Sheet No. 5.1	See Sheet No. 5.1	See Sheet No.5.1

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(Continued to Sheet No. 16.21)

RYAN WANNEMACHER, DIRECTOR
FINANCIAL PLANNING, BUDGETS, AND RATES

Effective December 1, 2016

Deleted: October 1, 2015

JEA

~~Fourteenth~~ Revised Sheet No. 16.41
Canceling ~~Thirteenth~~ Revised Sheet No. 16.41

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(Continued from Sheet No. 16.40)
The customer may elect either of the following two price options:

Option A - Single Price with Peaking Price Rolled- In:

Demand Charge: \$6.58 per kW for all kW of Billing Demand.

Energy Charge: ~~2.600~~ cent per kWh plus applicable Fuel and Environmental Charges

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Option B - Peak Price Separately Listed:

Demand Charge: \$6.58 per kW for all kW of Billing Demand.

Energy Charge: ~~1.924~~ cent per kWh plus applicable Fuel and Environmental Charges

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Peaking Price: ~~22.700~~ cent per kWh plus applicable Fuel Charge

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Every day customers will be notified electronically by 4:00 p.m. Eastern Time of the time periods the "peaking price" will be in effect for the following day. Customers are required to notify JEA by 5:00 p.m. Eastern Time on the day of scheduled communication if the prices are not received.

Excess Reactive Demand Charge:

As stated in the Reactive Demand (KVAR) policy (Sheet 5.1).

Fuel Charge

As stated in the Fuel and Purchased Power Cost Recovery Charge Policy (Sheet No. 5.0).

Environmental Charge

As stated in the Environmental Charge (Sheet No. 5.1)

Minimum Bill

\$770.00 Basic Monthly Charge, plus any special service charges as defined in the agreement.

Determination of Billing Demand

The Billing Demand for the month shall be the maximum integrated 15-minute metered kW demand in the month, as may be adjusted per sheet No. 5.1.

Definition of Average Load Factor

Average load factor = $\frac{12\text{-month average consumption (kWh)}}{12\text{-month average demand (kW)} \times 730 \text{ (hrs/month)}}$

Definition of Interruptible Service

Interruptible Service is electric service that can be interrupted either automatically or manually at the discretion of JEA.

Definition of Peaking Price

JEA will activate the Peaking Price when JEA's marginal price meets or exceeds JEA's Combustion Turbine Price as listed in JEA's monthly Schedule A interchange report.

(Continued to Sheet No. 16.42)

RYAN WANNEMACHER, DIRECTOR
FINANCIAL PLANNING, BUDGETS, AND RATES

Effective ~~December 1, 2016~~

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JEA

Canceling ~~Fourteenth~~ Revised Sheet No. 16.51
~~Thirteenth~~ Revised Sheet No. 16.51

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(Continued from Sheet No. 16.50)

The customer may elect either of the following two price options:

Option A - Single Price with Peaking Price Rolled- In:

Demand Charge: \$9.27 per kW for all kW of Billing Demand.

Energy Charge: ~~2.513~~ cent per kWh plus applicable Fuel and Environmental Charges

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Option B - Peaking Price Separately Listed:

Demand Charge: \$9.27 per kW for all kW of Billing Demand.

Energy Charge: ~~1.821~~ cent per kWh plus applicable Fuel and Environmental Charges

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Peaking Price: ~~22.700~~ cent per kWh plus applicable Fuel Charge

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Every day customers will be notified electronically by 4:00 p.m. Eastern Time of the time periods the "peaking price" will be in effect for the following day. Customers are required to notify JEA by 5:00 p.m. Eastern Time on the day of scheduled communication if the prices are not received.

Excess Reactive Demand Charge: As stated in the Excess Reactive Demand (KVAR) Policy (Sheet No. 5.1)

Fuel Charge As stated in the Fuel and Purchased Power Cost Recovery Charge Policy (Sheet No. 5.0).

Environmental Charge As stated in the Environmental Charge (Sheet No. 5.1)

Minimum Bill \$735.00 Basic Monthly Charge, plus any special charges as defined in the agreement.

Definition of Billing Demand The Billing Demand for the month shall be the maximum integrated 15-minute metered kW demand in the month, as may be adjusted per sheet No. 5.1.

Definition of Curtailable Service Curtailable Service is the electric service that can be reduced or interrupted upon request of JEA but solely at the discretion of the customer.

Definition of Contracted Non-Curtailable Demand The Contracted Non-Curtailable Demand for the month shall be the maximum integrated 15-minute metered kW demand that the Customer shall have requested and JEA shall have agreed to supply.

(Continued to Sheet No. 16.52)

RYAN WANNEMACHER, DIRECTOR
FINANCIAL PLANNING, BUDGETS, AND RATES

Effective ~~December 1, 2016~~

Deleted: October 1, 2015

JEA

Canceling ~~Nineteenth~~ Revised Sheet No. 18.0
~~Twentieth~~ Revised Sheet No. 18.0

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Revenue Codes ES

RIDER ES
ECONOMIC STIMULUS RIDER

(Experimental)

AVAILABLE:

Service is available throughout the service territory served by JEA until such time as JEA may terminate this Economic Stimulus program. This Rider is available to qualifying commercial or industrial customers for service under the applicable JEA Rate Schedule GSLD. Customers desiring to take electric service under this Rider must make a written application for service. Customers requesting service under this Rider must execute a Service Agreement before September 30, 2021.

APPLICABLE:

Electric service provided under this optional Rider shall be applicable to projected electric service requirements which JEA has determined that:

- 1) Customer would not be served by JEA but for this Rider; and
- 2) Customer qualifies for such service under the terms and conditions set forth within this Rider.
- 3) Customer would seek service in jurisdiction outside of the State of Florida

Applicable Load shall be recognized:

New Load not previously served by JEA. Applicable Load must be served at a single site and must exceed a minimum level of demand as determined from the following provisions:

New Load: 1,000 kW or more of new Metered Demand.

Any customer receiving service under this Rider must provide the following documentation, the sufficiency of which shall be determined by JEA:

1. Legal attestation by the customer (through an affidavit signed by an authorized representative of the customer) attesting to the requirement of this Rider that without the use of this Economic Stimulus Rider the New Load would not be served by JEA; and

2. Documentation demonstrating to JEA's satisfaction that there is a viable lower cost alternative to serve the customer electric service needs.

Each customer shall enter into a Service Agreement with JEA to purchase the customer's entire requirements for electric service at the service location set forth in the Service Agreement.

(Continued to Sheet No. 18.1)

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Revenue Codes TRAF98-TRAF99 . . . RATE SCHEDULE OS¶

UNMETERED MISCELLANEOUS SERVICE FOR TRAFFIC SIGNALIZATION ¶ AND OTHER USES¶

Available . . . In all territory served by JEA¶

Applicable . . . To any customer whose service is not provided by any other rate schedule, for his entire electric requirements at a single location. Consumption hereunder will be calculated based upon electric rating of component(s). Resale of energy purchased under this rate schedule is not permitted. Rate Code TRAF98 hereunder shall be applicable to unmetered traffic signalization installations.¶

Character of¶

Service . . . Single-phase 60 Hertz, at 120/208 volts: other voltages as required and if available.¶

Rate¶

Per Month . . . Rate Code TRAF98 - \$1.40 Facilities Charge per installation, plus 2.988 cent per calculated KWH¶

Rate Code TRAF99 - \$5.75 Facilities Charge per installation, plus 2.988 cent per calculated KWH¶

To both codes shall be added the applicable Fuel and Environmental Charges and any other adjustment.¶

Fuel Charge . . . As stated in the Fuel and Purchased Power Cost Recovery Charge Policy (Sheet No. 5.0).¶

Environmental Charge . . . As stated in the Environmental Charge (Sheet No. 5.1)¶

Minimum Bill . . . The Facilities Charge plus applicable energy charge including . . . adjustments.¶

Terms and¶

Conditions . . . (a) . . . All procurement, erection, operation and maintenance expenses . . . for installations served under this rate schedule shall be the . . . responsibility of the owner thereof.¶

(Continued to Sheet No. 18.1)¶

Deleted: October 1, 2015

RYAN WANNEMACHER, DIRECTOR
FINANCIAL PLANNING, BUDGETS, AND RATES

Effective December 1, 2016

JEA

~~Thirteenth~~ Revised Sheet No. 18.1
Canceling ~~Twelfth~~ Revised Sheet No. 18.1

Deleted: Twelfth

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(Continued from Sheet No. 18.0)

CHARACTER OF SERVICE:

This experimental Rider is offered in conjunction with the rates, terms and conditions of the JEA Rate Schedule GSLD.

LIMITATION OF SERVICE:

Standby and sale for resale are not permitted under this Rider.

RATE PER MONTH:

Unless specifically noted in this Rider or within the Service Agreement, the charges assessed for electric service shall be those found within the otherwise applicable JEA Rate Schedule GSLD.

ADDITIONAL BASIC MONTHLY CHARGE:

\$250.00 per month

DEMAND/ENERGY/ENVIRONMENTAL CHARGES:

The charges under this Rider may include the Demand and/or Energy and/or Environmental Charges as set forth in the otherwise applicable Rate Schedule GSLD. The specific charges or procedure for calculating the charges under this Rider shall be set forth in a negotiated Service Agreement and shall at a minimum recover all incremental costs JEA incurs in serving the customer and contribute to JEA's fixed costs.

TERMS AND CONDITIONS:

- 1) Negotiated charges are to be determined by the consistent application of the following factors: (a) customers' load characteristics; (b) alternative power supply; (c) customer credit quality; (d) economic impact; (e) length of term of the Service Agreement; and (f) JEA's excess electric system capacity.
- 2) Negotiated terms and conditions associated with the Monthly Charges shall be set forth in the Service Agreement and may be applied during all or a portion of the term of the Service Agreement.
- 3) Service hereunder shall be subject to the Rules and Regulations of JEA.

Moved down [3]: (Continued from Sheet No. 18.0)

¶
¶
... (b) ... Service will be available under this rate schedule upon the execution of a service agreement or upon application for service accompanied by payment of deposit or bond as required by the JEA.¶

¶
... (c) ... Customers will be placed on this rate schedule initially on the basis of calculated load. Thereafter, should the character of service be materially changed, such customer will be reclassified to the then applicable rate schedule and billed thereon commencing with such billing month.¶

¶
... (d) ... Service hereunder shall be subject to the Rules and Regulations of JEA.¶

Deleted: October 1, 2015

RYAN WANNEMACHER, DIRECTOR
FINANCIAL PLANNING, BUDGETS, AND RATES

Effective December 1, 2016



Electric Long-term Financial Plan Revenue and Rate Stability

**JEA Board of Directors Meeting
November 15, 2016**

THREE KEY OBJECTIVES

Align Rates with Cost of Service

- Ensure utility rates continue to be based on cost to provide service
- Decrease the fuel rate to better align with current fuel expenses

Financially Prepare the Utility for the Future

- Support economic development in the region
- Position balance sheet ahead of significant coming environmental regulations
- Pay off \$190 million of debt early

Create Stability for Customer Bills

- Lower overall bills for customers
- Keep rates for customers stable with no forecasted base rate increases for the next five years
- Rate adjustments today mean total revenue requirements are lower over the next 8 years – by over \$100 million!

ELECTRIC TARIFF DOCUMENTATION MODIFICATIONS

Rate Class (\$/kWh)	Current Energy Charge	Proposed Energy Charge	Current Fuel Charge	Proposed Fuel Charge	Net Change
Residential	\$0.06624	\$0.06988	\$0.03675	\$0.03250	(\$0.00061)
General Service	\$0.06111	\$0.06447	\$0.03675	\$0.03250	(\$0.00089)
General Service TOU Off/On Peak	\$0.03712	\$0.03888	\$0.03566	\$0.03154	(\$0.00137)
	\$0.11632	\$0.12185	\$0.03923	\$0.03469	
Interruptible Extra Large Demand Tier 1	\$0.00920	\$0.01250	\$0.03675	\$0.03250	(\$0.00095)
Interruptible Extra Large Demand Tier 2	\$0.00860	\$0.01157	\$0.03675	\$0.03250	(\$0.00128)
Interruptible Extra Large Demand Tier 3	\$0.00795	\$0.01056	\$0.03675	\$0.03250	(\$0.00164)
Interruptible Extra Large Demand Peaking	\$0.18917	\$0.22700			
General Service Extra Large Demand – GS	\$0.04813	\$0.05150	\$0.03675	\$0.03250	(\$0.00088)
Interruptible Option A	\$0.02222	\$0.02600	\$0.03675	\$0.03250	(\$0.00047)
Interruptible Option B	\$0.01603	\$0.01924	\$0.03675	\$0.03250	(\$0.00104)
Interruptible Peaking	\$0.18917	\$0.22700			
Curtable Option A	\$0.02148	\$0.02513	\$0.03675	\$0.03250	(\$0.00060)
Curtable Option B	\$0.01556	\$0.01821	\$0.03675	\$0.03250	(\$0.00160)
Curtable Peaking	\$0.18101	\$0.22700			

All rate classes are proposed to have a Fuel Charge decrease



RECOMMENDATION

Rate Hearing and Board Actions

- Realign energy base rate charges to better reflect current cost of service
- Economic Stimulus Rider
- Generally, all electric services billed on or after December 1, 2016 will receive the rate changes, if approved

Board Actions Following the Rate Hearing

- Fuel rate decrease recommendation
- Recommendation to authorize release of excess reserve funds to pay down debt
- Delegation of refunding authorization to implement accelerated principal repayment schedule

Future Actions

- Demand Rate Program Pilot



V. A. 1.

Approval of Board Meeting Minutes October 18, 2016

JEA
BOARD MINUTES
October 18, 2016

The JEA Board met in regular session on Tuesday, October 18, 2016, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Tom Petway, Kelly Flanagan, Delores Kesler, Ed Burr, Warren Jones, Husein Cumber and Alan Howard.

Agenda Item I – Welcome

- A.** The meeting was **called to order** at 12:00 PM by Chair Petway.

Mayor Curry was in attendance at the Board meeting and expressed his appreciation to JEA staff for efforts during the storm. Mayor Curry stated he was happy to hear about today's workshop and JEA's desire to identify areas for improvement in storm responses.

Mayor Curry departed the Board Meeting at 12:03 PM.

- B.** A **Moment of Reflection** was observed by all.
- C.** The **Pledge of Allegiance** was led by Chair Petway.
- D.** **Adoption of Agenda** – The amended agenda was approved on **motion** by Vice Chair Burr and second by Mr. Jones.
- E.** The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.
- F.** **Sunshine Law/Public Records Statement** – Jody Brooks, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Hurricane Matthew Workshop

- A. A-E – Planning, Event and Impact, Restoration, Questions, Reports, Follow-up and Future Mitigation** – Paul McElroy, Managing Director/Chief Executive Officer, thanked the mutual aid crews who assisted JEA in restoring services. Mr. McElroy also thanked Mayor Curry for his leadership and support, city council members for riding with crews and providing encouragement and Governor Scott for his extraordinary leadership and encouragement, as well as providing resources. Mr. McElroy thanked the Florida Department of Environmental Protection (FDEP) for its partnership, our customers for being JEA's true partners, JEA employees and the Board for the resources to respond.

Mr. McElroy provided a detailed review of JEA's storm preparedness efforts, including training, material, mutual aid agreements and fuel, as well as lodging, transportation and meals for over 400 mutual aid crew members assisting in the restoration. Mr. McElroy reviewed the various communications sent to customers during the storm, the technological resources necessary for the operation and the financial impact to JEA. Full details of the restoration process and challenges, as well as outstanding issues regarding the Sewer System Overflows (SSOs) were presented.

Upon the conclusion of the presentation, Board members presented their congratulations to the JEA team for the work provided during Hurricane Matthew, as well as their comments on possible improvements to the storm response process.

Agenda Item III – Presentations and Comments

A. Comments from the Public – none

Comments from Council Member Anderson and Dr. Gaffney were reordered within the agenda; however, the minutes reflect the original order of the agenda.

B. Council Liaison’s Comments – Council Member Anderson thanked the JEA team for restoration efforts, with special thanks to Nancy Kilgo, Jordan Pope and Renee Goode for constant updates to the city council. Council Member Anderson thanked the leadership team for reaching out to the city council and indicated his appreciation to the JEA Board for their leadership.

C. Office of the Mayor Liaison’s Comments – Dr. Gaffney echoed comments of the mayor and further emphasized the hard work of the JEA team, the leadership within JEA and the comfort of knowing that JEA teams were working while others slept and sought shelter in order to get the electricity back on.

Agenda Item IV – For Board Consideration

A. Consent Agenda – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Mr. Howard and second by Mr. Jones, item 1 on the Consent Agenda was unanimously approved and items 2 through 5 were received for information.

1. Approval of Board Meeting Minutes September 20, 2016 – approved
2. Real Estate Acquisition Status Report – received for information
3. Monthly JEA Financial Review & Statements – received for information
4. Monthly JEA Operations Report – received for information
5. Monthly FY16 Communications & Engagement Calendar and Plan Update – received for information

B. Strategic Discussions/Action

1. JEA Five-Year Financial Assumptions and Projections FY2017–FY2021 – Melissa Dykes, Chief Financial Officer, provided information on the financial assumptions that are part of strategic planning and the first step in preparing reports for the rating agency presentations. Ms. Dykes advised the Board that the assumptions were based on rate changes that were anticipated to have been made at the start of this month’s Board meeting. Ms. Dykes provided the different results that would be indicated if the rates remain the same. This item was presented for information.
2. Approval of Resolution: FY2017 Budgetary Transfers – Melissa Dykes, Chief Financial Officer, presented that the Board, in the past, has delegated to the Managing Director/CEO the authority to make transfers during the fiscal year between budget line items. Upon **motion** by Vice Chair Burr and second by Secretary Kesler, the Board unanimously approved Resolution 2016–04 authorizing the Managing Director/CEO to approve transfers between approved budget line items within the JEA budget for FY2017 up to \$5.0 million per transfer, except in the event of an emergency or year–end adjustments, where transfers over \$5.0 million will be brought to the Board for ratification.
3. Real Estate Purchase & Sale Agreement for Southside Generating Station (SGS) Property – Update & Second Time Extension Request – Nancy Kilgo, Director,

Government Affairs, presented that Elements Development of Jacksonville, LLC, the prospective buyer for the Southside Generating Station property, has done due diligence in obtaining the necessary approvals required for the purchase. Ms. Kilgo advised that Elements Development of Jacksonville, LLC currently has pending approvals from the City and the Downtown Investment Authority (DIA), as well as resolution of the Brownfield Agreement with Florida Department of Environmental Protection (FDEP) and has requested an extension of the contract length to obtain these requirements. Mr. Cumber declared a conflict of interest and filed Form 8B Memorandum of Voting Conflict for County, Municipal, and other Local Public Officers. Upon **motion** by Secretary Kesler and second by Mr. Jones, the Board approved the extension.

4. Resolution 2016–20 to Request that the City of Jacksonville Amend JEA Charter to Amend the JEA Board Meeting Requirements – Jody Brooks, Chief Legal Officer, advised that, based on a request from the Chair, the Board is requesting that the JEA Charter be amended to change the meeting requirements from “at least monthly” to “at least six times per year”. Upon **motion** by Mr. Jones and second by Mr. Burr, the Board held discussions. With Mr. Cumber voting in opposition of the motion, it carried by a vote of 6–1.
5. Sole Source and Emergency Procurement/Procurement Appeals Board Report – John McCarthy, Director, Supply Chain Management reported that JEA had an opportunity to procure a used Water Treatment Package Plant to replace existing equipment. Mr. McCarthy advised that the equipment cost of a used plant is approximately 25-30% of a new plant and there is no common ground for the bidding process. This item was presented for information.
6. Monthly Operational and Financial Presentation – Melissa Dykes, Chief Financial Officer, presented the monthly review of JEA’s operational and financial metrics for electric and water/wastewater services. This item was presented for information.

C. Open Discussion – none

D. Other New Business – none

E. Old Business – none

Agenda Item V – Reports

A. Finance & Audit Committee Report – Kelly Flanagan, Committee Chair

1. Committee Recommendation Regarding External Audit Services Contract – Chair Flanagan presented the process used to rate the bidders for the external audit services contract. Upon **motion** by Mr. Cumber and second by Mr. Howard, the Board voted unanimously to move forward with the negotiations to secure Ernst & Young as JEA’s external auditor service provider.

B. Managing Director/CEO’s Report – none

C. Chair’s Report – The Chair indicated that he appreciated all of the hard work of the Board and the JEA staff. Mr. Petway also reported that Mr. Burr’s birthday is in the month of October and all should wish him a happy birthday. Congratulations and goodbyes were extended to Mr. Jones, who is leaving the JEA Board for the Duval County School Board.

Agenda Item V – Closing Considerations

A. Announcements – Next Board Meeting – November 15, 2016

B. Adjournment

With no further business claiming the attention of the Board, Chair Petway adjourned the meeting at 2:04 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Cheryl W. Mock
Executive Assistant

V. A. 2.
Monthly Operating and Financial Summary



Building Community

AGENDA ITEM SUMMARY

November 3, 2016

SUBJECT: MONTHLY OPERATIONAL AND FINANCIAL PRESENTATION

Purpose: Information Only Action Required Advice/Direction

Issue: As presented at the June 21, 2016 JEA Board Meeting, the Finance and Operations reports are included in the monthly Board package in the consent agenda. This monthly operational and financial review presents a summary of JEA's trends and budget variances.

Significance: JEA is operating in an environment where there are minimal changes in trends and budget variances between monthly reporting periods.

Effect: N/A

Cost or Benefit: N/A

Recommended Board action: This presentation is provided for information only.

For additional information, contact: Paul McElroy

Submitted by: PEM

MISSION 	VISION 	VALUES 
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

[Return to Agenda](#)

V. A. 2
11/15/ 2016

Board of Directors November 15, 2016

Water & Wastewater Monthly Operations Scorecard

Water & Wastewater	FY2016	FY2017 Goal	FY2017 YTD	Status
JEA Safety RIR	1.82	1.20	2.64	
Sales Forecast (kGals in 1000's)	36,358	34,558	35,103	
Water Unplanned Outages (# cust.)	12,735	9,000	604	
CUP Compliance	Yes	Yes	Yes	
Nitrogen to the River (tons)	524	550	61	
Sanitary Sewer Overflows (SSO's)	32	27	3	

Significant Occurrences or Concerns This Month

- Five (5) OSHA recordable safety incidents in October, four (4) during storm restoration
- Unplanned Water Main Outages: 604 customers in October, including a 351 unit apartment complex
- CUP: Average daily flow of 113 MGD is 14% below CY limit of 131 MGD; reclaim usage has reached 16 MGD
- Nitrogen to River: 61 tons YTD, 13 tons above the October forecast due to storm impacts
- SSO's Impacting Waters of the US: Three (3) during October, excluding the Hurricane events

Electric Monthly Operations Scorecard

Electric System	FY2016	FY2017 Goal	FY2017 YTD	Status
JEA Safety RIR	1.82	1.20	2.64	
Sales Forecast (million MWh)	12.6	12.4	12.4	
T&D Grid Performance Customer Outage				
<i>Frequency (outages/year)</i>	<i>1.4</i>	<i>1.8</i>	<i>1.35</i>	
<i>Electric Outage Duration (minutes/year)</i>	<i>71</i>	<i>80</i>	<i>70.4</i>	
<i>Transmission Line Faults (# per 100 miles)</i>	<i>0.7</i>	<i>2.5</i>	<i>0.7</i>	
<i>CEMI₅ (% cust. > 5 outages/year)</i>	<i>1.4</i>	<i>1.5</i>	<i>1.4</i>	
Generating Plant Performance				
<i>Generation Fleet Reliability (forced outages rate)</i>	<i>2.0</i>	<i>2.1</i>	<i>0.25</i>	
<i>Environmental Compliance (permit exceedances)</i>	<i>4</i>	<i>5</i>	<i>0</i>	

Significant Occurrences or Concerns This Month

- Generation Fleet performing well this fall. All 3 Northside steam units in planned outages. Fleet reliability very high (at 0.25) through 1st month of FY17.
- Despite a tough weather year, T&D grid performance metrics all better than targets. Excellent recovery work by JEA field crews.

FY17 Customer Satisfaction Goal

1st Quartile in Overall Customer Satisfaction

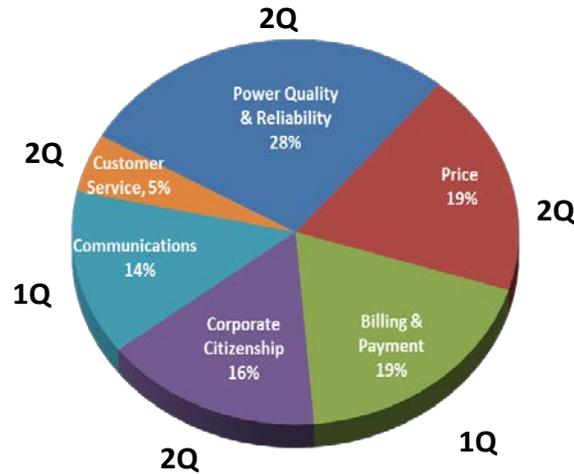
Residential ●

FY15		FY16		FY17 YTD	
1Q	692	2Q	703	1Q	749

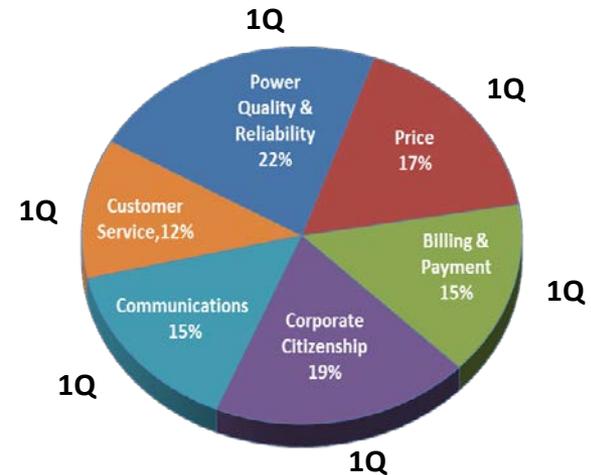
Business ●

FY15		FY16		FY17 YTD	
1Q	705	1Q	754	1Q	788

Residential



Business



Highlights

- No changes since last Board update
- Both the 2017 Final Business Study results and Residential Wave 2 will be reported out in January

Electric Systems Metrics Forecast

	Rating Agency/ Perform. Goal	Forecast	Score
System Sales (GWh)	12,363	12,366	
Base Revenue Growth	(.10%)	2.2%	
Debt Svc. Coverage	2.3x	2.8x	
Days Liquidity (Cash)	282 (163)	279 (167)	
Debt/Asset %	65%	65%	
Non-Fuel/MWh	\$53.94	\$54.95	
Net Funded Debt Reduction	\$216m	\$216m	
Capital Expenditures	\$166m	\$154m	
Moody's/S&P/Fitch Ratings	Aa2/AA-/AA	Aa2/AA-/AA	

Water and Sewer Systems Metrics Forecast

	Rating Agency/ Perform. Goal	Forecast	Score
Water System Sales (mGals)	35,000	35,103	
Base Revenue Growth	(1.3%)	(3.4%)	
Debt Svc. Coverage	2.5x	2.4x	
Days Liquidity (Cash)	227 (109)	329 (217)	
Debt/Asset %	50%	50%	
Water Cost/kgal	\$4.75	\$5.08	
Sewer Cost/kgal	\$10.27	\$11.13	
Net Funded Debt Reduction	\$77m	\$77m	
Capital Expenditures	\$205m	\$212m	
Moody's/S&P/Fitch Ratings	Aa2/AA/AA	Aa2/AAA/AA	

Significant Occurrences or Concerns This Month

- Have incurred \$11.3M of actual expenses YTD from Hurricane Mathew and does not include to date any significant incurred mutual aid costs

V. A. 3.
Monthly JEA Financial Review



JEA Monthly Financial Summary

as of October 31, 2016

[Return to Agenda](#)

V. A. 3.
11/15/2016

Board of Directors

November 15, 2016

Key Financial Metrics

Electric System	Year-to-Date		FY2017 Full Year		Result
	FY2017	FY2016	Forecast	Target	
Debt Service Coverage	3.1x	2.5x	2.8x	≥ 2.2x	✓
Days Liquidity	346	318	279	150 to 250 days ¹	✓
<i>Days Cash on Hand</i>	224	197	167		✓
Debt to Asset %	65%	69%	65%	60% ²	✓

Water and Sewer System	FY2017	FY2016	Forecast	Target	Result
Debt Service Coverage	3.0x	3.5x	2.4x	≥ 1.8x	✓
Days Liquidity	306	268	329	≥ 100 days	✓
<i>Days Cash on Hand</i>	184	147	217		✓
Debt to Asset %	52%	54%	50%	50% ³	✓

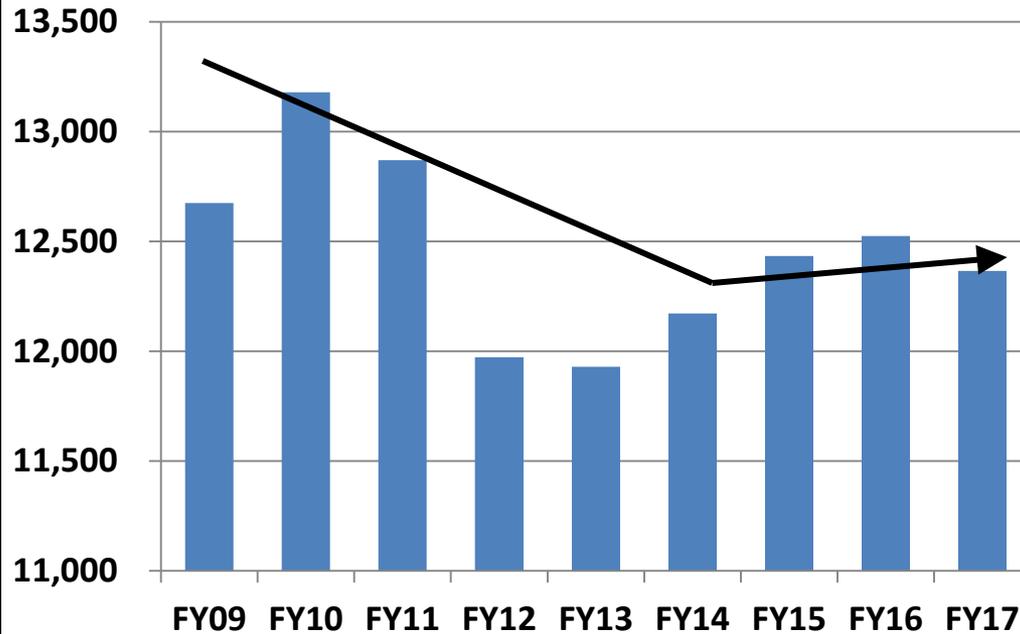
¹ Moody's Aa benchmark: 150 to 250 days

² Long-term target is 52%: per Moody's Sector In-Depth Report "Top 30 City Owned Utilities (by debt outstanding)", Sept. 2015

³ Long-term target is 50%: calculated peer group from Moody's 214 Aa rated public water-sewer utilities, Dec. 2015

MWh Sales

(in Thousands)



Month	FY16	FY17	%
Oct	952,515	951,425	(0.1%)
YTD	952,515	951,425	(0.1%)
Nov	923,705		
Dec	922,956		
Jan	1,049,897		
Feb	894,563		
Mar	893,954		
Apr	900,013		
May	1,089,555		
Jun	1,231,251		
Jul	1,336,836		
Aug	1,254,240		
Sep	1,111,769		
Total/Forecast	12,561,253	12,366,408	

Unit Sales Driver: YTD degree days 17% higher than last year.

YTD Degree Days		
30-yr. Avg.	FY16	FY17
225	208	243

YTD Customer Accounts		
FY16	FY17	%
455,686	448,046	1.7%

Total System	0.1%
Residential	7.4%
Comm./Industrial	(1.9%)
Interruptible	(18.1%)
Wholesale (FPU)	(23.7%)

JEA Electric System

Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY17 Forecast	FY16 Actual	FY17 Budget	FY17 vs FY16 (\$)	Variance (%)
Fuel Revenue	\$ 404,649 ¹	\$ 426,653 ²	\$ 449,776	\$ (22,004)	-5.2%
Base Revenue	766,774 ¹	750,038	735,204	16,736	2.2%
Other Revenue	41,208	37,904	41,787	3,304	8.7%
Total Revenues	\$ 1,212,631	\$ 1,214,595	\$ 1,226,767	\$ (1,964)	-0.2%
		\$ (14M)			
Select Expenses					
Fuel Expense	\$ 460,034	\$ 397,280	\$ 411,903	\$ (62,754)	15.8%
Fuel Fund Transfers	(55,385)	29,373	37,705	84,758	
O & M Expense	215,973	192,527	226,180	(23,446)	-12.2%
Non-fuel Purchased Power	82,215	87,426	83,394	5,211	6.0%
Net Revenues	\$ 499,287	\$ 496,092	\$ 454,939	\$ 3,195	0.6%
		\$44M			
Capital Expenditures	\$ 154,436	\$ 150,926	\$ 153,200 ³	\$ (3,510)	-2.3%
Debt Service	\$ 178,644	\$ 171,506	\$ 179,654	\$ (7,138)	-4.2%

Electric Costs / MWh	Non-Fuel
Target	\$ 53.94
Forecast	<u>54.95</u>
Difference	\$ (1.01)

Fuel Fund (\$ in millions)	
Beginning Balance	\$ 180
Surplus/(Deficit)	<u>(55)</u>
Ending Balance	\$ 125

¹ Assumes rate change in December 2016

² Net of \$57 million fuel credit and fuel rate reduction

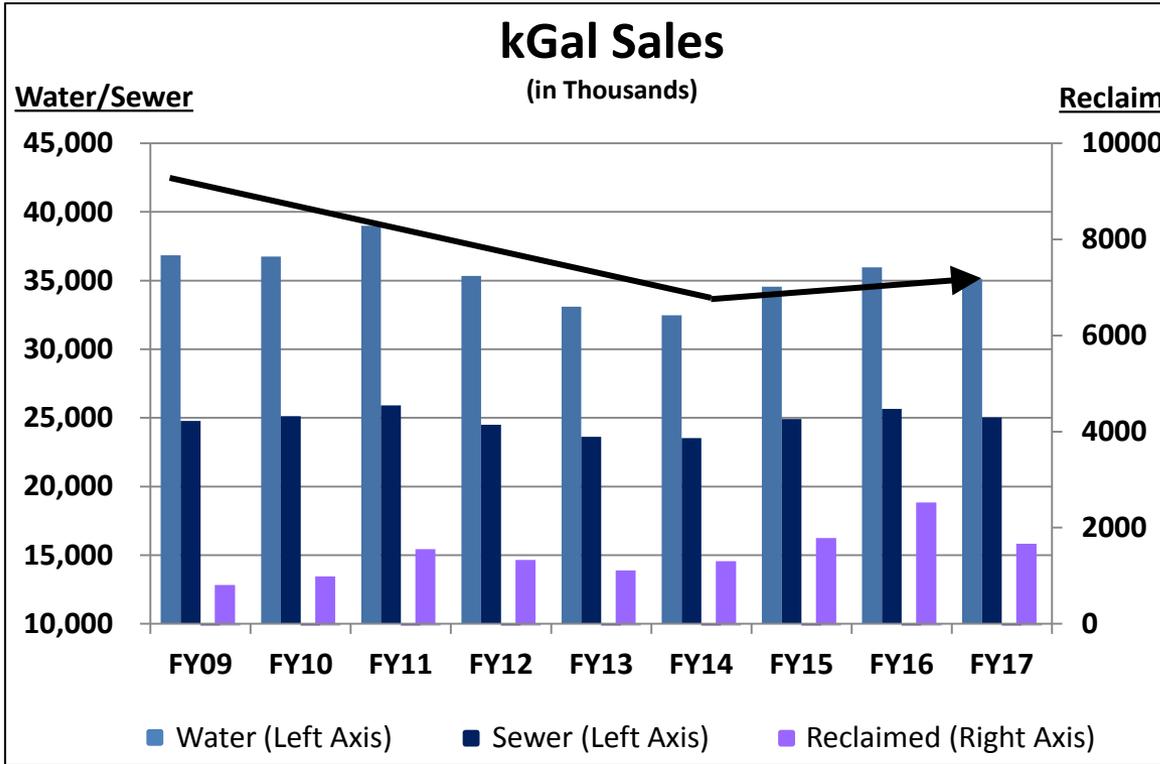
³ Council approved limit for capital expenditures in FY17 is \$170 million



JEA Water and Sewer System

kGal Sales

(in Thousands)



Month	FY16	FY17	%
Oct	3,120	3,129	0.3%
Nov	2,641		
Dec	2,758		
Jan	2,527		
Feb	2,479		
Mar	2,825		
Apr	2,914		
May	3,523		
Jun	3,290		
Jul	3,736		
Aug	3,451		
Sep	3,094		
Total/Forecast	36,358	35,103	

Unit Sales Driver: YTD rainfall up 10 inches; rain days up 3.
Irrigation for October FY17 up 26% versus October FY16.

YTD Rainfall			
	30-Yr. Avg.	FY16	FY17
Inches	4	0	10
Days	8	5	8

YTD Customer Accounts			
	FY16	FY17	%
Water	329,390	337,533	2.5%
Sewer	254,602	261,229	2.6%
Reclaimed	6,673	8,506	27.5%

Total System	0.3%
Residential	0.3%
Comm./Industrial	(8.2%)
Irrigation	25.9%



JEA Water and Sewer System

Financial Results and Cost Metrics

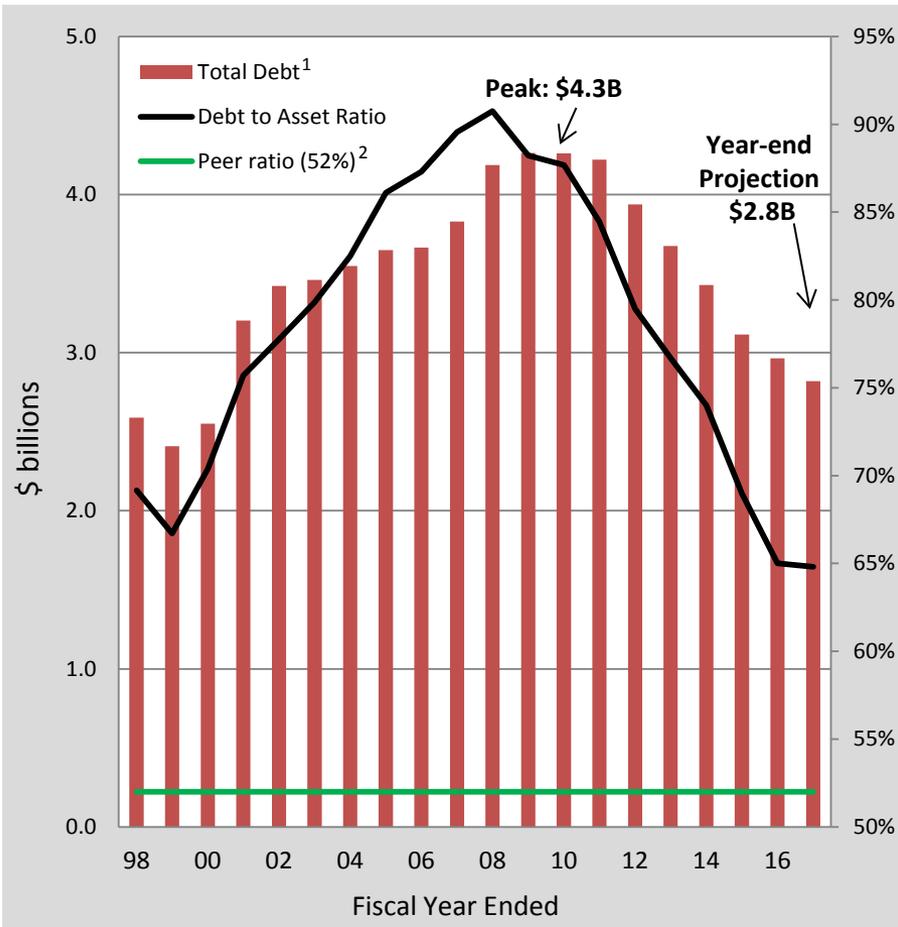
(\$ in thousands)

Revenues	FY17 Forecast	FY16 Actual	FY17 Budget	FY17 vs FY16 (\$)	Variance (%)
Water & Sewer Revenues	\$ 395,917	\$ 409,889	\$ 394,430	\$ (13,972)	-3.4%
Other Revenue	33,774	40,070	33,792	(6,296)	-15.7%
Total Revenues	\$ 429,691	\$ 449,958	\$ 428,222	\$ (20,268)	-4.5%
Select Expenses					
O & M Expense	\$ 140,489	\$ 130,296	\$ 144,149	\$ (10,194)	-7.8%
Net Revenues	\$ 285,949	\$ 313,130	\$ 280,753	\$ (27,181)	-8.7%
Capital Expenditures	\$ 212,083	\$ 147,363	\$ 205,000 ¹	\$ (64,720)	-43.9%
Debt Service	\$ 117,927	\$ 95,418	\$ 118,375	\$ (22,509)	-23.6%

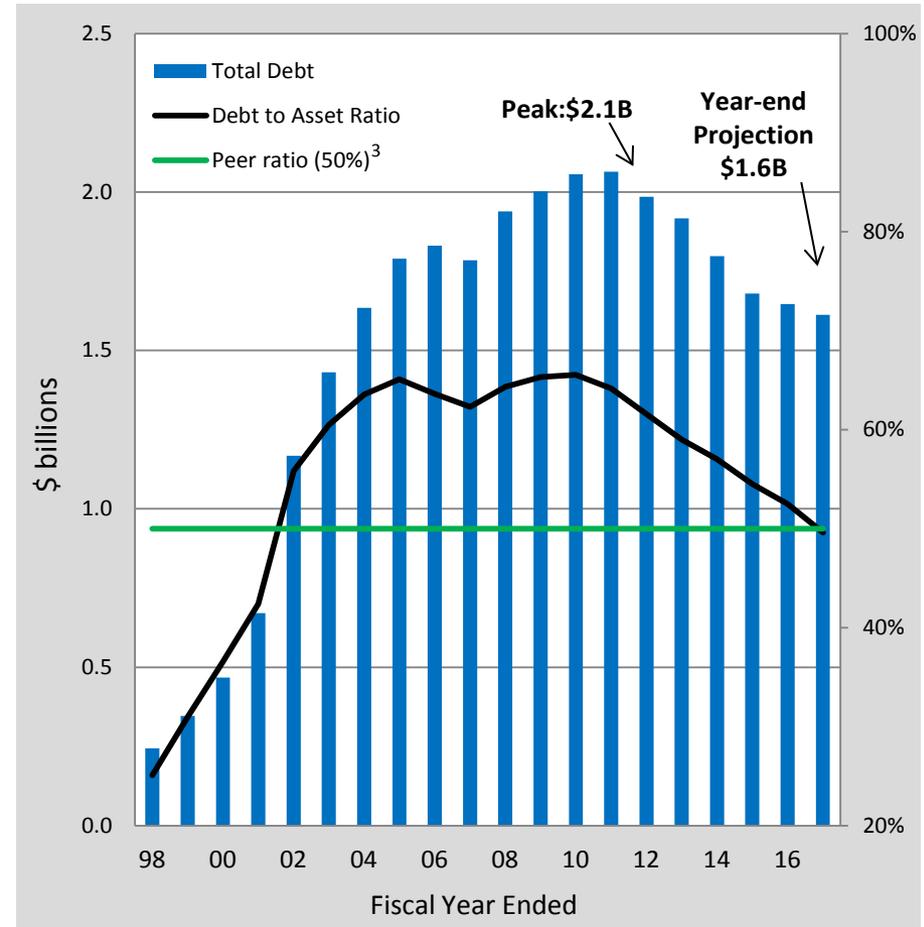
Cost / KGal	Water	Sewer
Target	\$ 4.75	\$ 10.27
Forecast	<u>5.08</u>	<u>11.13</u>
Difference	\$ (0.33)	\$ (0.86)

¹ Council approved limit for capital expenditures in FY17 is \$225.5 million

Electric System



Water and Sewer System

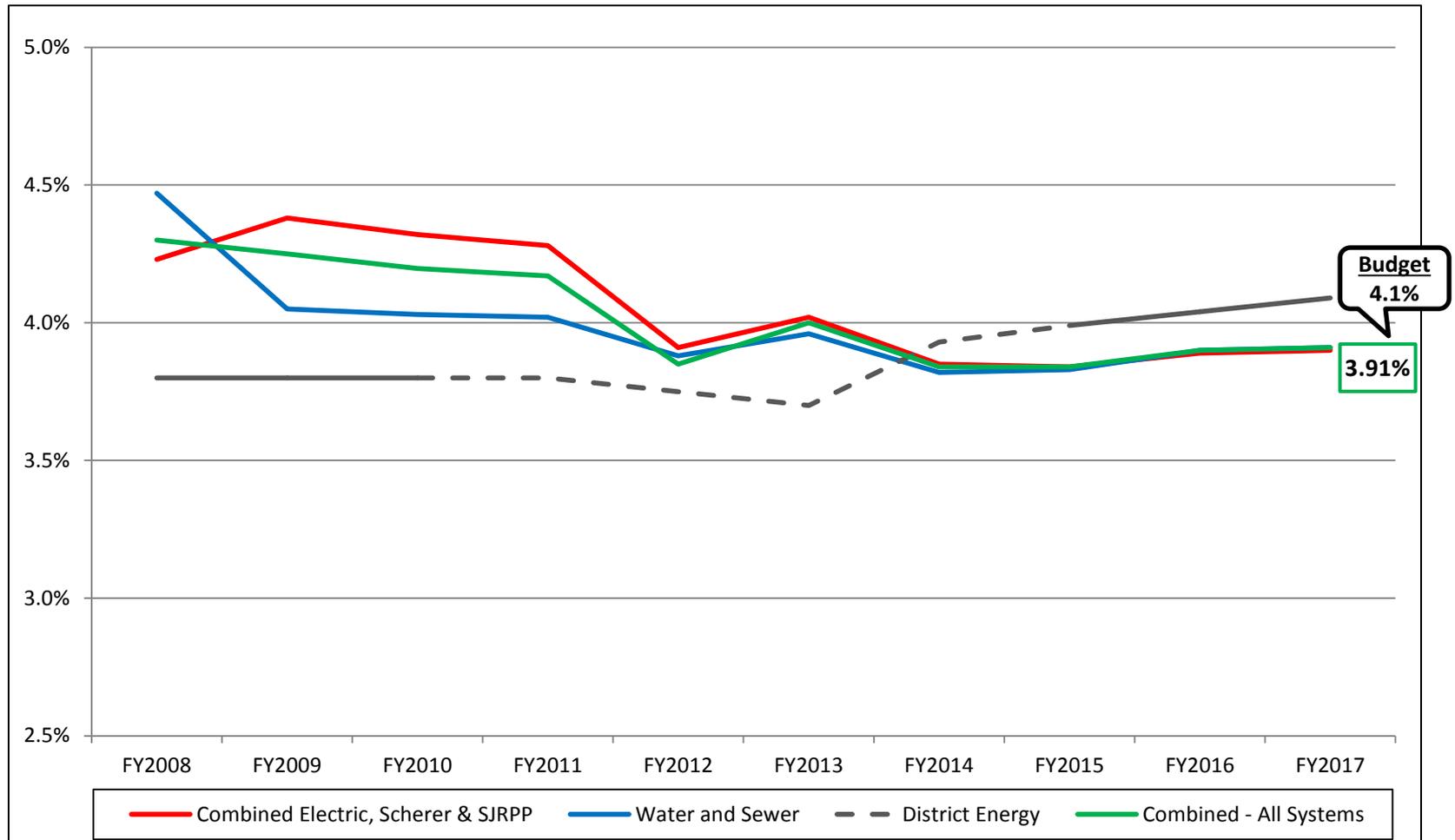


¹ Includes JEA, Scherer and SJRPP

² Per "Top 30 City Owned Utilities (By Debt Outstanding)" reported in Moody's Sector In-Depth Report, Sept. 8, 2015

³ Calculated from Moody's Municipal Financial Ratio Analysis database of 214 Aa rated public water-sewer utilities, Dec. 17, 2015

Combined Debt Outstanding Weighted Average Interest Rates*

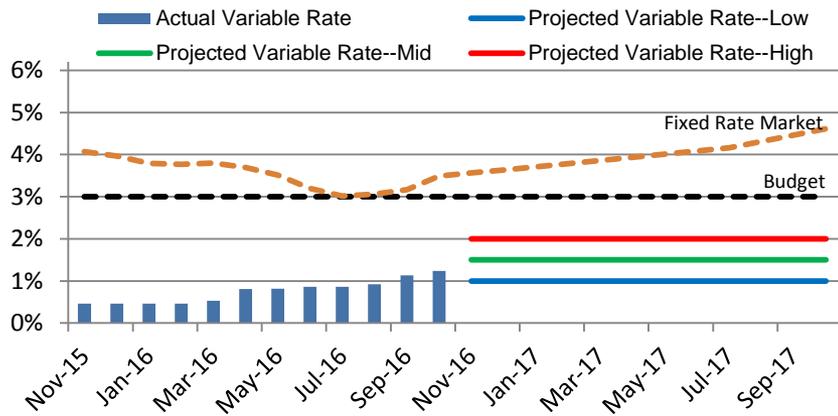


- Fiscal year end interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments.
- - - - During FY2008 – FY2013 DES was funded with variable rate debt at an average of 1 percent.

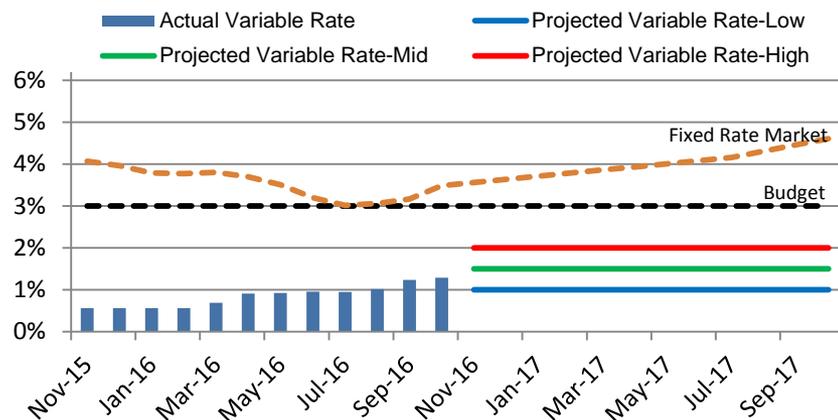
Variable Rate Debt Risk Analysis

(\$ in millions)

Electric System
Variable Interest Rates (including fees)



Water and Sewer
Variable Interest Rates (including fees)



Liquidity Facilities and Direct Purchase Bonds (DPBs)

Bank	Long-Term Ratings Moody's/S&P/Fitch	\$ (in millions)	%
Wells Fargo Bank N.A. (100% DPBs)	Aa2/AA-/AA	\$221	25
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	199	24
Royal Bank of Canada	Aa3/AA-/AA	193	23
US Bank, N.A.	A1/AA-/AA	148	18
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
Total		\$844	

Swap Providers

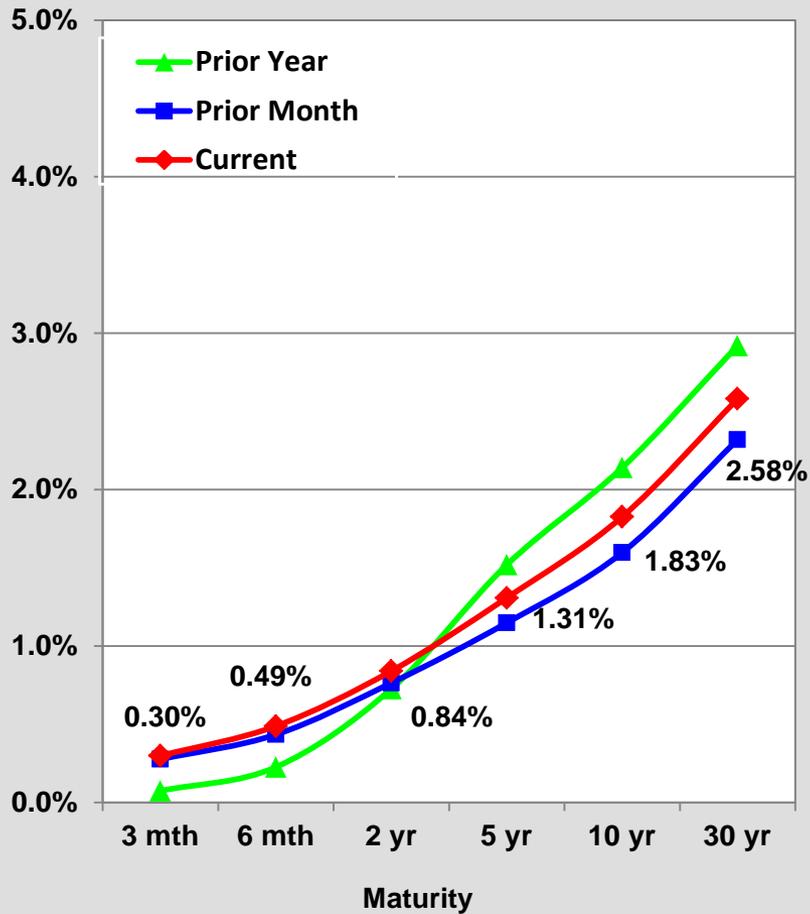
Bank	Long-Term Ratings Moody's/S&P/Fitch	\$ (in millions)	%
Morgan Stanley Capital Services	A3/BBB+/A	\$180	34
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA-/NR	137	26
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	125	24
Merrill Lynch	Baa1/BBB+/A	85	16
Total		\$527	

Items of Interest

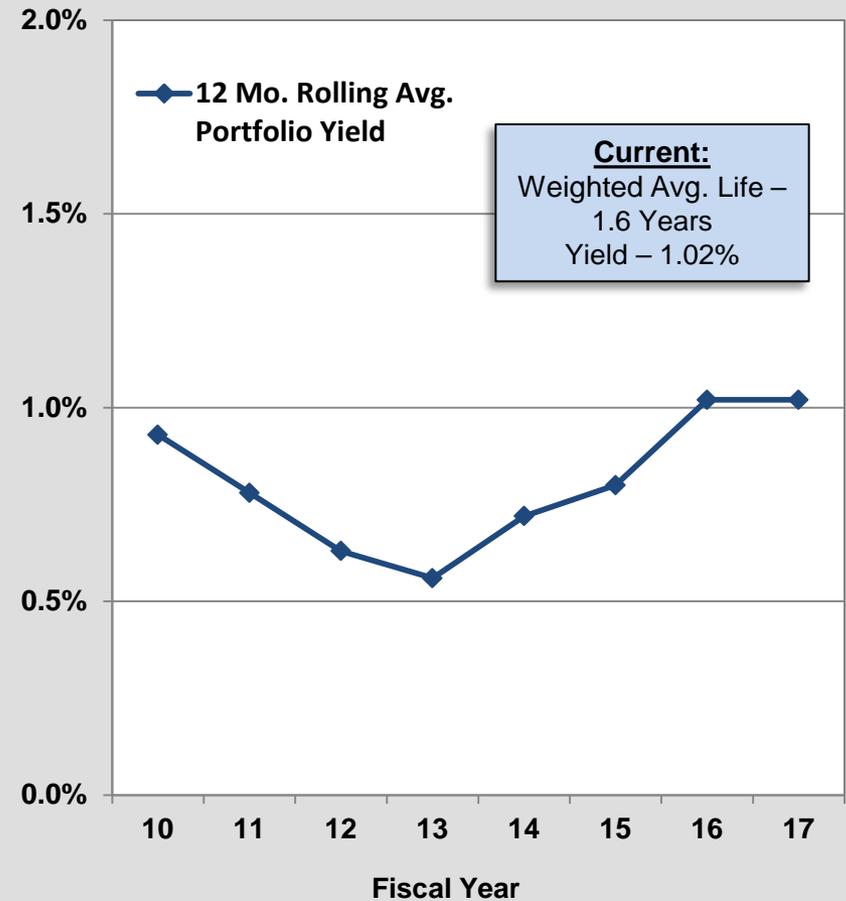
- Variable debt as a percentage of total debt:
 - Unhedged variable at 7% for Electric and 10% for Water and Sewer.
 - Hedged variable at 14% for Electric and 7% for Water and Sewer.
- Liquidity facilities / direct purchase bonds are with highly rated providers.
- No change in swap counterparty credit quality.
- Wells Fargo direct purchase bonds - three year renewal in Sep 2015.
- State Street liquidity facility renewed in Feb 2015 through March 2018.
- Variable rate reserve to mitigate risk of higher rates – \$62 million.

Total variable rate debt of \$882 with \$527 swapped to fixed rate

U. S. Treasury Yield Curve



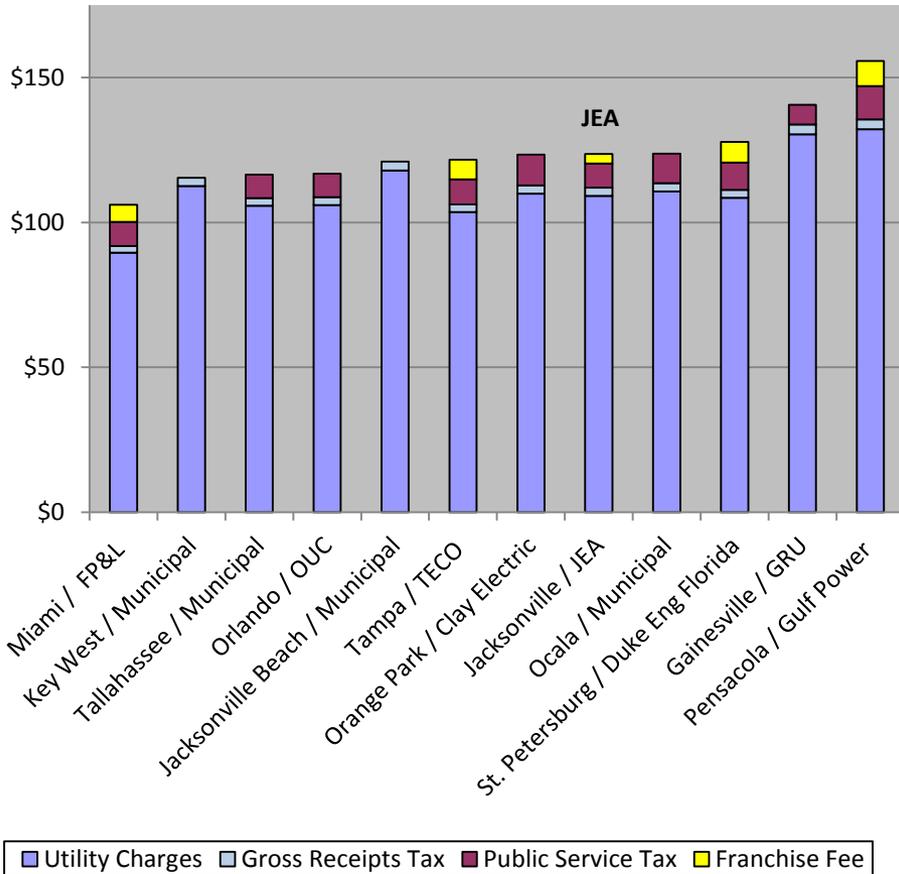
Investment Portfolio Yield



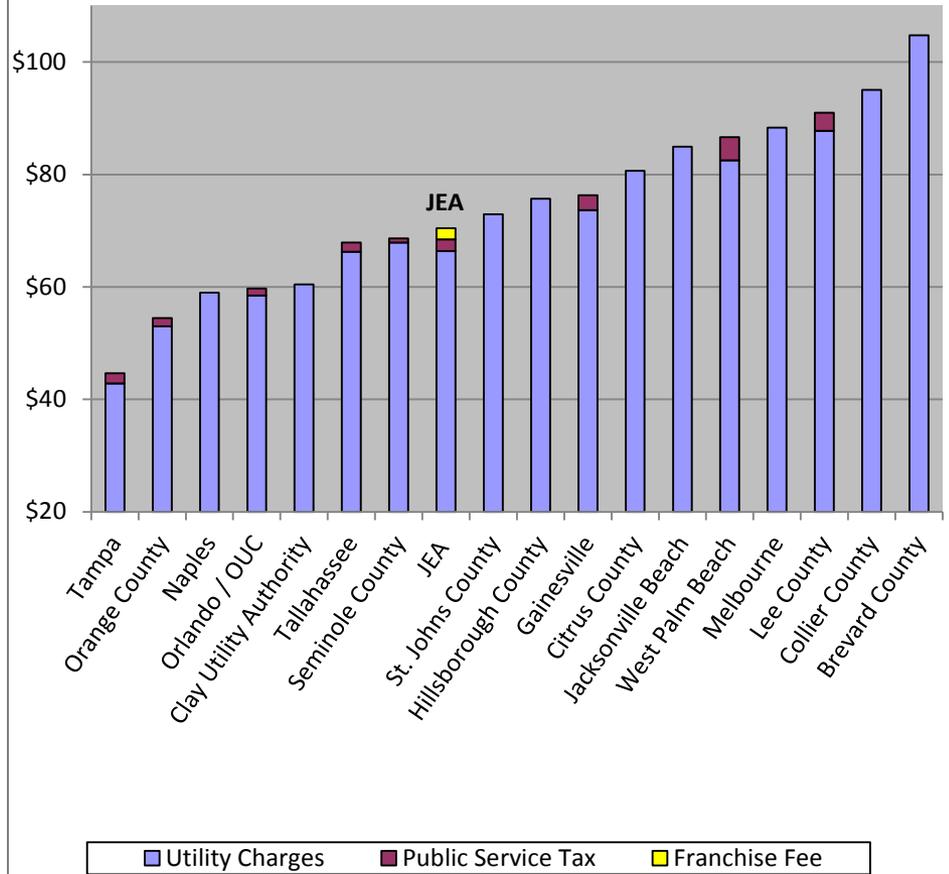


Florida Utilities Monthly Bill Comparison

Monthly Residential Electric Bills
Consumption @ 1,000 kWh



Monthly Residential Water Bills
5/8" meter and 6 kgals of Consumption





Monthly Financial Statements

October 2016



Monthly Financial Statements

October 2016

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Statements of Net Position

(in thousands - unaudited) October 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 338,168	\$ 277,100
Investments	244,446	237,935
Customer accounts receivable, less allowance for doubtful accounts of \$3,523 in 2016 and \$4,395 in 2015	184,485	150,820
Miscellaneous accounts receivable	9,977	13,835
Interest receivable	1,569	1,516
Inventories, less reserve of \$0 in 2016 and \$226 in 2015:		
Fuel inventory - Electric System	51,994	65,295
Fuel inventory - Plant Scherer	2,538	5,397
Materials and supplies - Water and Sewer	46,698	43,138
Materials and supplies - Electric System	20,953	20,109
Materials and supplies - Plant Scherer	2,136	2,155
Total current assets	<u>902,964</u>	<u>817,300</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	72,830	85,368
Investments	759,894	666,305
Accounts and interest receivable	2,811	4,843
Total restricted assets	<u>835,535</u>	<u>756,516</u>
Costs to be recovered from future revenues	463,299	459,167
Investment in The Energy Authority	6,370	7,402
Other assets	21,666	20,237
Total noncurrent assets	<u>1,326,870</u>	<u>1,243,322</u>
Capital assets:		
Land and easements	190,660	164,023
Plant in service	10,815,211	10,629,468
Less accumulated depreciation	<u>(5,456,723)</u>	<u>(5,109,172)</u>
Plant in service, net	5,549,148	5,684,319
Construction work in progress	306,339	252,543
Net capital assets	<u>5,855,487</u>	<u>5,936,862</u>
Total assets	<u>8,085,321</u>	<u>7,997,484</u>
Deferred outflows of resources		
Unamortized losses on refundings	140,723	153,392
Accumulated decrease in fair value of interest swaps derivatives	181,794	148,749
Unrealized pension contributions and losses	136,506	83,970
Accumulated decrease in fair value of fuel hedging derivatives	912	3,573
Total deferred outflows of resources	<u>459,935</u>	<u>389,684</u>
Total assets and deferred outflows of resources	<u>\$ 8,545,256</u>	<u>\$ 8,387,168</u>

Statements of Net Position**(in thousands - unaudited) October 2016 and 2015**

	2016	2015
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 85,318	\$ 92,113
Customer deposits	55,471	55,740
City of Jacksonville payable	9,707	9,526
Compensated absences due within one year	3,527	4,534
State utility taxes payable	2,561	1,365
Total current liabilities	<u>156,584</u>	<u>163,278</u>
Current liabilities payable from restricted assets:		
Revenue bonds and line of credit due within one year	189,150	181,525
Renewal and replacement reserve	81,187	83,741
Interest payable	15,523	15,816
Construction contracts and accounts payable	18,114	16,691
Total current liabilities payable from restricted assets	<u>303,974</u>	<u>297,773</u>
Noncurrent liabilities:		
Net pension liability	493,346	408,629
Compensated absences due after one year	27,019	23,986
Environmental liabilities	18,556	18,662
OPEB liability	437	2,150
Other liabilities	2,317	5,872
Total noncurrent liabilities	<u>541,675</u>	<u>459,299</u>
Long-term debt:		
Bonds payable, less current portion	4,281,045	4,467,195
Unamortized premium, net	136,388	167,968
Fair value of debt management strategy instruments	181,794	148,749
Total long-term debt	<u>4,599,227</u>	<u>4,783,912</u>
Total liabilities	<u>5,601,460</u>	<u>5,704,262</u>
Deferred inflows of resources		
Revenues to be used for future costs	530,065	468,070
Unrealized pension gains	12,682	29,796
Total deferred inflows of resources	<u>542,747</u>	<u>497,866</u>
Net position		
Net investment in capital assets	1,626,859	1,506,102
Restricted	433,098	348,012
Unrestricted	341,092	330,926
Total net position	<u>2,401,049</u>	<u>2,185,040</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,545,256</u>	<u>\$ 8,387,168</u>

JEA
Combining Statement of Net Position
(in thousands - unaudited) October 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 217,011	\$ 39,384	\$ -	\$ 256,395	77,687	\$ 4,086	\$ 338,168
Investments	234,247	10,199	-	244,446	-	-	244,446
Customer accounts receivable, less allowance for doubtful accounts of \$3,523	147,504	-	-	147,504	36,575	406	184,485
Miscellaneous accounts receivable	14,899	8,205	(13,787)	9,317	660	-	9,977
Interest receivable	802	16	-	818	751	-	1,569
Inventories, less reserve of \$0:							
Fuel inventory - Electric System	32,072	19,922	-	51,994	-	-	51,994
Fuel inventory - Plant Scherer	2,538	-	-	2,538	-	-	2,538
Materials and supplies - Water and Sewer	-	-	-	-	46,698	-	46,698
Materials and supplies - Electric System	-	20,953	-	20,953	-	-	20,953
Materials and supplies - Plant Scherer	2,136	-	-	2,136	-	-	2,136
Total current assets	651,209	98,679	(13,787)	736,101	162,371	4,492	902,964
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	39,489	-	39,489	31,357	1,984	72,830
Investments	280,810	205,320	-	486,130	273,764	-	759,894
Accounts and interest receivable	1,100	864	-	1,964	847	-	2,811
Total restricted assets	281,910	245,673	-	527,583	305,968	1,984	835,535
Costs to be recovered from future revenues	240,361	7,509	-	247,870	215,429	-	463,299
Investment in The Energy Authority	6,370	-	-	6,370	-	-	6,370
Other assets	13,855	-	-	13,855	7,799	12	21,666
Total noncurrent assets	542,496	253,182	-	795,678	529,196	1,996	1,326,870
Capital assets:							
Land and easements	121,235	6,660	-	127,895	59,714	3,051	190,660
Plant in service	5,151,176	1,344,631	-	6,495,807	4,264,948	54,456	10,815,211
Less accumulated depreciation	(2,702,277)	(843,013)	-	(3,545,290)	(1,889,427)	(22,006)	(5,456,723)
Plant in service, net	2,570,134	508,278	-	3,078,412	2,435,235	35,501	5,549,148
Construction work in progress	171,038	10,143	-	181,181	124,344	814	306,339
Net capital assets	2,741,172	518,421	-	3,259,593	2,559,579	36,315	5,855,487
Total assets	3,934,877	870,282	(13,787)	4,791,372	3,251,146	42,803	8,085,321
Deferred outflows of resources							
Unamortized losses on refundings	79,352	14,977	-	94,329	46,183	211	140,723
Accumulated decrease in fair value of interest swaps derivatives	145,808	-	-	145,808	35,986	-	181,794
Unrealized pension contributions and losses	77,673	11,227	-	88,900	47,606	-	136,506
Accumulated decrease in fair value of fuel hedging derivatives	912	-	-	912	-	-	912
Total deferred outflows of resources	303,745	26,204	-	329,949	129,775	211	459,935
Total assets and deferred outflows of resources	\$ 4,238,622	\$ 896,486	\$ (13,787)	\$ 5,121,321	\$ 3,380,921	\$ 43,014	\$ 8,545,256

Combining Statement of Net Position
(in thousands - unaudited) October 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 54,916	\$ 21,150	\$ (3,819)	\$ 72,247	\$ 13,058	\$ 13	\$ 85,318
Customer deposits	42,012	-	-	42,012	13,459	-	55,471
City of Jacksonville payable	7,689	-	-	7,689	2,018	-	9,707
Compensated absences due within one year	2,025	660	-	2,685	811	31	3,527
State utility taxes payable	2,561	-	-	2,561	-	-	2,561
Total current liabilities	109,203	21,810	(3,819)	127,194	29,346	44	156,584
Current liabilities payable from restricted assets:							
Revenue bonds and line of credit due within one year	95,160	41,330	-	136,490	51,020	1,640	189,150
Renewal and replacement reserve	-	81,187	-	81,187	-	-	81,187
Interest payable	8,237	1,596	-	9,833	5,575	115	15,523
Construction contracts and accounts payable	3,102	10,288	(9,968)	3,422	14,679	13	18,114
Total current liabilities payable from restricted assets	106,499	134,401	(9,968)	230,932	71,274	1,768	303,974
Noncurrent liabilities:							
Net pension liability	297,819	12,993	-	310,812	182,534	-	493,346
Compensated absences due after one year	17,917	1,982	-	19,899	7,104	16	27,019
Environmental liabilities	18,556	-	-	18,556	-	-	18,556
OPEB liability	275	-	-	275	162	-	437
Other liabilities	912	-	-	912	1,405	-	2,317
Total noncurrent liabilities	335,479	14,975	-	350,454	191,205	16	541,675
Long-term debt:							
Bonds payable, less current portion	2,274,055	408,885	-	2,682,940	1,561,620	36,485	4,281,045
Unamortized premium (discount)	66,978	16,372	-	83,350	53,081	(43)	136,388
Fair value of debt management strategy instruments	145,808	-	-	145,808	35,986	-	181,794
Total long-term debt	2,486,841	425,257	-	2,912,098	1,650,687	36,442	4,599,227
Total liabilities	3,038,022	596,443	(13,787)	3,620,678	1,942,512	38,270	5,601,460
Deferred inflows of resources							
Revenues to be used for future costs	348,224	158,640	-	506,864	23,201	-	530,065
Unrealized pension gains	6,545	2,126	-	8,671	4,011	-	12,682
Total deferred inflows of resources	354,769	160,766	-	515,535	27,212	-	542,747
Net position							
Net investment in capital assets	415,337	50,416	-	465,753	1,162,675	(1,569)	1,626,859
Restricted	208,240	13,974	9,968	232,182	199,047	1,869	433,098
Unrestricted	222,254	74,887	(9,968)	287,173	49,475	4,444	341,092
Total net position	845,831	139,277	-	985,108	1,411,197	4,744	2,401,049
Total liabilities, deferred inflows of resources, and net position	\$ 4,238,622	\$ 896,486	\$ (13,787)	\$ 5,121,321	\$ 3,380,921	\$ 43,014	\$ 8,545,256

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 186,346	\$ 31,687	\$ -	\$ 218,033	\$ 55,194	\$ 3,873	\$ 277,100
Investments	225,184	12,751	-	237,935	-	-	237,935
Customer accounts receivable, less allowance for doubtful accounts of \$4,395	113,379	-	-	113,379	36,679	762	150,820
Miscellaneous accounts receivable	11,297	9,915	(8,294)	12,918	917	-	13,835
Interest receivable	782	28	-	810	706	-	1,516
Inventories, less reserve of \$226:							
Fuel inventory - Electric System	35,092	30,203	-	65,295	-	-	65,295
Fuel inventory - Plant Scherer	5,397	-	-	5,397	-	-	5,397
Materials and supplies - Water and Sewer	-	-	-	-	43,138	-	43,138
Materials and supplies - Electric System	-	20,109	-	20,109	-	-	20,109
Materials and supplies - Plant Scherer	2,155	-	-	2,155	-	-	2,155
Total current assets	579,632	104,693	(8,294)	676,031	136,634	4,635	817,300
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	158	43,299	-	43,457	39,138	2,773	85,368
Investments	235,227	193,881	-	429,108	237,197	-	666,305
Accounts and interest receivable	1,277	1,173	-	2,450	2,393	-	4,843
Total restricted assets	236,662	238,353	-	475,015	278,728	2,773	756,516
Costs to be recovered from future revenues	229,378	7,122	-	236,500	222,667	-	459,167
Investment in The Energy Authority	7,402	-	-	7,402	-	-	7,402
Other assets	10,315	-	-	10,315	9,922	-	20,237
Total noncurrent assets	483,757	245,475	-	729,232	511,317	2,773	1,243,322
Capital assets:							
Land and easements	95,177	6,660	-	101,837	59,135	3,051	164,023
Plant in service	5,072,476	1,363,782	-	6,436,258	4,140,619	52,591	10,629,468
Less accumulated depreciation	(2,514,014)	(815,323)	-	(3,329,337)	(1,760,119)	(19,716)	(5,109,172)
Plant in service, net	2,653,639	555,119	-	3,208,758	2,439,635	35,926	5,684,319
Construction work in progress	123,274	13,989	-	137,263	114,294	986	252,543
Capital assets, net	2,776,913	569,108	-	3,346,021	2,553,929	36,912	5,936,862
Total assets	3,840,302	919,276	(8,294)	4,751,284	3,201,880	44,320	7,997,484
Deferred outflows of resources							
Unamortized losses on refundings	84,846	19,562	-	104,408	48,766	218	153,392
Accumulated decrease in fair value of interest swaps derivatives	120,400	-	-	120,400	28,349	-	148,749
Unrealized pension contributions and losses	48,712	4,115	-	52,827	31,143	-	83,970
Accumulated decrease in fair value of fuel hedging derivatives	3,573	-	-	3,573	-	-	3,573
Total deferred outflows of resources	257,531	23,677	-	281,208	108,258	218	389,684
Total assets and deferred outflows of resources	\$ 4,097,833	\$ 942,953	\$ (8,294)	\$ 5,032,492	\$ 3,310,138	\$ 44,538	\$ 8,387,168

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 64,589	\$ 15,066	\$ (936)	\$ 78,719	\$ 13,362	\$ 32	\$ 92,113
Customer deposits	42,500	-	-	42,500	13,240	-	55,740
City of Jacksonville payable	7,643	-	-	7,643	1,883	-	9,526
Compensated absences due within one year	1,824	1,486	-	3,310	1,217	7	4,534
State utility taxes payable	1,365	-	-	1,365	-	-	1,365
Total current liabilities	117,921	16,552	(936)	133,537	29,702	39	163,278
Current liabilities payable from restricted assets:							
Revenue bonds and line of credit due within one year	102,240	43,785	-	146,025	33,875	1,625	181,525
Renewal and replacement reserve	-	83,741	-	83,741	-	-	83,741
Interest payable	8,357	1,777	-	10,134	5,565	117	15,816
Construction contracts and accounts payable	5,783	9,786	(7,358)	8,211	8,458	22	16,691
Total current liabilities payable from restricted assets	116,380	139,089	(7,358)	248,111	47,898	1,764	297,773
Noncurrent liabilities:							
Net pension liability	246,724	4,163	-	250,887	157,742	-	408,629
Compensated absences due after one year	16,419	1,392	-	17,811	6,118	57	23,986
Environmental liabilities	18,662	-	-	18,662	-	-	18,662
OPEB liability	1,356	-	-	1,356	794	-	2,150
Other liabilities	3,573	-	-	3,573	2,299	-	5,872
Total noncurrent liabilities	286,734	5,555	-	292,289	166,953	57	459,299
Long-term debt:							
Bonds payable, less current portion	2,369,215	450,215	-	2,819,430	1,609,640	38,125	4,467,195
Unamortized premium (discount), net	82,857	23,666	-	106,523	61,493	(48)	167,968
Fair value of debt management strategy instruments	120,400	-	-	120,400	28,349	-	148,749
Total long-term debt	2,572,472	473,881	-	3,046,353	1,699,482	38,077	4,783,912
Total liabilities	3,093,507	635,077	(8,294)	3,720,290	1,944,035	39,937	5,704,262
Deferred inflows of resources							
Revenues to be used for future costs	275,513	170,425	-	445,938	22,132	-	468,070
Unrealized pension gains	16,446	2,835	-	19,281	10,515	-	29,796
Total deferred inflows of resources	291,959	173,260	-	465,219	32,647	-	497,866
Net position							
Net investment in capital assets	337,485	40,541	-	378,026	1,130,670	(2,594)	1,506,102
Restricted	158,858	7,325	7,358	173,541	171,815	2,656	348,012
Unrestricted	216,024	86,750	(7,358)	295,416	30,971	4,539	330,926
Total net position	712,367	134,616	-	846,983	1,333,456	4,601	2,185,040
Total liabilities, deferred inflows of resources, and net position	\$ 4,097,833	\$ 942,953	\$ (8,294)	\$ 5,032,492	\$ 3,310,138	\$ 44,538	\$ 8,387,168

	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 77,601	\$ 19,352	\$ 96,953	\$ 41,027	\$ 1,349	\$ 139,329
Rate stabilization:						
Fuel	181,546	-	181,546	-	-	181,546
Debt management	42,126	-	42,126	20,290	2,737	65,153
Environmental	30,615	-	30,615	2,911	-	33,526
Purchased Power	33,886	-	33,886	-	-	33,886
DSM/Conservation	3,906	-	3,906	-	-	3,906
Total rate stabilization funds	292,079	-	292,079	23,201	2,737	318,017
General reserve	-	30,231	30,231	-	-	30,231
Customer deposits	41,869	-	41,869	13,459	-	55,328
Self insurance reserve funds:						
Self funded health plan	11,153	-	11,153	-	-	11,153
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	21,153	-	21,153	-	-	21,153
Environmental liability reserve	18,556	-	18,556	-	-	18,556
Total unrestricted cash and investments	\$ 451,258	\$ 49,583	\$ 500,841	\$ 77,687	\$ 4,086	\$ 582,614
Restricted assets						
Renewal and replacement funds	\$ 197,386	\$ 81,080	\$ 278,466	\$ 180,816	\$ 1,732	\$ 461,014
Debt service reserve account	65,433	138,007	203,440	108,086	-	311,526
Debt service funds	15,047	3,745	18,792	9,543	252	28,587
Environmental funds	-	-	-	1,431	-	1,431
Construction funds	-	-	-	152	-	152
Subtotal	277,866	222,832	500,698	300,028	1,984	802,710
Unrealized holding gain (loss) on investments	2,944	(1,518)	1,426	5,093	-	6,519
Other funds	-	23,495	23,495	-	-	23,495
Total restricted cash and investments	\$ 280,810	\$ 244,809	\$ 525,619	\$ 305,121	\$ 1,984	\$ 832,724

	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 113,884	\$ 17,027	\$ 130,911	\$ 19,819	\$ 1,136	\$ 151,866
Rate stabilization:						
Fuel	108,734	-	108,734	-	-	108,734
Debt management	42,126	-	42,126	20,290	2,737	65,153
Environmental	24,061	-	24,061	1,845	-	25,906
Purchased Power	38,000	-	38,000	-	-	38,000
DSM/Conservation	3,348	-	3,348	-	-	3,348
Total rate stabilization funds	216,269	-	216,269	22,135	2,737	241,141
General reserve	-	27,411	27,411	-	-	27,411
Customer deposits	42,341	-	42,341	13,240	-	55,581
Self insurance reserve funds:						
Self funded health plan	10,374	-	10,374	-	-	10,374
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,374	-	20,374	-	-	20,374
Environmental liability reserve	18,662	-	18,662	-	-	18,662
Total unrestricted cash and investments	\$ 411,530	\$ 44,438	\$ 455,968	\$ 55,194	\$ 3,873	\$ 515,035
Restricted assets						
Renewal and replacement funds	\$ 146,960	\$ 83,665	\$ 230,625	\$ 154,774	\$ 2,521	\$ 387,920
Debt service reserve account	69,446	136,852	206,298	108,850	-	315,148
Debt service funds	15,586	4,021	19,607	8,019	252	27,878
Environmental funds	-	-	-	-	-	-
Construction funds	-	77	77	664	-	741
Subtotal	231,992	224,615	456,607	272,307	2,773	731,687
Unrealized holding gain (loss) on investments	3,235	(1,262)	1,973	3,959	-	5,932
Other funds	158	13,827	13,985	69	-	14,054
Total restricted cash and investments	\$ 235,385	\$ 237,180	\$ 472,565	\$ 276,335	\$ 2,773	\$ 751,673

JEA
Regulatory Accounting Balances
(in thousands - unaudited) October 2016

DESCRIPTION	Electric System and Bulk Power	SJRPP System	Total Electric	Water and Sewer	Total JEA
	Supply System		Enterprise Fund	Enterprise Fund	
Unfunded pension costs	226,691	3,892	230,583	138,940	369,523
Water environmental projects	-	-	-	76,248	76,248
Scherer	11,470	-	11,470	-	11,470
Debt issue costs	2,200	3,617	5,817	241	6,058
Costs to be recovered from future revenues	240,361	7,509	247,870	215,429	463,299
SJRPP and Scherer	44,993	158,640	203,633	-	203,633
Fuel stabilization	181,546	-	181,546	-	181,546
Debt management stabilization	42,126	-	42,126	20,290	62,416
Nonfuel purchased power	33,886	-	33,886	-	33,886
Environmental	30,615	-	30,615	2,911	33,526
Self-insurance medical reserve	11,152	-	11,152	-	11,152
Customer benefit stabilization	3,906	-	3,906	-	3,906
Revenues to be used for future costs	348,224	158,640	506,864	\$ 23,201	530,065

JEA
Regulatory Accounting Balances
(in thousands - unaudited) October 2015

DESCRIPTION	Electric System and Bulk Power	SJRPP System	Total Electric	Water and Sewer	Total JEA
	Supply System		Enterprise Fund	Enterprise Fund	
Unfunded pension costs	214,133	2,883	217,016	136,905	353,921
Water environmental projects	-	-	-	85,511	85,511
Scherer	12,936	-	12,936	-	12,936
Debt issue costs	2,309	4,239	6,548	251	6,799
Costs to be recovered from future revenues	229,378	7,122	236,500	222,667	459,167
SJRPP and Scherer	48,870	170,425	219,295	-	219,295
Fuel stabilization	108,734	-	108,734	-	108,734
Debt management stabilization	42,126	-	42,126	20,290	62,416
Nonfuel purchased power	38,000	-	38,000	-	38,000
Environmental	24,061	-	24,061	1,842	25,903
Self-insurance medical reserve	10,374	-	10,374	-	10,374
Customer benefit stabilization	3,348	-	3,348	-	3,348
Revenues to be used for future costs	275,513	170,425	445,938	\$ 22,132	468,070

Statements of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited)

	Month and Year-To-Date	
	October	
	2016	2015
Operating revenues		
Electric - base	\$ 62,726	\$ 57,144
Electric - fuel and purchased power	44,294	43,966
Water and sewer	34,643	34,117
District energy system	888	812
Other	2,108	3,125
Total operating revenues	144,659	139,164
Operating expenses		
Operations:		
Fuel	37,713	37,815
Purchased power	3,036	2,291
Other	17,770	21,574
Depreciation	31,367	30,167
Maintenance	5,463	5,997
State utility and franchise taxes	6,163	3,705
Recognition of deferred costs and revenues, net	(1,287)	(1,177)
Total operating expenses	100,225	100,372
Operating income	44,434	38,792
Nonoperating revenues (expenses)		
Interest on debt	(13,569)	(13,335)
Debt management strategy	(1,404)	(1,659)
Investment income	1,105	1,016
Other revenue	636	781
Allowance for funds used during construction	989	807
Earnings from The Energy Authority	446	(89)
Other expense	(46)	(21)
Other interest, net	(138)	(188)
Total nonoperating expenses, net	(11,981)	(12,688)
Income before contributions	32,453	26,104
Contributions (to) from		
General Fund, City of Jacksonville, Florida	(9,652)	(9,515)
Developers and other	3,483	2,856
Reduction of plant cost through contributions	(2,160)	(1,314)
Total contributions	(8,329)	(7,973)
Change in net position	24,124	18,131
Net position, beginning of period	2,376,925	2,166,909
Net position, end of period	\$ 2,401,049	\$ 2,185,040

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended October 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 63,022	\$ -	\$ -	\$ 63,022	\$ -	\$ -	\$ (296)	\$ 62,726
Electric - fuel and purchased power	34,061	25,086	(13,739)	45,408	-	-	(1,114)	44,294
Water and sewer	-	-	-	-	34,682	-	(39)	34,643
District energy system	-	-	-	-	-	888	-	888
Other	1,436	-	-	1,436	863	-	(190)	2,109
Total operating revenues	98,519	25,086	(13,739)	109,866	35,545	888	(1,639)	144,660
Operating expenses								
Operations:								
Fuel	21,249	16,464	-	37,713	-	-	-	37,713
Purchased power	16,775	-	(13,739)	3,036	-	-	-	3,036
Other	9,334	2,518	-	11,852	7,207	349	(1,639)	17,769
Depreciation	16,039	3,563	-	19,602	11,574	191	-	31,367
Maintenance	3,057	1,383	-	4,440	961	62	-	5,463
State utility and franchise taxes	5,312	-	-	5,312	852	-	-	6,164
Recognition of deferred costs and revenues, net	(279)	(1,008)	-	(1,287)	-	-	-	(1,287)
Total operating expenses	71,487	22,920	(13,739)	80,668	20,594	602	(1,639)	100,225
Operating income	27,032	2,166	-	29,198	14,951	286	-	44,435
Nonoperating revenues (expenses)								
Interest on debt	(6,544)	(2,012)	-	(8,556)	(4,896)	(116)	-	(13,568)
Debt management strategy	(1,120)	-	-	(1,120)	(284)	-	-	(1,404)
Investment income	409	289	-	698	404	2	-	1,104
Other revenue	395	32	-	427	209	-	-	636
Allowance for funds used during construction	553	-	-	553	432	4	-	989
Earnings from The Energy Authority	446	-	-	446	-	-	-	446
Other expense	(44)	-	-	(44)	(2)	-	-	(46)
Other interest, net	(115)	-	-	(115)	(24)	-	-	(139)
Total nonoperating expenses, net	(6,020)	(1,691)	-	(7,711)	(4,161)	(110)	-	(11,982)
Income before contributions	21,012	475	-	21,487	10,790	176	-	32,453
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,689)	-	-	(7,689)	(1,963)	-	-	(9,652)
Developers and other	130	-	-	130	3,353	-	-	3,483
Reduction of plant cost through contributions	(130)	-	-	(130)	(2,030)	-	-	(2,160)
Total contributions	(7,689)	-	-	(7,689)	(640)	-	-	(8,329)
Change in net position	13,323	475	-	13,798	10,150	176	-	24,124
Net position, beginning of period	832,508	138,802	-	971,310	1,401,047	4,568	-	2,376,925
Net position, end of period	\$ 845,831	\$ 139,277	\$ -	\$ 985,108	\$ 1,411,197	\$ 4,744	\$ -	\$ 2,401,049

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended October 2015

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 57,327	\$ -	\$ -	\$ 57,327	\$ -	\$ -	\$ (183)	\$ 57,144
Electric - fuel and purchased power	31,887	25,320	(12,552)	44,655	-	-	(689)	43,966
Water and sewer	-	-	-	-	34,172	-	(55)	34,117
District energy system	-	-	-	-	-	812	-	812
Other	2,445	-	-	2,445	997	-	(317)	3,125
Total operating revenues	91,659	25,320	(12,552)	104,427	35,169	812	(1,244)	139,164
Operating expenses								
Operations:								
Fuel	21,221	16,594	-	37,815	-	-	-	37,815
Purchased power	14,843	-	(12,552)	2,291	-	-	-	2,291
Other	12,154	2,647	-	14,801	7,857	160	(1,244)	21,574
Depreciation	15,638	3,563	-	19,201	10,775	191	-	30,167
Maintenance	3,841	1,006	-	4,847	1,088	62	-	5,997
State utility and franchise taxes	2,845	-	-	2,845	860	-	-	3,705
Recognition of deferred costs and revenues, net	(218)	(970)	-	(1,188)	11	-	-	(1,177)
Total operating expenses	70,324	22,840	(12,552)	80,612	20,591	413	(1,244)	100,372
Operating income	21,335	2,480	-	23,815	14,578	399	-	38,792
Nonoperating revenues (expenses)								
Interest on debt	(6,284)	(2,211)	-	(8,495)	(4,722)	(118)	-	(13,335)
Debt management strategy	(1,291)	-	-	(1,291)	(368)	-	-	(1,659)
Investment income	488	318	-	806	210	-	-	1,016
Other revenue	373	34	-	407	374	-	-	781
Allowance for funds used during construction	410	-	-	410	394	3	-	807
Earnings from The Energy Authority	(89)	-	-	(89)	-	-	-	(89)
Other expense	(21)	-	-	(21)	-	-	-	(21)
Other interest, net	(146)	-	-	(146)	(42)	-	-	(188)
Total nonoperating expenses, net	(6,560)	(1,859)	-	(8,419)	(4,154)	(115)	-	(12,688)
Income before contributions	14,775	621	-	15,396	10,424	284	-	26,104
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,643)	-	-	(7,643)	(1,872)	-	-	(9,515)
Developers and other	-	-	-	-	2,856	-	-	2,856
Reduction of plant cost through contributions	-	-	-	-	(1,314)	-	-	(1,314)
Total contributions	(7,643)	-	-	(7,643)	(330)	-	-	(7,973)
Change in net position	7,132	621	-	7,753	10,094	284	-	18,131
Net position, beginning of period	705,235	133,995	-	839,230	1,323,362	4,317	-	2,166,909
Net position, end of period	\$ 712,367	\$ 134,616	\$ -	\$ 846,983	\$ 1,333,456	\$ 4,601	\$ -	\$ 2,185,040

Statement of Cash Flows
(in thousands - unaudited)

	Year-To-Date October	
	2016	2015
Operating activities		
Receipts from customers	\$ 193,894	\$ 183,526
Payments to suppliers	(81,077)	(79,735)
Payments to employees	(17,536)	(17,575)
Other receipts	2,772	4,772
Net cash provided by operating activities	<u>98,053</u>	<u>90,988</u>
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(9,498)	(9,335)
Net cash used in noncapital financing activities	<u>(9,498)</u>	<u>(9,335)</u>
Capital and related financing activities		
Repayment of debt principal	(181,525)	(187,500)
Interest paid on debt	(87,122)	(89,471)
Acquisition and construction of capital assets	(31,672)	(27,784)
Contribution from developers and others	1,323	1,543
Proceeds from disposal of assets	(18)	(181)
Net cash used in capital and related financing activities	<u>(299,014)</u>	<u>(303,393)</u>
Investing activities		
Purchase of investments	(65,702)	(101,653)
Proceeds from sale and maturities of investments	89,051	48,778
Investment income	943	1,009
Distributions from The Energy Authority	242	-
Net cash used in investing activities	<u>24,534</u>	<u>(51,866)</u>
Net change in cash and cash equivalents	(185,925)	(273,606)
Cash and cash equivalents, beginning of year	596,923	636,074
Cash and cash equivalents, end of period	<u>\$ 410,998</u>	<u>\$ 362,468</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 44,434	\$ 38,792
Adjustments:		
Depreciation and amortization	31,482	30,288
Recognition of deferred costs and revenues, net	(1,288)	(1,177)
Gain on sale of noncore assets	(6)	157
Changes in noncash assets and noncash liabilities:		
Accounts receivable	47,253	87,375
Accounts receivable, restricted	669	1,491
Inventories	(6,516)	(6,519)
Other assets	(4,200)	(2,392)
Accounts and expenses payable	(8,440)	(9,785)
Liabilities payable, restricted	(10,688)	(10,077)
Other noncurrent liabilities and deferred inflows	5,353	(37,165)
Net cash provided by operating activities	<u>\$ 98,053</u>	<u>\$ 90,988</u>
Noncash activity		
Contribution of capital assets from developers	<u>\$ 2,030</u>	<u>\$ 1,314</u>

Combining Statement of Cash Flows

(in thousands - unaudited) for the one month ended October 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 135,765	\$ 25,086	\$ (3,332)	\$ 157,519	\$ 37,200	\$ 624	\$ (1,449)	\$ 193,894
Payments to suppliers	(59,501)	(17,176)	3,332	(73,345)	(8,857)	(514)	1,639	(81,077)
Payments to employees	(11,135)	(2,282)	-	(13,417)	(4,073)	(46)	-	(17,536)
Other receipts	2,099	-	-	2,099	863	-	(190)	2,772
Net cash provided by operating activities	67,228	5,628	-	72,856	25,133	64	-	98,053
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(7,643)	-	-	(7,643)	(1,855)	-	-	(9,498)
Net cash used in noncapital financing activities	(7,643)	-	-	(7,643)	(1,855)	-	-	(9,498)
Capital and related financing activities								
Repayment of debt principal	(102,240)	(43,785)	-	(146,025)	(33,875)	(1,625)	-	(181,525)
Interest paid on debt	(43,622)	(10,656)	-	(54,278)	(32,145)	(699)	-	(87,122)
Acquisition and construction of capital assets	(15,629)	-	-	(15,629)	(15,830)	(213)	-	(31,672)
Contribution from developers and others	-	-	-	-	1,323	-	-	1,323
Proceeds from disposal of assets	(18)	-	-	(18)	-	-	-	(18)
Net cash used in capital and related financing activities	(161,509)	(54,441)	-	(215,950)	(80,527)	(2,537)	-	(299,014)
Investing activities								
Purchase of investments	(4,972)	(48,251)	-	(53,223)	(12,479)	-	-	(65,702)
Proceeds from sale and maturities of investments	27,983	45,772	-	73,755	15,296	-	-	89,051
Investment income	459	144	-	603	338	2	-	943
Distributions from The Energy Authority	242	-	-	242	-	-	-	242
Net cash used in investing activities	23,712	(2,335)	-	21,377	3,155	2	-	24,534
Net change in cash and cash equivalents	(78,212)	(51,148)	-	(129,360)	(54,094)	(2,471)	-	(185,925)
Cash and cash equivalents, beginning of year	295,223	130,021	-	425,244	163,138	8,541	-	596,923
Cash and cash equivalents, end of period	\$ 217,011	\$ 78,873	\$ -	\$ 295,884	\$ 109,044	\$ 6,070	\$ -	\$ 410,998
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 27,032	\$ 2,166	\$ -	\$ 29,198	\$ 14,951	\$ 285	\$ -	\$ 44,434
Adjustments:								
Depreciation and amortization	16,039	3,563	-	19,602	11,689	191	-	31,482
Recognition of deferred costs and revenues, net	(279)	(1,008)	-	(1,287)	(1)	-	-	(1,288)
Gain on sale of noncore assets	(5)	-	-	(5)	(1)	-	-	(6)
Changes in noncash assets and noncash liabilities:								
Accounts receivable	36,734	9,476	-	46,210	1,306	(263)	-	47,253
Accounts receivable, restricted	668	-	-	668	1	-	-	669
Inventories	1,853	(6,500)	-	(4,647)	(1,869)	-	-	(6,516)
Other assets	(3,707)	-	-	(3,707)	(481)	(12)	-	(4,200)
Accounts and expenses payable	(13,771)	7,759	-	(6,012)	(2,314)	(114)	-	(8,440)
Liabilities payable, restricted	-	(10,688)	-	(10,688)	-	-	-	(10,688)
Other noncurrent liabilities and deferred inflows	2,664	860	-	3,524	1,852	(23)	-	5,353
Net cash provided by operating activities	\$ 67,228	\$ 5,628	\$ -	\$ 72,856	\$ 25,133	\$ 64	\$ -	\$ 98,053
Noncash activity								
Contribution of capital assets from developers	\$ -	\$ -	\$ -	\$ -	\$ 2,030	\$ -	\$ -	\$ 2,030

Combining Statement of Cash Flows

(in thousands - unaudited) for the one month ended October 2015

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 127,178	\$ 25,320	\$ (2,738)	\$ 149,760	\$ 33,678	\$ 1,015	\$ (927)	\$ 183,526
Payments to suppliers	(52,765)	(26,916)	2,738	(76,943)	(3,860)	(176)	1,244	(79,735)
Payments to employees	(11,475)	(1,782)	-	(13,257)	(4,280)	(38)	-	(17,575)
Other receipts	3,907	-	-	3,907	1,182	-	(317)	4,772
Net cash provided by operating activities	66,845	(3,378)	-	63,467	26,720	801	-	90,988
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(7,509)	-	-	(7,509)	(1,826)	-	-	(9,335)
Net cash used in noncapital financing activities	(7,509)	-	-	(7,509)	(1,826)	-	-	(9,335)
Capital and related financing activities								
Repayment of debt principal	(98,765)	(50,945)	-	(149,710)	(36,180)	(1,610)	-	(187,500)
Interest paid on debt	(44,894)	(11,438)	-	(56,332)	(32,434)	(705)	-	(89,471)
Acquisition and construction of capital assets	(16,284)	-	-	(16,284)	(11,386)	(114)	-	(27,784)
Contribution from developers and others	-	-	-	-	1,543	-	-	1,543
Proceeds from disposal of assets	(181)	-	-	(181)	-	-	-	(181)
Net cash used in capital and related financing activities	(160,124)	(62,383)	-	(222,507)	(78,457)	(2,429)	-	(303,393)
Investing activities								
Purchase of investments	(65,079)	(44,115)	-	(109,194)	7,541	-	-	(101,653)
Proceeds from sale and maturities of investments	35,599	44,789	-	80,388	(31,610)	-	-	48,778
Investment income	693	155	-	848	161	-	-	1,009
Net cash used in investing activities	(28,787)	829	-	(27,958)	(23,908)	-	-	(51,866)
Net change in cash and cash equivalents	(129,575)	(64,932)	-	(194,507)	(77,471)	(1,628)	-	(273,606)
Cash and cash equivalents, beginning of year	316,079	139,918	-	455,997	171,803	8,274	-	636,074
Cash and cash equivalents, end of period	\$ 186,504	\$ 74,986	\$ -	\$ 261,490	\$ 94,332	\$ 6,646	\$ -	\$ 362,468
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 21,335	\$ 2,480	\$ -	\$ 23,815	\$ 14,578	\$ 399	\$ -	\$ 38,792
Adjustments:								
Depreciation and amortization	15,638	3,563	-	19,201	10,896	191	-	30,288
Recognition of deferred costs and revenues, net	(218)	(970)	-	(1,188)	11	-	-	(1,177)
Gain on sale of noncore assets	(8)	-	-	(8)	165	-	-	157
Changes in noncash assets and noncash liabilities:								
Accounts receivable	78,880	10,639	-	89,519	(2,346)	202	-	87,375
Accounts receivable, restricted	1,470	-	-	1,470	21	-	-	1,491
Inventories	(4,240)	(1,907)	-	(6,147)	(372)	-	-	(6,519)
Other assets	(1,922)	-	-	(1,922)	(470)	-	-	(2,392)
Accounts and expenses payable	(5,463)	(7,169)	-	(12,632)	2,838	9	-	(9,785)
Liabilities payable, restricted	-	(10,077)	-	(10,077)	-	-	-	(10,077)
Other noncurrent liabilities and deferred inflows	(38,627)	63	-	(38,564)	1,399	-	-	(37,165)
Net cash provided by operating activities	\$ 66,845	\$ (3,378)	\$ -	\$ 63,467	\$ 26,720	\$ 801	\$ -	\$ 90,988
Noncash activity								
Contribution of capital assets from developers	\$ -	\$ -	\$ -	\$ -	\$ 1,314	\$ -	\$ -	\$ 1,314

Changes in Debt Service, R & R and Construction Funds
(in thousands - unaudited) for the one month ended October 2016 and October 2015

	October 2016			October 2015		
	Debt service funds	Renewal and replacement funds	Construction funds	Debt service funds	Renewal and replacement funds	Construction funds
Beginning balance	\$ 210,066	\$ 193,947	\$ -	\$ 211,749	\$ 148,459	\$ 4
Transfer from:						
Revenue fund	15,056	20,183	-	15,586	13,226	-
Increase in accounts payable	-	-	-	-	(10,698)	-
Proceeds from property sales	-	(18)	-	-	(181)	-
Total additions	15,056	20,165	-	15,586	2,347	-
Deductions:						
Interest/principal payments from sinking funds	144,642	-	-	142,303	-	-
Increase in utility plant	-	8,813	-	-	2,569	-
Decrease in accounts payable	-	6,813	-	-	-	4
Total deductions	144,642	15,626	-	142,303	2,569	4
Ending balance	\$ 80,480	\$ 198,486	\$ -	\$ 85,032	\$ 148,237	\$ -
Renewal and replacement fund:						
Cash & investments		\$ 197,386			\$ 146,960	
Accounts / notes receivable:						
Accounts receivable		1,052			1,175	
Street light & other customer loans		48			102	
		<u>\$ 198,486</u>			<u>\$ 148,237</u>	
Construction fund:						
Generation projects			\$ -			\$ 4
T& D and other capital projects			-			(4)
			<u>\$ -</u>			<u>\$ -</u>

Water and Sewer System

Changes in Debt Service, R & R and Construction Funds

(in thousands - unaudited) for the one month ended October 2016 and October 2015

	October 2016				October 2015			
	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds
Beginning balance	\$ 173,496	\$ 179,513	\$ 152	\$ 2,659	\$ 176,569	\$ 149,130	\$ 664	\$ -
Additions:								
Transfer from:								
Revenue fund	9,557	14,665	-	-	8,020	15,736	-	1,872
Contribution in aid of construction	-	1,323	-	-	-	1,542	-	-
Total additions	9,557	15,988	-	-	8,020	17,278	-	1,872
Deductions:								
Increase in utility plant	-	1,766	-	-	-	500	-	-
Interest/principal payments from sinking funds	65,424	-	-	-	67,720	-	-	-
Transfer to:								
Revenue fund	-	-	-	-	-	-	-	1,872
Decrease in accounts payable	-	12,837	-	1,228	-	9,518	-	-
Total deductions	65,424	14,603	-	1,228	67,720	10,018	-	1,872
Ending balance	\$ 117,629	\$ 180,898	\$ 152	\$ 1,431	\$ 116,869	\$ 156,390	\$ 664	\$ -

Recap:

Renewal and replacement fund:

Cash & investments	\$ 180,816	\$ 154,774
Accounts / notes receivable:		
Accounts receivable	66	1,596
Notes receivable	16	20
	<u>\$ 180,898</u>	<u>\$ 156,390</u>

Construction fund:

Project funds	\$ 152	\$ 664
	<u>\$ 152</u>	<u>\$ 664</u>

Environmental fund

Cash & investments	\$ 1,431	\$ -
	<u>\$ 1,431</u>	<u>\$ -</u>

Electric System	Month and Year-to-Date				Prior Month and Year-to-Date	
	ANNUAL BUDGET 2016-17	BUDGET 2016-17	ACTUAL 2016-17	Variance %	ACTUAL 2015-16	Variance %
Budget vs. Actual						
October 2016 and 2015						
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 472,264,680	\$ 37,512,207	\$ 34,638,062	-7.66%	\$ (10,273,419)	-437.16%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	274,434,887	19,482,680	17,865,166		18,563,744	
Fuel Expense - SJRPP	95,027,760	8,424,700	10,207,323		8,927,505	
Other Purchased Power	64,152,465	4,581,199	5,134,875		4,264,407	
Subtotal Energy Expense	433,615,112	32,488,579	33,207,364	-2.21%	31,755,656	-4.57%
Transfer to (from) Rate Stabilization, Net	37,705,038	-	1,430,698		(42,007,995)	
Fuel Related Uncollectibles	944,530	78,711	-		(21,080)	
Total	472,264,680	32,567,290	34,638,062	-6.36%	(10,273,419)	437.16%
Fuel Balance	-	4,944,917	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	762,971,975	60,603,225	57,606,118		55,110,784	
Conservation Charge Revenue	1,000,000	79,414	55,432		37,985	
Environmental Charge Revenue	7,942,200	630,853	582,130		584,020	
Investment Income	4,631,588	385,966	406,167		483,569	
Natural Gas Revenue Pass Through	7,188,723	599,060	37,639		7,603	
Other Revenues	29,966,575	2,497,215	2,459,117		2,753,315	
Total	813,701,061	64,795,733	61,146,603	-5.63%	58,977,277	3.68%
Nonfuel Related Expenses						
Non-Fuel O&M	209,105,373	19,344,685	10,413,219		12,103,363	
DSM / Conservation O&M	8,081,200	665,614	185,288		87,451	
Environmental O&M	2,077,500	173,125	(58,237)		(46,099)	
Net Transfer to Rate Stabilization - DSM	(571,200)	(47,600)	391,185		461,395	
Transfer to Environmental Fund/RSF	5,864,700	488,725	640,367		630,119	
Natural Gas Expense Pass Through	6,880,298	572,520	43,864		21,136	
Debt Principal - Electric System	89,955,000	7,496,250	7,496,250		8,016,250	
Debt Interest - Electric System	100,943,917	8,411,993	7,949,416		8,030,001	
Bond Buy-Back Principal - Electric System	38,949,702	-	-		-	
R&R - Electric System	62,198,300	5,183,192	5,183,192		5,197,867	
Operating Capital Outlay	107,801,700	15,000,000	15,000,000		8,028,139	
City Contribution Expense	92,270,692	7,689,224	7,689,224		7,643,348	
Taxes & Uncollectibles	1,749,583	145,799	16,400		128,980	
Emergency Reserve	5,000,000	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	26,496,875	2,208,073	2,208,073		2,331,563	
* SJRPP D/S Interest	16,193,308	1,349,442	1,317,009		1,430,297	
** Other Non-Fuel Purchased Power	40,704,113	3,392,010	2,244,695		4,907,670	
Total Nonfuel Expenses	813,701,061	72,073,052	60,719,945	15.75%	58,971,478	-2.96%
Non-Fuel Balance	-	(7,277,319)	426,658		5,799	
Total Balance	-	(2,332,402)	426,658		5,799	
Total Revenues	1,285,965,741	102,307,940	95,784,665	-6.38%	48,703,858	96.67%
Total Expenses	1,285,965,741	104,640,342	95,358,007	8.87%	48,698,059	-95.81%
KWH Sold - Territorial	13,020,000,000	1,034,184,730	951,425,000	-8.00%	952,515,000	-0.11%
KWH Sold - Off System	-	-	26,438,000		6,168,000	
	13,020,000,000	1,034,184,730	977,863,000	-5.45%	958,683,000	2.00%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

Water and Sewer System

Budget vs. Actual October 2016 and 2015	Month and Year-to-Date				Prior Month and Year-to-Date	
	ANNUAL BUDGET 2016-17	BUDGET 2016-17	ACTUAL 2016-17	Variance %	ACTUAL 2015-16	Variance %
REVENUES						
Water & Sewer Revenues	\$ 405,586,412	\$ 34,394,433	\$ 35,041,125		\$ 35,223,614	
Capacity & Extension Fees	19,000,000	1,583,333	1,323,300		1,542,530	
Investment Income	3,152,787	262,732	400,171		206,925	
Other Income	11,638,859	581,671	1,075,070		1,374,527	
Total	439,378,058	36,822,169	37,839,666	2.76%	38,347,596	-1.32%
EXPENSES						
O & M Expenses	144,148,527	11,839,452	7,868,595		8,677,819	
Debt Principal - Water & Sewer	51,020,000	4,251,667	4,251,667		2,822,916	
Debt Interest - Water & Sewer	71,552,849	5,962,737	5,633,809		5,578,173	
Rate Stabilization - Environmental	-	-	1,156,462		-	
R&R - Water & Sewer	22,766,900	1,897,242	1,897,242		1,735,450	
Operating Capital Outlay	92,634,428	12,712,602	12,712,602		14,000,000	
Operating Capital Outlay - Capacity/Extension	19,000,000	1,583,333	1,323,300		1,542,530	
Operating Capital Outlay - Environmental	12,858,706	1,071,559	55,588		1,841,507	
City Contribution Expense	23,552,258	1,962,688	1,962,688		1,872,280	
Uncollectibles & Fees	844,390	70,366	-		59,847	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	439,378,058	41,351,646	36,861,953	10.86%	38,130,522	3.33%
Total Balance	\$ -	\$ (4,529,477)	\$ 977,713		\$ 217,074	
Sales kgals						
Water	36,750,000	3,204,754	3,128,845	-2.37%	3,120,785	0.26%
Sewer	27,867,000	2,491,727	2,517,077	1.02%	2,547,196	-1.18%
Total	64,617,000	5,696,481	5,645,922	-0.89%	5,667,981	-0.39%

District Energy System

Budget vs. Actual October 2016 and 2015	Month and Year-to-Date				Prior Month and Year-to-Date	
	ANNUAL BUDGET 2016-17	BUDGET 2016-17	ACTUAL 2016-17	Variance %	ACTUAL 2015-16	Variance %
REVENUES						
Revenues	\$ 9,247,921	\$ 885,940	\$ 888,137		\$ 812,168	
Investment Income	-	-	2,067		451	
Total	9,247,921	885,940	890,204	0.48%	812,619	9.55%
EXPENSES						
O & M Expenses	5,252,918	468,408	409,074		221,603	
Debt Principal - DES	1,640,000	136,667	136,667		135,417	
Debt Interest - DES	1,382,454	115,205	115,204		116,582	
R&R - DES	437,650	36,471	36,471		36,596	
Operating Capital Outlay	534,899	-	-		-	
Total Expenses	9,247,921	756,751	697,416	7.84%	510,198	-36.70%
Total Balance	\$ -	\$ 129,189	\$ 192,788		\$ 302,421	

JEA
Electric System
Schedules of Debt Service Coverage
(in thousands - unaudited)

	Month and Year-to-Date October	
	2016	2015
Revenues		
Electric	\$ 99,032	\$ 48,297
Investment income (1)	311	362
Earnings from The Energy Authority	446	(89)
Other, net (2)	1,430	2,435
Plus: amounts paid from the rate stabilization fund into the revenue fund	699	50,129
Less: amounts paid from the revenue fund into the rate stabilization fund	(2,648)	(9,212)
Total revenues	<u>99,270</u>	<u>91,922</u>
Operating expenses (3)		
Fuel	17,865	18,564
Purchased power (4)	22,204	21,954
Other operations and maintenance	11,094	12,458
State utility taxes and franchise fees	5,312	2,763
Total operating expenses	<u>56,475</u>	<u>55,739</u>
Net revenues	<u>\$ 42,795</u>	<u>\$ 36,183</u>
Debt service	\$ 6,013	\$ 6,512
Less: investment income on sinking fund	(98)	(126)
Less: Build America Bonds subsidy	(126)	(126)
Debt service requirement	<u>\$ 5,789</u>	<u>\$ 6,260</u>
Senior debt service coverage (5), (min 1.20x)	<u>7.39 x</u>	<u>5.78 x</u>
Net revenues (from above)	\$ 42,795	\$ 36,183
Debt service requirement (from above)	\$ 5,789	\$ 6,260
Plus: aggregate subordinated debt service on outstanding subordinated bonds	8,236	8,177
Less: Build America Bonds subsidy	(172)	(174)
Total debt service requirement and aggregate subordinated debt service	<u>\$ 13,853</u>	<u>\$ 14,263</u>
Senior and subordinated debt service coverage (6), (min 1.15x)	<u>3.09 x</u>	<u>2.54 x</u>
Fixed charge coverage (7)	<u>2.17 x</u>	<u>1.76 x</u>

(1) Excludes investment income on sinking funds.

(2) Excludes the Build America Bonds subsidy.

(3) Excludes depreciation and recognition of deferred costs and revenues, net.

(4) In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.

(5) Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.

(6) Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x.

(7) Net revenues plus JEA's share of SJRPP's and Bulk Power Supply System's debt service less city contribution divided by the sum of the adjusted debt service requirement and JEA's share of SJRPP's and Bulk Power Supply System's debt service.

JEA
Bulk Power Supply System
Schedules of Debt Service Coverage
(in thousands - unaudited)

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	Month and Year-to-Date October	
	2016	2015
Revenues		
JEA	\$ 5,430	\$ 7,112
Investment income	10	10
Total revenues	5,440	7,122
Operating expenses (1)		
Fuel	3,384	2,657
Other operations and maintenance	993	1,036
Total operating expenses	4,377	3,693
Net revenues	\$ 1,063	\$ 3,429
Aggregate debt service	\$ 807	\$ 897
Less: Build America Bonds subsidy	(58)	(61)
Aggregate debt service	\$ 749	\$ 836
Debt service coverage (2)	1.42 x	4.10 x

(1) Excludes all current expenses paid or accrued to the extent that such expenses are to be paid from revenues.

(2) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

St. Johns River Power Park System
Schedule of Debt Service Coverage - 1st Resolution
(in thousands - unaudited)

	Month and Year-to-Date October	
	2016	2015
Revenues		
JEA	\$ 12,692	\$ 11,505
FPL	11,348	12,768
Investment income	274	303
Total revenues	24,314	24,576
Operating expenses (1)		
Fuel	16,464	16,594
Other operations and maintenance	3,406	3,110
Total operating expenses	19,870	19,704
Net revenues	\$ 4,444	\$ 4,872
Aggregate debt service	\$ 3,960	\$ 4,344
Debt service coverage (2)	1.12 x	1.12 x

(1) Excludes depreciation and recognition of deferred costs and revenues, net

(2) Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.25x.

St. Johns River Power Park System
Schedule of Debt Service Coverage - 2nd Resolution
(in thousands - unaudited)

	Month and Year-to-Date October	
	2016	2015
Revenues		
JEA	\$ 1,047	\$ 1,047
Investment income	15	15
Total revenues	1,062	1,062
Operating expenses	-	-
Net revenues	\$ 1,062	\$ 1,062
Aggregate debt service	\$ 1,079	\$ 1,081
Less: Build America Bonds subsidy	(32)	(34)
Aggregate debt service	\$ 1,047	\$ 1,047
Debt service coverage (1)	1.01 x	1.01 x

(1) Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.15x.

	Month and Year-to-Date	
	October	
	2016	2015
Revenues		
Water	\$ 14,520	\$ 13,961
Water capacity fees (1)	482	564
Sewer	21,373	22,061
Sewer capacity fees (1)	841	978
Investment Income	404	210
Other (2)	863	1,162
Plus: amounts paid from the rate stabilization fund into the revenue fund	719	-
Less: amounts paid from the revenue fund into the rate stabilization fund	(1,930)	(1,851)
Total revenues	<u>37,272</u>	<u>37,085</u>
Operating expenses		
Operations and maintenance (3)	9,020	9,804
Total operating expenses	<u>9,020</u>	<u>9,804</u>
Net revenues	\$ 28,252	\$ 27,281
Aggregate debt service	\$ 8,149	\$ 7,083
Less: Build America Bonds subsidy	(208)	(209)
Aggregate debt service	<u>\$ 7,941</u>	<u>\$ 6,874</u>
Senior debt service coverage (4), (min 1.25x)	<u>3.56 x</u>	<u>3.97 x</u>
Net revenues (from above)	\$ 28,252	\$ 27,281
Aggregate debt service (from above)	\$ 7,941	\$ 6,874
Plus: aggregate subordinated debt service on outstanding subordinated debt	1,468	1,028
Total aggregate debt service and aggregate subordinated debt service	<u>\$ 9,409</u>	<u>\$ 7,902</u>
Senior and subordinated debt service coverage (5)	<u>3.00 x</u>	<u>3.45 x</u>
Fixed charge coverage	<u>2.79 x</u>	<u>3.22 x</u>

- (1) Effective October 1, 2001, the Water and Sewer Bond Resolution was amended to include capacity fees in total revenues. Had such capacity fees not been included in the calculation for the year-to-date periods ending October 2016 and 2015, then the debt service coverage would have been 2.86x and 3.26x.
- (2) Excludes the Build America Bonds subsidy.
- (3) Excludes depreciation and recognition of deferred costs and revenues, net.
- (4) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.
- (5) Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges). Based on the first requirement, minimum annual coverage is 2.86x and 3.26x. Based on the second requirement, net revenues must exceed 100% of aggregate debt service and 120% of aggregate subordinated debt service, or \$9,703 and \$8,108 for the year-to-date periods ending October 2016 and 2015.

District Energy System
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month and Year-to-Date	
	October	
	2016	2015
Revenues		
Service revenues	\$ 888	\$ 812
Investment income	3	-
Total revenues	<u>891</u>	<u>812</u>
Operating expenses (1)		
Operations and maintenance	412	222
Total operating expenses	<u>412</u>	<u>222</u>
Net revenues	\$ 479	\$ 590
Aggregate debt service (2)	\$ 252	\$ 252
Debt service coverage (3) (min 1.15x)	<u>1.90 x</u>	<u>2.34 x</u>

- (1) Excludes depreciation.
- (2) On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month.
- (3) Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

Electric System, St. Johns River Power Park System and Scherer
Principal Amount of Debt Outstanding and Average Interest Rates
October 2016

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Electric System - Fixed Rate Bonds				
Series Three 2004 A	5.000%	2039	\$ 5,000	\$ -
Series Three 2005 B	4.750%	2033	100,000	-
Series Three 2009 C	5.000%	2017	3,355,000	3,355,000
Series Three 2009 D	6.056%	2033-2044	45,955,000	-
Series Three 2010 A	4.000%	2017-2020	20,125,000	4,915,000
Series Three 2010 C	4.000 - 4.500%	2021-2031	11,420,000	-
Series Three 2010 D	4.000 - 5.000%	2017-2038	86,835,000	4,635,000
Series Three 2010 E	5.350 - 5.482%	2028-2040	34,255,000	-
Series Three 2012A	4.000 - 4.500%	2023-2033	60,750,000	-
Series Three 2012B	2.000 - 5.000%	2017-2039	132,770,000	615,000
Series Three 2013A	2.500 - 5.000%	2017-2026	103,270,000	8,625,000
Series Three 2013B	1.875 - 5.000%	2021-2038	7,600,000	-
Series Three 2013C	4.000 - 5.000%	2017-2030	28,685,000	2,460,000
Series Three 2014A	2.600 - 5.000%	2017-2034	45,710,000	2,050,000
Series Three 2015A	2.500 - 5.000%	2017-2041	81,675,000	140,000
Series Three 2015B	3.000 - 5.000%	2017-2031	36,005,000	6,480,000
Total Fixed Rate Senior Bonds			698,515,000	33,275,000
2009 Series A	5.625%	2029-2032	21,140,000	-
2009 Series D	5.000%	2017-2018	23,925,000	12,265,000
2009 Series E	4.000%	2017-2018	2,215,000	1,920,000
2009 Series F	4.625 - 6.406%	2017-2034	64,670,000	1,000,000
2009 Series G	4.000 - 5.000%	2018-2021	18,300,000	-
2010 Series A	3.000%	2017	710,000	710,000
2010 Series B	3.000 - 5.000%	2017-2024	34,525,000	900,000
2010 Series C	3.125 - 4.000%	2020-2027	15,925,000	-
2010 Series D	3.500 - 5.582%	2017-2027	45,575,000	1,450,000
2012 Series A	3.000 - 5.000%	2017-2033	108,065,000	4,590,000
2012 Series B	2.250 - 5.000%	2017-2037	103,445,000	3,970,000
2013 Series A	2.500 - 5.000%	2017-2030	59,330,000	295,000
2013 Series B	2.500 - 5.000%	2017-2026	31,130,000	2,625,000
2013 Series C	1.375 - 5.000%	2017-2038	88,015,000	2,060,000
2013 Series D	2.625 - 5.250%	2017-2035	135,695,000	10,390,000
2014 Series A	4.000 - 5.000%	2017-2039	214,440,000	11,210,000
Total Fixed Rate Subordinated Bonds			967,105,000	53,385,000
Total Fixed Rate Electric System Bonds/4.566%			1,665,620,000	86,660,000
Electric System - Variable Rate Bonds				
	Current Interest Rates (1)			
Series Three 2008 A	0.781%	2027-2036	51,680,000	-
Series Three 2008 B-1	1.188%	2017-2040	60,395,000	375,000
Series Three 2008 B-2	0.781%	2025-2040	41,900,000	-
Series Three 2008 B-3	0.781%	2024-2036	37,000,000	-
Series Three 2008 B-4	1.188%	2017-2036	49,810,000	400,000
Series Three 2008 C-1	0.803%	2024-2034	44,145,000	-
Series Three 2008 C-2	0.804%	2024-2034	43,900,000	-
Series Three 2008 C-3	0.869%	2030-2038	25,000,000	-
Series Three 2008 D-1	1.188%	2017-2036	111,420,000	2,520,000
Total Variable Rate Senior Bonds			465,250,000	3,295,000
Series 2000 A	0.780%	2021-2035	30,965,000	-
Series 2000 F-1	0.865%	2026-2030	37,200,000	-
Series 2000 F-2	0.755%	2026-2030	24,800,000	-
Series 2008 D	0.623%	2024-2038	39,455,000	-
Total Variable Rate Subordinated Bonds			132,420,000	-
Total Variable Rate Bonds			597,670,000	3,295,000
Total Electric System Bonds			2,263,290,000	89,955,000
St. Johns River Power Park - Fixed Rate Bonds				
Issue 2 Series 17	4.700%	2019	100,000	-
Issue 2 Series 18	4.500%	2018	50,000	-
Issue 2 Series 19	4.600%	2017	100,000	100,000
Issue 2 Series 20	4.500%	2021	100,000	-
Issue 2 Series 21	5.000%	2021	5,000	-
Issue 2 Series 22	4.000%	2019	5,000	-
Issue 2 Series 23	3.000 - 5.000%	2017-2021	64,910,000	23,205,000
Issue 2 Series 24	4.000%	2017-2021	29,625,000	16,350,000
Issue 2 Series 25	3.000%	2021	45,000	-
Issue 2 Series 26	2.000 - 5.000%	2019-2021	65,970,000	-
Issue 2 Series 27	1.888 - 2.505%	2019-2021	7,025,000	-
Issue 3 Series 1	4.500%	2037	100,000	-
Issue 3 Series 2	5.000%	2034-2037	29,370,000	-
Issue 3 Series 4	4.200 - 5.450%	2017-2028	24,085,000	1,675,000
Issue 3 Series 6	2.375 - 5.000%	2019-2037	91,330,000	-
Issue 3 Series 7	2.000 - 5.000%	2019-2033	79,500,000	-
Issue 3 Series 8	2.000 - 5.000%	2019-2039	57,895,000	-
Total Fixed Rate St. Johns River Power Park Bonds/4.094%			450,215,000	41,330,000
Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds				
Series 2010A	4.250 - 5.920%	2017-2030	39,875,000	2,475,000
Series 2014A	2.000 - 5.000%	2017-2038	66,050,000	2,730,000
Total Fixed Rate Bulk Power Supply System Bonds/4.302%			105,925,000	5,205,000
Weighted Average Cost(2) / Total Outstanding Debt		3.407%	\$ 2,819,430,000	\$ 136,490,000

(1) Current month interest rate excluding variable debt fees.

(2) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/remarking fees and interest rate swap payments.

	Electric System	Power Park	Issue Three
• Remaining New Money Authorization	\$ 465,160,992	\$ 103,865,000	
• Remaining Senior Refunding Authorization	\$ 1,239,602,381	\$ 250,810,000	
• Remaining Subordinated Refunding Authorization	\$ 892,378,000	n/a	

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2009 Series B	3.750 - 5.000%	2017-2019	\$ 25,565,000	\$ 7,270,000
2010 Series A	6.210 - 6.310%	2026-2044	83,115,000	-
2010 Series B	4.500 - 5.700%	2017-2025	15,570,000	1,730,000
2010 Series C	5.000%	2020	9,545,000	-
2010 Series D	4.000 - 5.000%	2017-2039	101,850,000	4,125,000
2010 Series E	4.000 - 5.000%	2021-2039	60,990,000	-
2010 Series F	3.200 - 5.887%	2017-2040	45,520,000	1,245,000
2012 Series A	3.000 - 5.000%	2017-2041	317,935,000	1,535,000
2012 Series B	2.000 - 5.000%	2017-2041	130,085,000	1,725,000
2013 Series A	4.000 - 5.000%	2017-2027	89,740,000	10,950,000
2013 Series B	1.882%	2017	3,830,000	3,830,000
2014 Series A	2.000 - 5.000%	2017-2040	284,595,000	4,420,000
Total Fixed Rate Senior Bonds			1,168,340,000	36,830,000
2010 Series A	5.000%	2017-2022	13,150,000	2,525,000
2010 Series B	3.000 - 5.000%	2020-2025	12,770,000	-
2012 Series A	3.000 - 4.000%	2021-2033	20,320,000	-
2012 Series B	3.250 - 5.000%	2030-2043	41,640,000	-
2013 Series A	2.125 - 5.000%	2017-2029	72,250,000	5,410,000
Total Fixed Rate Subordinated Bonds			160,130,000	7,935,000
Total Fixed Rate Bonds/4.622%			1,328,470,000	44,765,000
Variable Rate Bonds		Current Interest Rates (1)		
2006 Series B - CPI Bonds	1.803% (2)	2017-2022	34,625,000	4,255,000
2008 Series A-2	0.802%	2028-2042	51,820,000	-
2008 Series B	0.811%	2023-2041	85,290,000	-
Total Variable Rate Senior Bonds			171,735,000	4,255,000
2008 Series A-1	0.625%	2017-2038	52,950,000	2,000,000
2008 Series A-2	0.836%	2030-2038	25,600,000	-
2008 Series B-1	0.765%	2030-2036	30,885,000	-
Total Variable Rate Subordinated Bonds			109,435,000	2,000,000
Total Variable Rate Bonds			281,170,000	6,255,000
Other Obligations				
Revolving Credit Agreement	1.577%	2018	3,000,000	-
Total Other Obligations			3,000,000	-
Weighted Average Cost(3) / Total Outstanding Debt		3.679%	\$ 1,612,640,000	\$ 51,020,000

(1) Current month interest rate excluding variable debt fees.

(2) Designated swap obligation. The rate shown is the weighted average of the variable CPI Index rates for the 6 month re-set period.

(3) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/restructuring fees and interest rate swap payments.

• Remaining New Money Authorization	\$	218,078,023
• Remaining Refunding Authorization	\$	1,231,973,942

JEA
District Energy System
Principal Amount of Debt Outstanding and Average Interest Rates
October 2016

Issue/Average Coupon	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2013 Series A/4.036%	1.425 - 4.538%	2017-2034	\$ 38,125,000	\$ 1,640,000
Weighted Average Cost(1) / Total Outstanding Debt		4.093%	\$ 38,125,000	\$ 1,640,000

(1) Weighted Average Cost of debt is net of original issue premiums/discounts.

• Remaining New Money Authorization	\$	54,321,245
• Remaining Refunding Authorization	\$	106,670,000

JEA
INVESTMENT PORTFOLIO REPORT
October 2016
All Funds

INVESTMENT	BOOK VALUE	YIELD	% OF TOTAL	LAST MONTH	6 MONTH AVERAGE
* Treasuries	\$ 15,298,031	0.71%	1.09%	0.94%	0.49%
Agencies					
Federal Farm Credit Bank	207,555,957	0.73%	14.73%	12.79%	19.98%
Federal Home Loan Bank	322,452,396	1.07%	22.88%	22.06%	23.51%
Total	530,008,353	0.94%	37.61%	34.85%	43.49%
Municipal Bonds	284,586,505	1.86%	20.19%	18.02%	18.74%
Commercial Paper	276,365,917	0.75%	19.61%	15.56%	22.52%
U.S. Treasury Money Market Funds (1)	84,841,133	0.26%	6.02%	5.36%	2.74%
Agency Money Market Funds (2)	133,625,000	0.32%	9.48%	3.18%	3.23%
Wells Fargo Bank Accounts (3)					
Electric, Scherer	49,912,742	0.16%	3.54%	13.93%	5.07%
SJRPP	20,366,420	0.16%	1.45%	2.65%	2.10%
Water & Sewer, DES	14,376,751	0.16%	1.02%	5.52%	1.61%
Total Portfolio	\$ 1,409,380,853	0.96%	100.00%	100.00%	100.00%

* Backed by Full Faith and Credit of U. S. Government

Weighted Avg. Annual Yield for October 2016, Excluding Bank & Money Market Funds: 1.12%

Weighted Avg. Annual Yield for October 2016, Including Bank & Money Market Funds: 0.96%

Some investments listed above may be classified as Cash Equivalents on the Statements of Net Position in accordance with generally accepted accounting principles.

(1) Morgan Stanley Treasury Fund; Fidelity Treasury Fund; Federated Treasury Fund

(2) Morgan Stanley Government Fund, Wells Fargo Government Fund

(3) Month-end bank balances

**JEA
Interest Rate Swap Position Report
October 2016**

JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Terminat'n Date	Electric System Allocation	Water/Sewer Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
1	Goldman Sachs	9/18/2003	9/18/2033	\$ 84,800,000	\$ -	3.717	0.359	3.358	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	0.788	3.563	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	86,000,000	-	3.661	0.359	3.302	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	0.359	3.357	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	34,625,000	3.996	1.803	2.193	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	0.788	3.119	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	0.788	3.107	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	0.788	3.048	n/a	SIFMA
Total				<u>\$ 407,210,000</u>	<u>\$ 119,915,000</u>	Wtd Avg Spread		3.205		

Notes: (1) The "Floating Rate" column is the average of the floating rate for each instrument for this month.

	Month and Year-To-Date October		
	2016	2015	Variance
Electric revenue sales (000's omitted):			
Residential	\$ 46,533	\$ 23,349	99.29%
Commercial	32,599	18,137	79.74%
Industrial	15,748	5,132	206.86%
Public street lighting	1,121	800	40.13%
Sales for resale - territorial	2,176	789	175.79%
Electric revenues - territorial	98,177	48,207	103.66%
Sales for resale - off system	854	183	366.67%
Electric revenues	99,031	48,390	104.65%
Less: rate stabilization & recovery	(1,948)	40,916	-104.76%
Less: allowance for doubtful accounts	-	(92)	-100.00%
Net electric revenues	97,083	89,214	8.82%
MWh sales			
Residential	402,255	374,642	7.37%
Commercial	321,201	330,364	-2.77%
Industrial	199,274	219,102	-9.05%
Public street lighting	5,895	6,676	-11.70%
Sales for resale - territorial	22,800	21,731	4.92%
Total MWh sales - territorial	951,425	952,515	-0.11%
Sales for resale - off system	26,438	6,168	328.63%
Total MWH sales	977,863	958,683	2.00%
Number of accounts (1)			
Residential	400,115	393,282	1.74%
Commercial	51,667	50,951	1.41%
Industrial	202	205	-1.46%
Public street lighting	3,700	3,606	2.61%
Sales for resale	2	2	0.00%
Total average accounts	455,686	448,046	1.71%
Residential averages			
Revenue per account - \$	116.30	59.37	95.89%
kWh per account	1,005	953	5.46%
Revenue per kWh - ¢	11.57	6.23	85.71%
Degree days			
Heating degree days	15	7	8
Cooling degree days	228	201	27
Total degree days	243	208	35
Degree days - 30 year average	225		

(1) The year-to-date column represents a fiscal year-to-date average.

	Month and Year-To-Date		
	October		
	2016	2015	Variance
Water			
<i>Revenues (000's omitted):</i>			
Residential	\$ 7,586	\$ 7,345	3.28%
Commercial and industrial	3,939	4,090	-3.69%
Irrigation	2,995	2,551	17.40%
Total water revenues	14,520	13,986	3.82%
Less: rate stabilization environmental	(1,167)	(1,072)	8.86%
Less: allowance for doubtful accounts	-	(24)	-100.00%
Net water revenues	\$ 13,353	\$ 12,890	3.59%
<i>Kgal sales (000s omitted)</i>			
Residential	1,458,541	1,454,287	0.29%
Commercial and industrial	1,152,110	1,254,948	-8.19%
Irrigation	518,194	411,550	25.91%
Total kgal sales	3,128,845	3,120,785	0.26%
<i>Number of accounts (1):</i>			
Residential	275,659	268,993	2.48%
Commercial and industrial	25,316	24,200	4.61%
Irrigation	36,558	36,197	1.00%
Total average accounts	337,533	329,390	2.47%
<i>Residential averages:</i>			
Revenue per account - \$	27.52	27.31	0.77%
Kgals per account	5.29	5.41	-2.22%
Revenue per kgals - \$	5.20	5.05	2.97%
Reuse			
<i>Revenues (000's omitted):</i>			
Reuse revenues	\$ 907	\$ 673	34.77%
<i>Kgal sales (000s omitted)</i>			
Kgal sales (000s omitted)	240,162	156,189	53.76%
<i>Number of accounts (1):</i>			
Reuse accounts	8,506	6,673	27.47%
Sewer			
<i>Revenues (000's omitted):</i>			
Residential	\$ 11,649	\$ 11,350	2.63%
Commercial and industrial	8,817	10,074	-12.48%
Total sewer revenues	20,466	21,424	-4.47%
Less: rate stabilization environmental	(44)	(780)	-94.36%
Less: allowance for doubtful accounts	-	(36)	-100.00%
Net sewer revenues	20,422	20,608	-0.90%
<i>Kgal sales (000s omitted)</i>			
Residential	1,275,629	1,228,311	3.85%
Commercial and industrial	1,001,286	1,162,696	-13.88%
Total kgal sales	2,276,915	2,391,007	-4.77%
<i>Number of accounts (1):</i>			
Residential	243,128	236,726	2.70%
Commercial and industrial	18,101	17,876	1.26%
Total average accounts	261,229	254,602	2.60%
<i>Residential averages:</i>			
Revenue per account - \$	47.91	47.95	-0.08%
kgals per account	5.25	5.19	1.16%
Revenue per kgals - \$	9.13	9.24	-1.19%
Rainfall			
			Diff in Inches
Normal	3.93	3.93	
Actual	9.51	0.20	9.31
Rain Days	8	5	

(1) The year-to-date column represents a fiscal year-to-date average.

	Month and Year-To-Date		
	October		Variance
	2016	2015	
Generated power:			
Steam:			
<i>Fuel oil</i>			
Fuel expense	\$ -	\$ (45,016)	-100.00%
Barrels #6 oil consumed	-	-	
\$/ per barrel consumed	-	-	
kWh oil generated (1)	-	-	
Cost per MWh - oil	-	-	
<i>Natural gas units #1-3</i>			
Gas expense - variable	\$ 1,756,210	\$ 3,403,707	-48.40%
MMBTU's consumed	534,450	1,212,477	-55.92%
\$/ per MMBTU consumed	\$ 3.29	\$ 2.81	17.08%
kWh - gas generated (1)	44,171,250	110,426,980	-60.00%
Cost per MWh - gas	\$ 39.76	\$ 30.82	29.01%
Cost per MWh - gas & oil - steam	\$ 39.76	\$ 30.42	30.70%
<i>Coal</i>			
Coal expense	\$ 1,335,674	\$ 1,877,966	-28.88%
kWh generated	53,090,996	82,924,540	-35.98%
Cost per MWh - coal	\$ 25.16	\$ 22.65	11.08%
<i>Pet coke and limestone</i>			
Expense	\$ 2,400,933	\$ 3,218,237	-25.40%
kWh generated	94,384,229	132,386,366	-28.71%
Cost per MWh - pet coke and limestone	\$ 25.44	\$ 24.31	4.65%
Cost per MWh - coal & petcoke - steam	\$ 25.34	\$ 23.67	7.06%
Combustion turbine:			
<i>Fuel oil</i>			
Fuel expense	\$ 50,384	\$ 27,109	85.86%
Barrels #2 oil consumed	315	(39)	-907.69%
\$/ per barrel consumed	\$ 159.95	\$ (695.10)	-123.01%
kWh - oil generated	65,666	(631)	-10506.66%
Cost per MWh - oil	\$ 767.28	\$ (42,961.97)	-101.79%
<i>Natural gas (includes landfill)</i>			
Gas expense Kennedy & landfill - variable	\$ 94,772	\$ 65,145	45.48%
MMBTU's consumed	28,674	24,051	19.22%
\$/ per MMBTU consumed	\$ 3.31	\$ 2.71	22.14%
kWh - gas generated (1)	2,162,458	1,740,899	24.22%
Cost per MWh - gas	\$ 43.83	\$ 37.42	17.13%
Gas expense BB simple - variable	\$ 261,638	\$ 19,999	1208.26%
MMBTU's consumed	86,553	14,651	490.77%
\$/ per MMBTU consumed	\$ 3.02	\$ 1.37	120.44%
kWh - gas generated (1)	7,679,438	1,119,500	585.97%
Cost per MWh - gas simple	\$ 34.07	\$ 17.86	90.76%
Gas expense BB combined - variable	\$ 7,340,669	\$ 5,096,356	44.04%
MMBTU's consumed	2,431,457	1,963,032	23.86%
\$/ per MMBTU consumed	\$ 3.02	\$ 2.60	16.15%
kWh - gas generated (1)	347,912,826	272,615,320	27.62%
Cost per MWh - gas combined	\$ 21.10	\$ 18.69	12.89%
Gas expense GEC simple - variable	\$ 445,507	\$ 305,999	45.59%
MMBTU's consumed	162,732	125,288	29.89%
\$/ per MMBTU consumed	\$ 2.74	\$ 2.44	12.30%
kWh - gas generated	14,960,128	10,806,257	38.44%
Cost per MWh - gas simple	\$ 29.78	\$ 28.32	5.16%
Cost per MWh - gas & oil ct	\$ 21.98	\$ 19.26	14.12%
Natural gas expense - fixed	\$ 2,383,564	\$ 2,305,913	3.37%
Total generated power:			
Fuels expense	\$ 16,069,351	\$ 16,275,415	-1.27%
kWh generated	564,426,991	612,019,231	-7.78%
Cost per MWh	\$ 28.47	\$ 26.59	7.06%

(1) Allocation of kWh generated is based upon a ratio of gas MBTU's (adjusted to oil equivalent - 95.5%) and

Cost of fuels		
Fuel oil #6	\$ -	\$ (45,016)
Natural gas units #1-3 with landfill - variable	1,756,210	3,403,707
Coal	1,335,674	1,877,966
Petcoke	2,400,933	3,218,237
Fuel oil #2	50,384	27,109
Natural gas - simple cycle (BB & GEC) - variable	801,917	391,143
Natural gas - combined (BB) - variable	7,340,669	5,096,356
Natural gas - fixed	2,383,564	2,305,913
Total	\$ 16,069,351	\$ 16,275,415

	Month and Year-To-Date		
	October		Variance
	2016	2015	
Production Statistics (Con't.)			
Purchased power:			
<i>Plant Scherer</i>			
Purchases	\$ 4,681,386	\$ 6,276,404	-25.41%
kWh purchased	122,838,000	102,592,000	19.73%
Cost per MWh	\$ 38.11	\$ 61.18	-37.71%
<i>TEA & other</i>			
Purchases	\$ 3,036,068	\$ 2,290,941	32.52%
kWh purchased	59,762,335	44,539,788	34.18%
Cost per MWh	\$ 50.80	\$ 51.44	-1.23%
<i>SJRPP</i>			
Purchases	\$ 13,738,857	\$ 12,551,973	9.46%
kWh purchased	266,421,000	237,145,000	12.35%
Cost per MWh	\$ 51.57	\$ 52.93	-2.57%
Total purchased power:			
Purchases	\$ 21,456,311	\$ 21,119,318	1.60%
kWh purchased	449,021,335	384,276,788	16.85%
Cost per MWh	\$ 47.78	\$ 54.96	-13.05%
Subtotal - generated and purchased power:	\$ 37,525,662	\$ 37,394,733	0.35%
Fuel interchange sales	(853,710)	(182,891)	366.79%
Earnings of The Energy Authority	274,944	89,316	207.83%
Realized and Unrealized (Gains) Losses:	-	138,600	-100.00%
Fuel procurement and handling	628,050	744,652	-15.66%
By product reuse	1,167,765	1,405,077	-16.89%
Total generated and net purchased power:			
Cost, net	38,742,711	39,589,487	-2.14%
kWh generated and purchased	1,013,448,326	996,296,019	1.72%
Cost per MWh	\$ 38.23	\$ 39.74	-3.80%
Reconciliation:			
Generated and purchased power per above	\$ 38,742,711	\$ 38.23	
SJRPP operating expenses:			
SJRPP O & M	(2,128,297)	(2.10)	
SJRPP debt service	(3,173,850)	(3.13)	
SJRPP R & R	1,770,613	1.75	
SCHERER operating expenses:			
Scherer power production	(536,905)	(0.53)	
Scherer R & R	(304,082)	(0.30)	
Scherer transmission	(456,383)	(0.45)	
Scherer taxes	-	-	
Florida and other capacity	(192,536)	(0.19)	
MEAG	(513,908)	(0.51)	
Rounding	1	0.00	
	\$ 33,207,364	\$ 32.77	

	Month and Year-to-Date	
	October	
	2016	2015
MWh sales		
JEA	266,421	237,145
FPL saleback	163,085	203,436
FPL direct portion	107,376	110,145
Total MWh sales	<u>536,882</u>	<u>550,726</u>
Fuel costs	\$ 10,213,709	\$ 8,931,448
(Includes fuel handling expenses)		
Less interest credits: inventory bank	(6,175)	(3,863)
Plus (less): true-up interest	(211)	(80)
Total	<u>10,207,323</u>	<u>8,927,505</u>
Cost per MWh	\$ 38.31	\$ 37.65
Operating and maintenance expenses	2,129,334	1,919,844
Less: operations bank interest	(1,037)	(397)
Less: annual variable o & m true-up	-	-
Total	<u>2,128,297</u>	<u>1,919,447</u>
Cost per MWh	\$ 7.99	\$ 8.09
Debt service contribution		
Principal	2,208,073	2,331,562
Interest	1,349,442	1,464,488
Less credits:		
Reserve Issue 2	(194,086)	(238,616)
Reserve Issue 3	(13,219)	(15,065)
Debt service Issue 2	(1,873)	(58)
Debt service Issue 3	-	-
Bond proceeds COB	(6,208)	-
General reserve Issue 2	(13,914)	(13,948)
General reserve Issue 3	(1,845)	(1)
Build America Bonds subsidy	(32,433)	(34,190)
Inventory carrying costs	(70,476)	(57,958)
Total	<u>3,223,461</u>	<u>3,436,214</u>
Cost per MWh	\$ 12.10	\$ 14.49
R & R contribution	309,387	339,343
Less: interest credit	(49,611)	(45,536)
Less: cumulative capital recovery amount	(2,080,000)	(2,025,000)
Total	<u>(1,820,224)</u>	<u>(1,731,193)</u>
Cost per MWh	\$ (6.83)	\$ (7.30)
Debt service coverage	-	-
Transfer to JEA	-	-
Total	<u>-</u>	<u>-</u>
Cost per MWh	-	-
Total	<u>\$ 13,738,857</u>	<u>\$ 12,551,973</u>
kWh purchased	266,421,000	237,145,000
Cost per MWh	\$ 51.57	\$ 52.93

V. A. 4.
Monthly JEA Operations Report



JEA Operations Report

as of October 31, 2016

[Return to Agenda](#)

Board of Directors Meeting November 15, 2016

FY2016

- RIR = 1.82
- # of Recordables = 38
- October YTD Recordables = 3

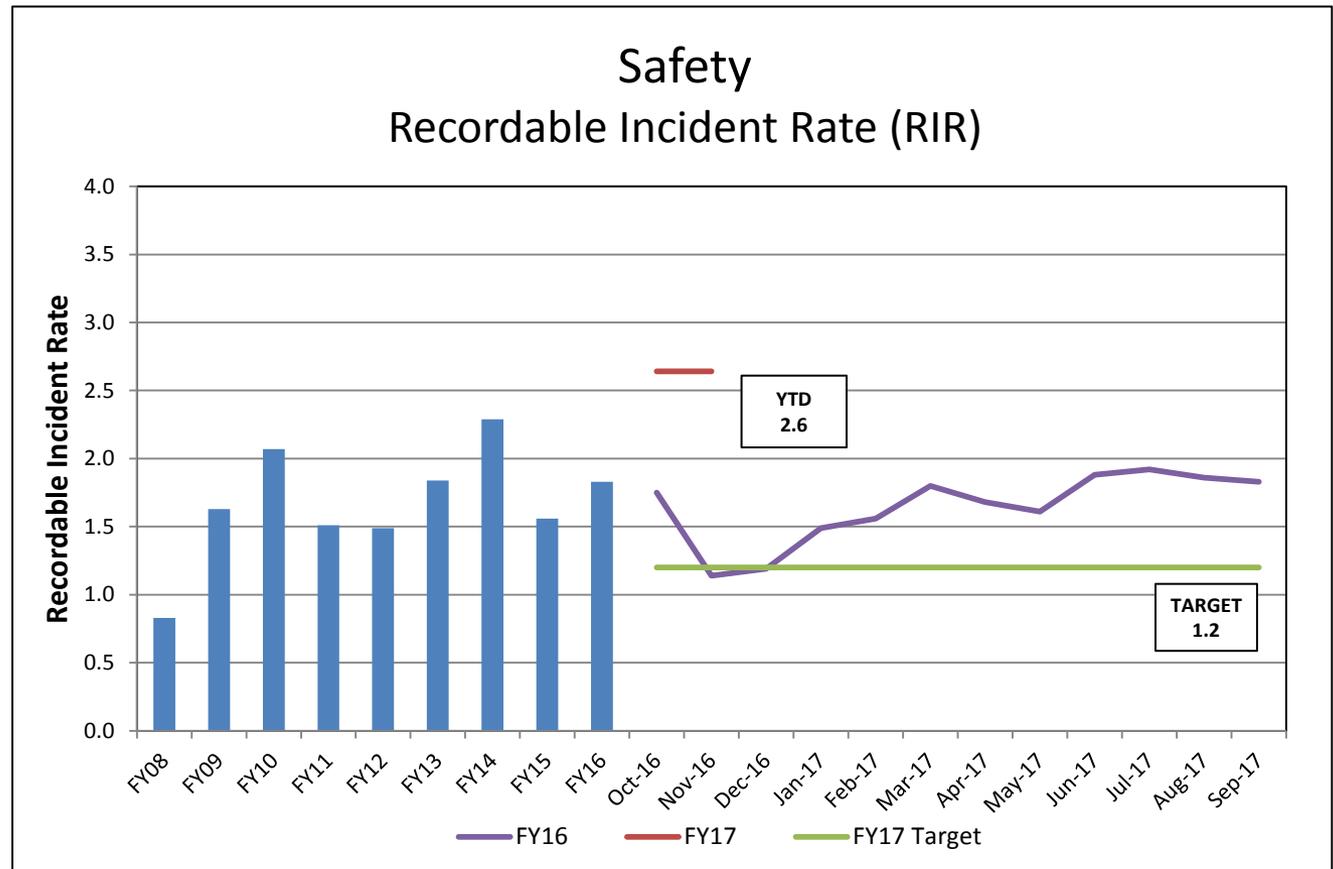
FY2017

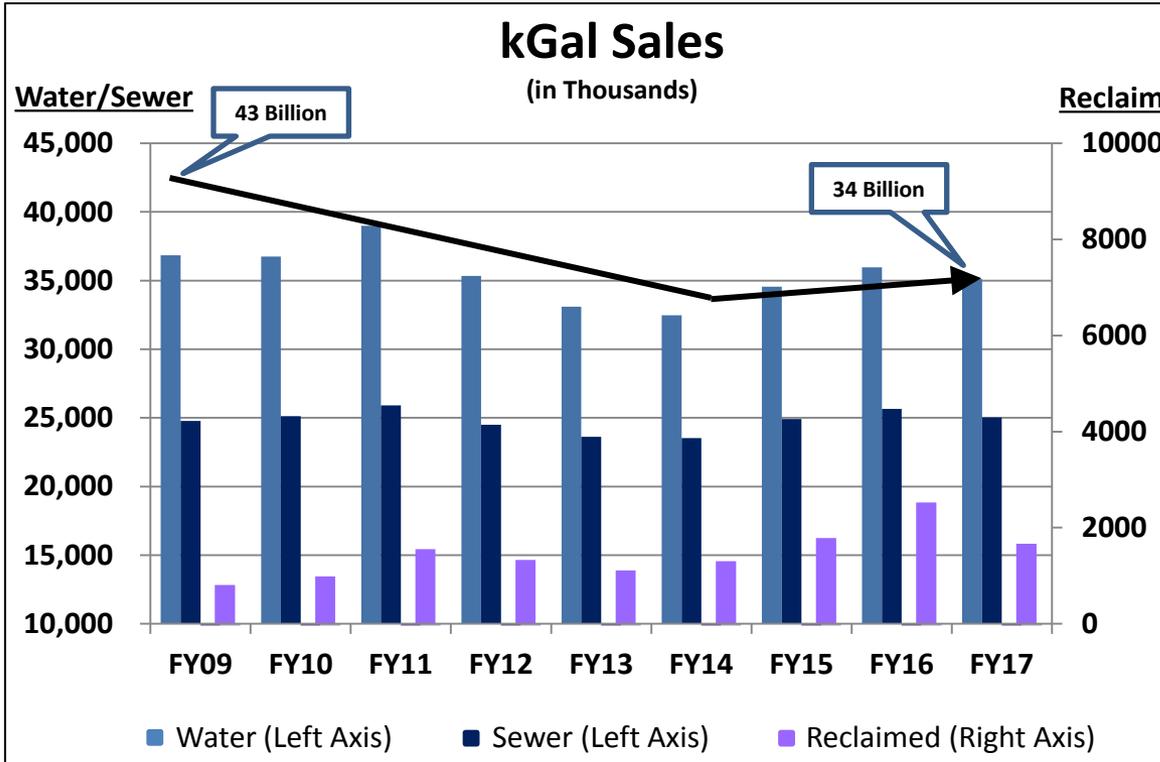
- October Recordables = 5
- Year to Date Recordables = 5
- 1 (20%) was lost time
 - Electric Systems = 4
 - Water/WW Systems = 1
- Continuing to “Plan for Zero”
- Increased focus on:
 - Complacency
 - Hand/Finger
 - 0-5 Year Employees
 - PPE Use
 - Strains, Sprains, Slip/Trip/Fall

Industry Benchmark*

Average Municipal Utility RIR is 6.3
Average LPPC RIR is 3.7

Units	FY2017 YTD	FY2017 Target	FY2016	FY2015
RIR	2.64	1.2	1.82	1.56





Month	FY16	FY17	%
Oct	3,120	3,129	0.3%
YTD	3,120	3,129	0.3%
Nov	2,641		
Dec	2,758		
Jan	2,527		
Feb	2,479		
Mar	2,825		
Apr	2,914		
May	3,523		
Jun	3,290		
Jul	3,736		
Aug	3,451		
Sep	3,094		
Total/Forecast	36,358	35,103	

Unit Sales Driver: YTD rainfall up 10 inches; rain days up 3.

Irrigation for October FY17 up 26% versus October FY16.

YTD Rainfall			
	30-Yr. Avg.	FY16	FY17
Inches	4	0	10
Days	8	5	8

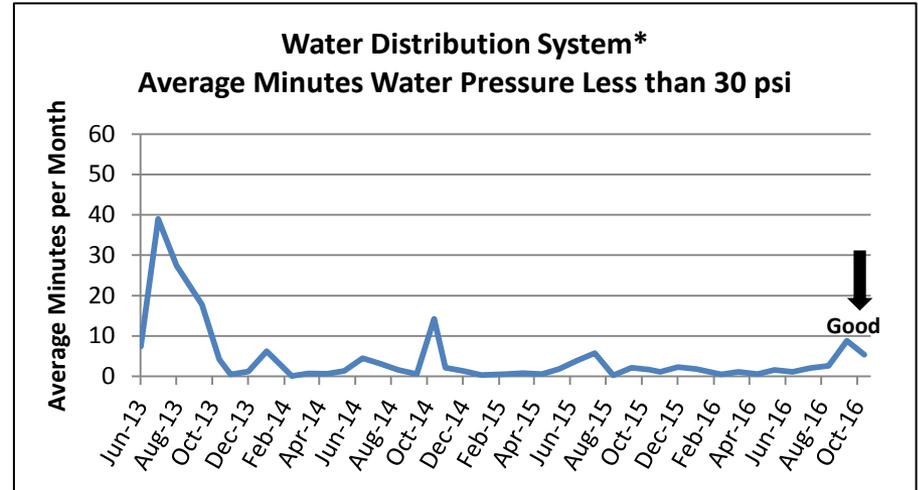
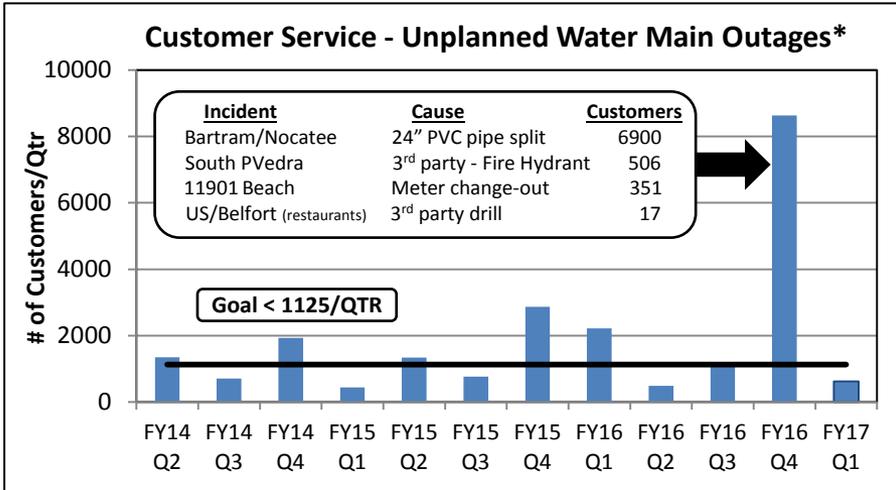
YTD Customer Accounts			
	FY16	FY17	%
Water	329,390	337,533	2.5%
Sewer	254,602	261,229	2.6%
Reclaimed	6,673	8,506	27.5%

Total System	0.3%
Residential	0.3%
Comm./Industrial	(8.2%)
Irrigation	25.9%

Customer Reliability Objectives

Water and Wastewater System

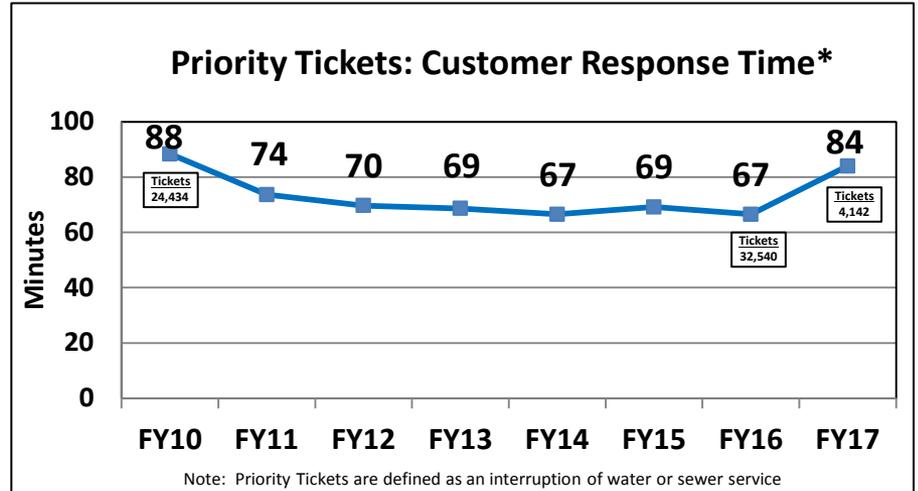
Water Grid Performance	Metric	FY2017 YTD	FY2017 Target	FY2016	FY2015
Water Main Outages	# of Customers per Year	604	9,000	12,735	5,629



Unplanned Water Outages
 # of Customers Affected by Unplanned Outages has increased due to 3rd Party Damages

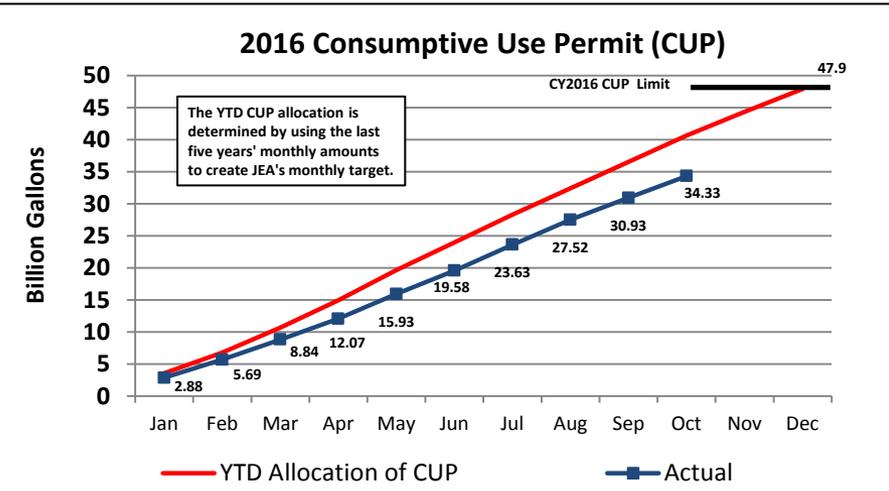
Water Pressure (minutes per month < 30 psi)
 Measured by 110 pressure monitoring stations in the distribution system. Pressure must be greater than 20 psi, and is expected to be greater than 50 psi.

Customer Response Time
 Average time from a customer call to the ticket completion or transfer to a field crew for a more extensive repair



*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

Compliance	Metric – CY Basis	FY2016	2016 Target	2015	2014
Water	CUP Limits (MGD)	113	131 limit	107 (129 limit)	104 (127 limit)
South Grid	Wellfield Allocation (MGD)	53.36	< 50.23 limit	47.50 (<50.23 limit)	46.61 (<61.23 limit)
Reclaim	Usage (MGD)	16	15	13	12



CUP Condition 44: South Grid Wellfield Allocation Limits

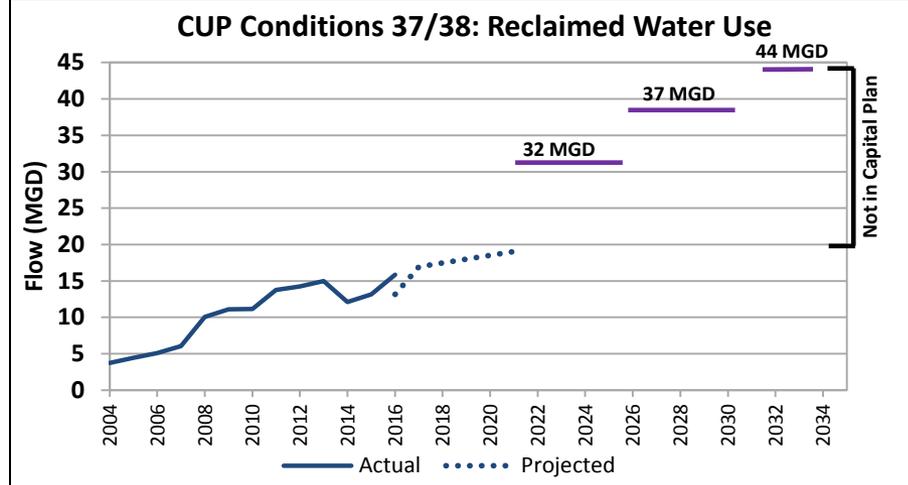
Critical Wellfields	Actuals				Post Sep - 14 Limit
	2013	2014	2015	YTD 2016	
Deerwood III	6.96	7.01	6.67	7.98	7.00
Ridenour	5.97	6.39	6.66	7.78	6.85
Oakridge	8.78	6.23	4.99	5.79	5.65
Greenland	---	1.53	4.27	4.17	4.53
Brierwood	5.58	4.53	2.84	3.32	3.02
Subtotal	27.29	25.69	25.43	29.05	27.05
Other Wellfields	22.21	20.92	22.07	24.31	23.18
Total South Grid	49.50	46.61	47.50	53.36	50.23
Total System MGD	100	104	107	113	131

St. Johns River Water Management District CUP

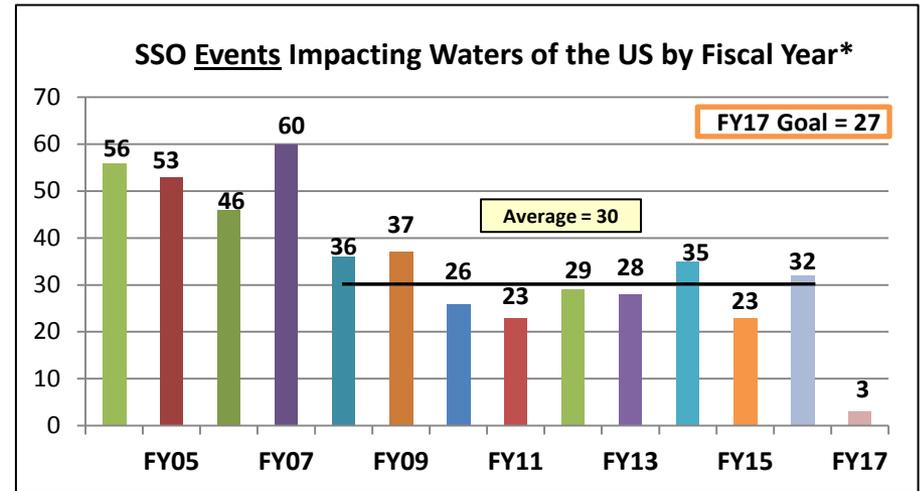
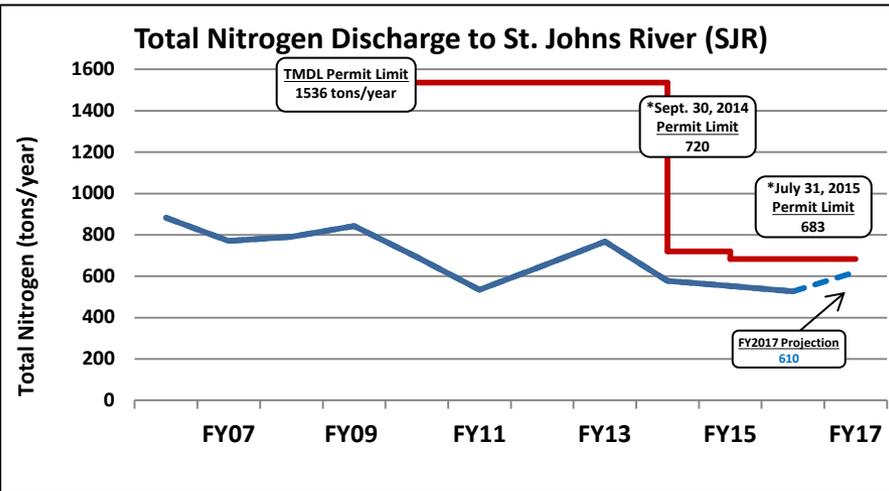
Condition 12: YTD average daily flow is 14% below CY limit of 131 MGD

Condition 44: South Grid Wellfields are 6% above base limit, yet have annual operational flexibility of 20% above the allocation limits

Conditions 37/38: Use of reclaimed water “to the maximum extent technologically, economically, and environmentally feasible”. The annual CUP limit continues to increase beginning in FY21 if 32 MGD is achieved.



Compliance	Metric	FY2017 YTD	FY2017 Target	FY2016	FY2015
Sewer	Nitrogen (N) Tons – FY basis	61	550	527 (TMDL of 683*)	553 (TMDL of 683*)

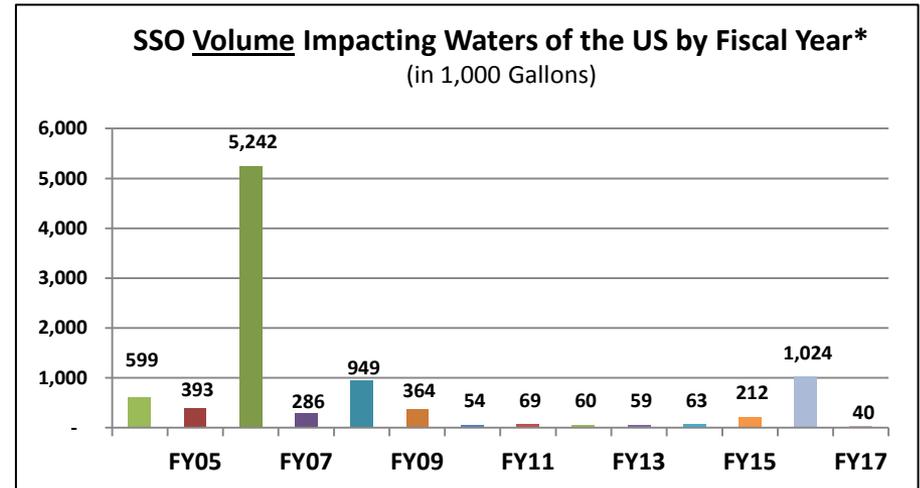


Nitrogen Discharge to St. Johns River

Florida Department of Environmental Protection (FDEP) has reduced the Total Maximum Daily Load (TMDL) to 683 tons with Water Quality Trading Credits allocated to the COJ

Sanitary Sewer Overflows (SSOs to US Waters)

FY08 - FY16 SSO's averaged 30 per year. October had 3 SSO's impacting US Waters excluding events occurring during Hurricane Matthew.





JEA Water and Sewer System

Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY17 Forecast	FY16 Actual	FY17 Budget	FY17 vs FY16 (\$)	Variance (%)
Water & Sewer Revenues	\$ 395,917	\$ 409,889	\$ 394,430	\$ (13,972)	-3.4%
Other Revenue	33,774	40,070	33,792	(6,296)	-15.7%
Total Revenues	\$ 429,691 ①	\$ 449,958	\$ 428,222	\$ (20,268)	-4.5%
Select Expenses					
O & M Expense	\$ 140,489 ②	\$ 130,296	\$ 144,149	\$ (10,194)	-7.8%
Net Revenues	\$ 285,949	\$ 313,130	\$ 280,753	\$ (27,181)	-8.7%
Capital Expenditures	\$ 212,083 ③	\$ 147,363	\$ 205,000 ¹	\$ (64,720)	-43.9%
Debt Service	\$ 117,927	\$ 95,418	\$ 118,375	\$ (22,509)	-23.6%

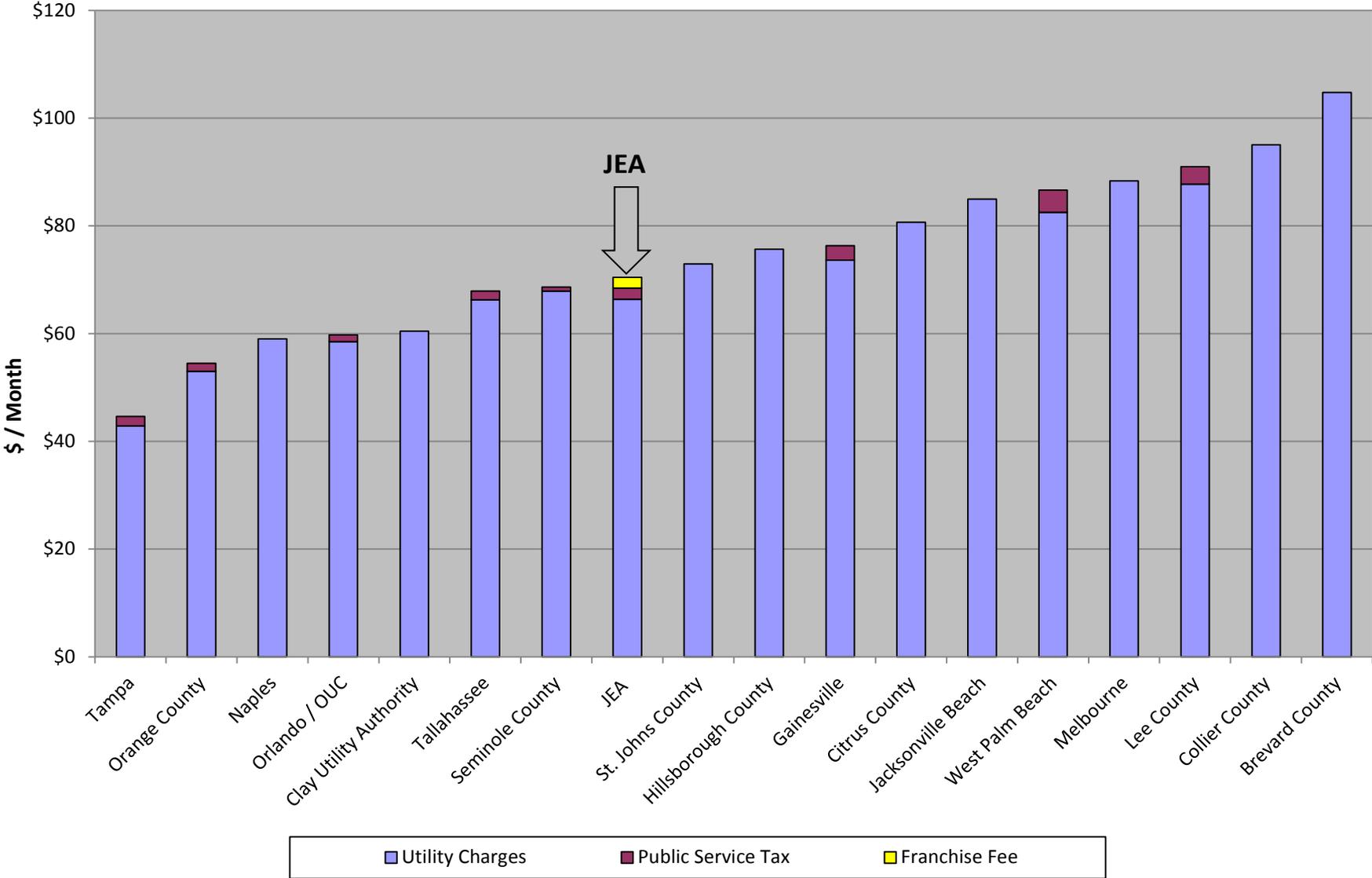
Metrics	FY17 Forecast
Coverage:	2.4x
Days Liquidity/Cash:	329 / 217
Debt/Asset:	50% (2% lower)
Total Debt:	\$1.6B (\$34M lower)

Cost / KGal	Water	Sewer
Target	\$ 4.75	\$ 10.27
Forecast	<u>5.08</u>	<u>11.13</u>
Difference	\$ (0.33)	\$ (0.86)

¹ Council approved limit for capital expenditures in FY17 is \$225.5 million

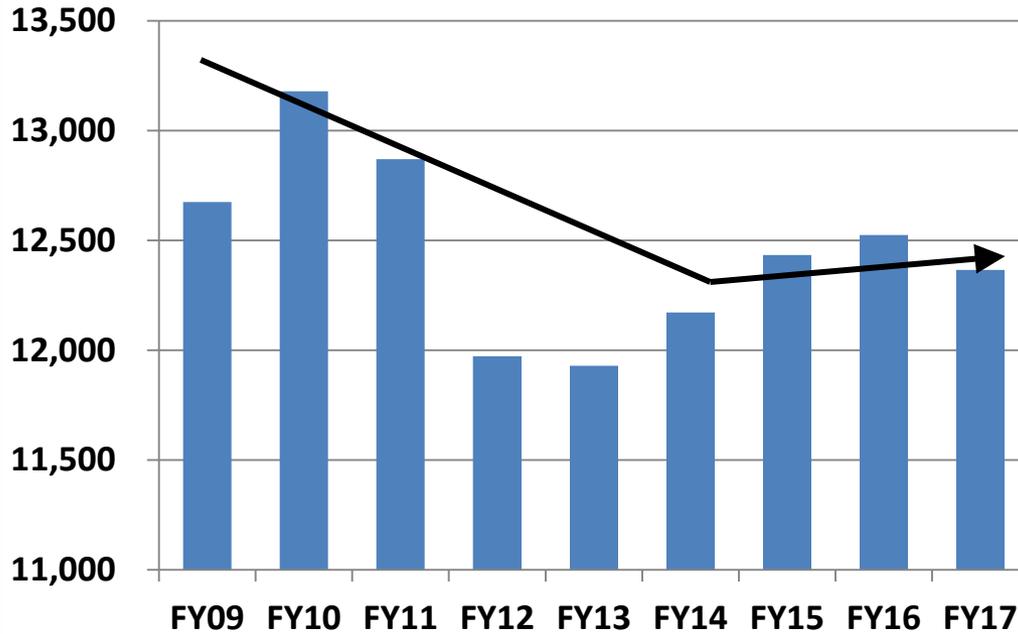
Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgals of Consumption
 Residential Rates as of November 2016



MWh Sales

(in Thousands)



Month	FY16	FY17	%
Oct	952,515	951,425	(0.1%)
YTD	952,515	951,425	(0.1%)
Nov	923,705		
Dec	922,956		
Jan	1,049,897		
Feb	894,563		
Mar	893,954		
Apr	900,013		
May	1,089,555		
Jun	1,231,251		
Jul	1,336,836		
Aug	1,254,240		
Sep	1,111,769		
Total/Forecast	12,561,253	12,366,408	

Unit Sales Driver: YTD degree days 17% higher than last year.

YTD Degree Days		
30-yr. Avg.	FY16	FY17
225	208	243

YTD Customer Accounts		
FY16	FY17	%
455,686	448,046	1.7%

Total System	0.1%
Residential	7.4%
Comm./Industrial	(1.9%)
Interruptible	(18.1%)
Wholesale (FPU)	(23.7%)

T&D Grid Performance	Metric	FY2017 YTD	FY2017 Target	FY2016	FY2015
Customer Outage Frequency*	# of Outages per Year	1.35	1.8	1.4	1.8
Electric Outage Duration*	# of Minutes out per Year	70.4	80	71	99
Transmission Line Faults	# of Faults per 100 miles	0.7	2.5	0.7	2.8
CEMI ₅ *	% Customers > 5 outages per yr	1.4	1.5	1.4	2.1

Electric Service Reliability

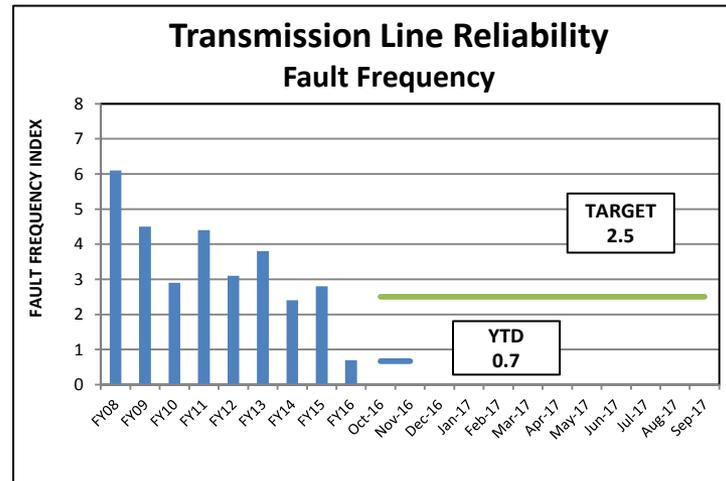
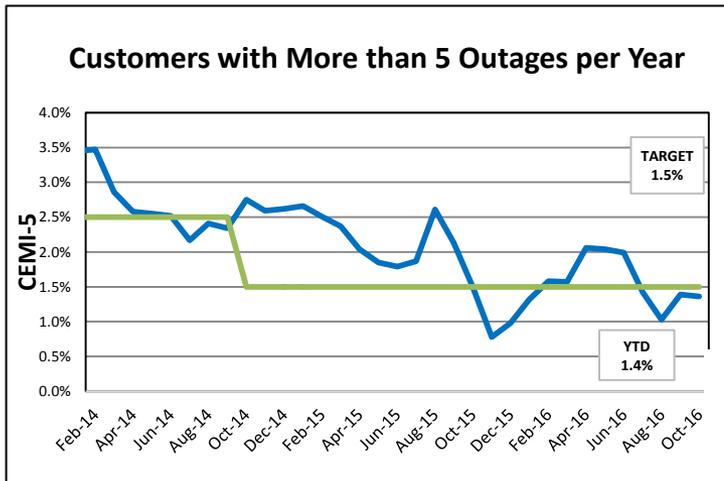
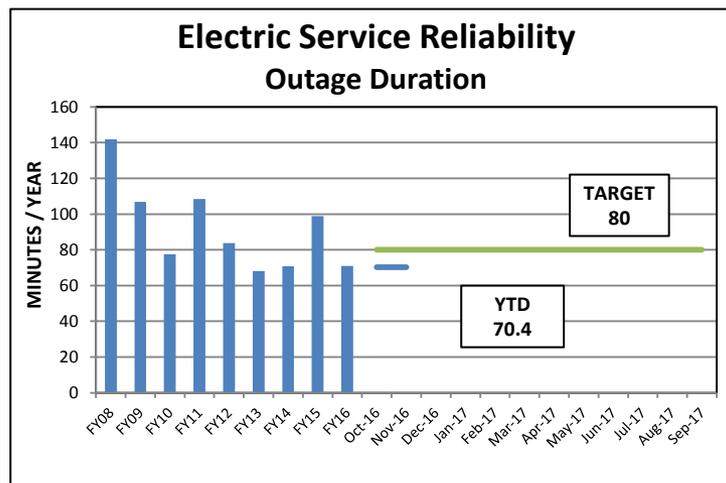
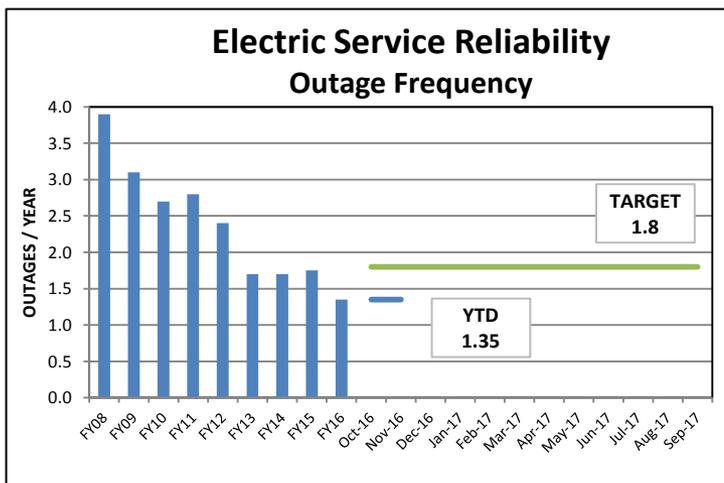
- Outage frequency and duration have been reduced significantly over the last 8 years; running flat this year and near the FY2017 targets.
- The typical JEA customer sees 1.4 outages per year and a total outage duration of 70 minutes
- CEMI₅: 6,352 (1.4%) of our customers have experienced more than 5 outages in the past 12 months

Transmission Line Reliability

- Overall downward trend over the last eight years
- YTD (0.7) running below the FY17 target

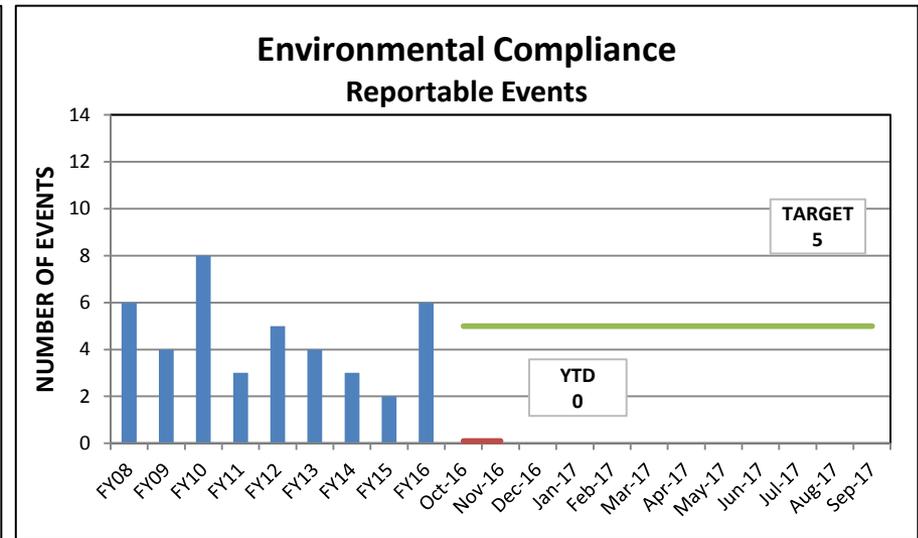
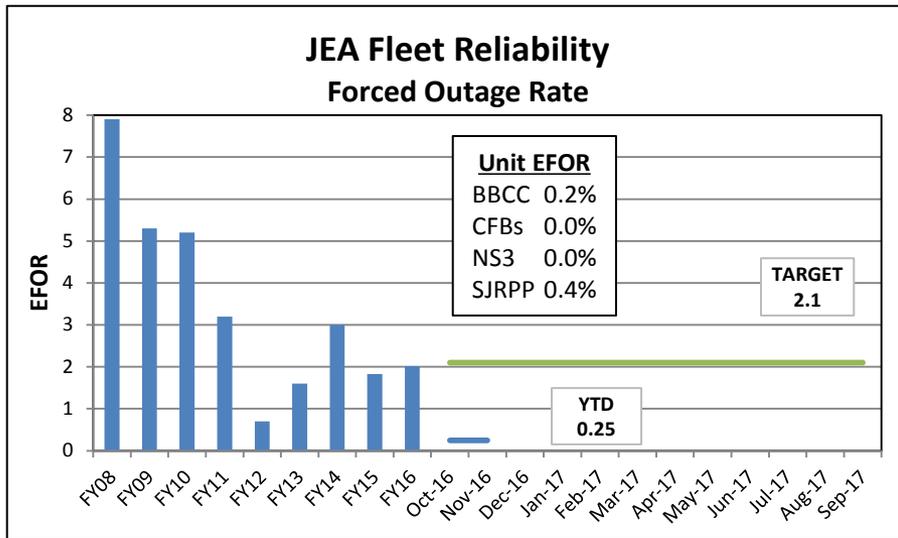
Other Operational Metrics

- Continue showing favorable trends over time



*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

Generating Plant Performance	Metric	FY2017 YTD	FY2017 Target	FY2016	FY2015
Generation Fleet Reliability	Forced Outages Rate	0.25	2.1	2.0	1.8
Environmental Compliance	Permit Exceedances	0	5	4	2



Generating Fleet Reliability

- The JEA fleet Forced Outage Rate is in line with prior 6-year performance and under FY2017 target of 2.1
- Planned outage work underway this fall on all 3 Northside steam units.
- High unit reliability contributes to lower fuel and non-fuel expenses

Environmental Compliance

- Excellent environmental performance in prior years. No air permit exceedances occurred in FY16.
- JEA Electric has experienced no reportable events during FY2017.
- JEA remains actively engaged in and preparing for all new and emerging environmental regulations.

JEA Electric System

Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY17 Forecast	FY16 Actual	FY17 Budget	FY17 vs FY16 (\$)	Variance (%)
Fuel Revenue	\$ 404,649 ¹	\$ 426,653 ²	\$ 449,776	\$ (22,004)	-5.2%
Base Revenue	766,774 ¹	750,038	735,204	16,736	2.2%
Other Revenue	41,208	37,904	41,787	3,304	8.7%
Total Revenues	\$ 1,212,631	\$ 1,214,595	\$ 1,226,767	\$ (1,964)	-0.2%
		\$ (14M)			
Select Expenses					
Fuel Expense	\$ 460,034	\$ 397,280	\$ 411,903	\$ (62,754)	15.8%
Fuel Fund Transfers	(55,385)	29,373	37,705	84,758	
O & M Expense	215,973	192,527	226,180	(23,446)	-12.2%
Non-fuel Purchased Power	82,215	87,426	83,394	5,211	6.0%
Net Revenues	\$ 499,287	\$ 496,092	\$ 454,939	\$ 3,195	0.6%
		\$44M			
Capital Expenditures	\$ 154,436	\$ 150,926	\$ 153,200 ³	\$ (3,510)	-2.3%
Debt Service	\$ 178,644	\$ 171,506	\$ 179,654	\$ (7,138)	-4.2%

Electric Costs / MWh	Non-Fuel
Target	\$ 53.94
Forecast	<u>54.95</u>
Difference	\$ (1.01)

Financial Metrics	FY17 Forecast
Coverage:	2.8x
Days Liquidity/Cash:	279 / 167
Debt/Asset:	65% (0.2% lower)
Total Debt:	\$2.8B (\$146M lower)

Fuel Fund (\$ in millions)	
Beginning Balance	\$ 180
Surplus/(Deficit)	<u>(55)</u>
Ending Balance	\$ 125

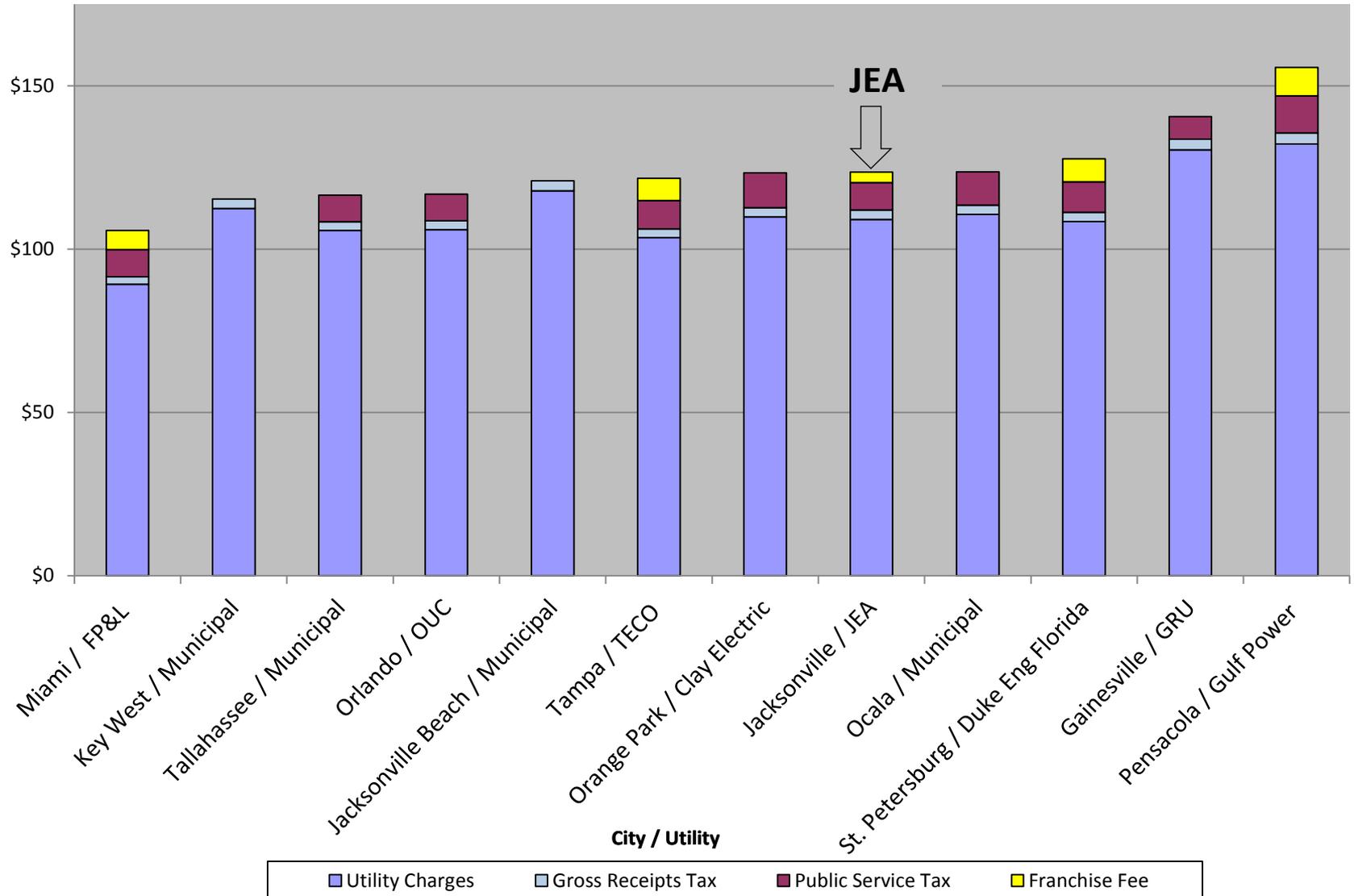
¹ Assumes rate change in December 2016

² Net of \$57 million fuel credit and fuel rate reduction

³ Council approved limit for capital expenditures in FY17 is \$170 million

Florida Utilities Monthly Residential Electric Bill Comparison

(Consumption @ 1,000 kWh)
Residential Rates as of November 2016



Customer Experience

Presenter: Monica Whiting

Date: November 2017

FY17 Customer Satisfaction Goal

Achieve 1st Quartile Ranking for JD Power Customer Satisfaction Index for both Residential and Business Studies

Residential (R)

FY15	FY16	Wave 1	Wave 2	Wave 3	Wave 4	FY17
1Q 692	2Q 703	1Q 749				1Q 749

Business (B)

FY15	FY16	Wave 1	Wave 2	FY17
1Q 705	1Q 754	1Q 788		1Q 788

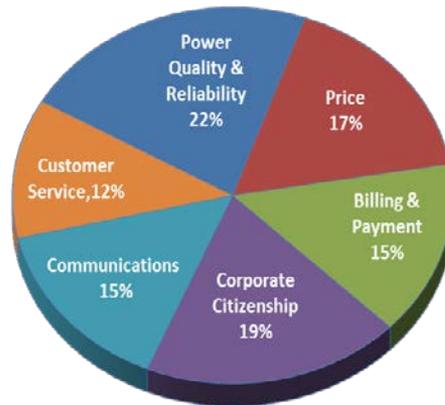
"Highest Customer Satisfaction with Business Electric Service in the South among Midsize Utilities. In 2016"



Residential



Business



FY17 Residential # of companies ranked: 137
 FY17 Business # of companies ranked: 87

1Q= 1st quartile 2Q= 2nd quartile 3Q = 3rd quartile 4Q = 4th quartile

Achieve 1st Quartile Ranking on All Drivers

Be Easy to Do Business With

Customer Service

	FY16	Wave 1	Wave 2	Wave 3	Wave 4	FY17
R	1Q 782	1Q 808				1Q 808
B	1Q 782	1Q 817				1Q 817

Power Quality & Reliability

	FY16	Wave 1	Wave 2	Wave 3	Wave 4	FY17
R	2Q 749	2Q 791				2Q 791
B	1Q 794	1Q 826				1Q 826

Empower Customers to Make Informed Decisions

Billing & Payment

	FY16	Wave 1	Wave 2	Wave 3	Wave 4	FY17
R	1Q 763	1Q 818				1Q 818
B	1Q 785	1Q 806				1Q 806

Communication

	FY16	Wave 1	Wave 2	Wave 3	Wave 4	FY17
R	1Q 665	1Q 713				1Q 713
B	1Q 721	1Q 766				1Q 766

Price

	FY16	Wave 1	Wave 2	Wave 3	Wave 4	FY17
R	2Q 630	2Q 671				2Q 671
B	1Q 701	1Q 744				1Q 744

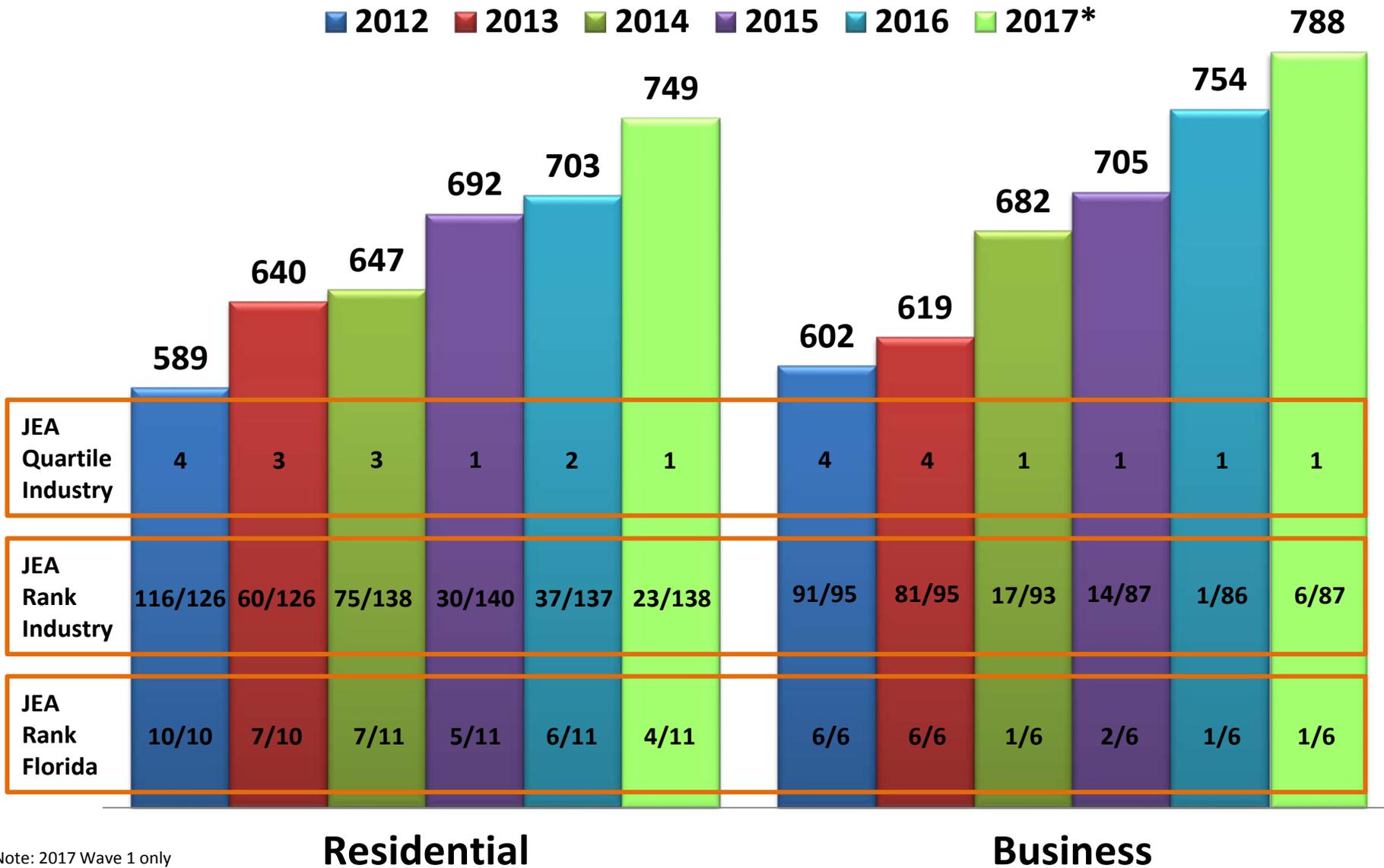
Demonstrate Community Responsibility

Corporate Citizenship

	FY16	Wave 1	Wave 2	Wave 3	Wave 4	FY17
R	2Q 645	2Q 685				2Q 685
B	1Q 731	1Q 758				1Q 758

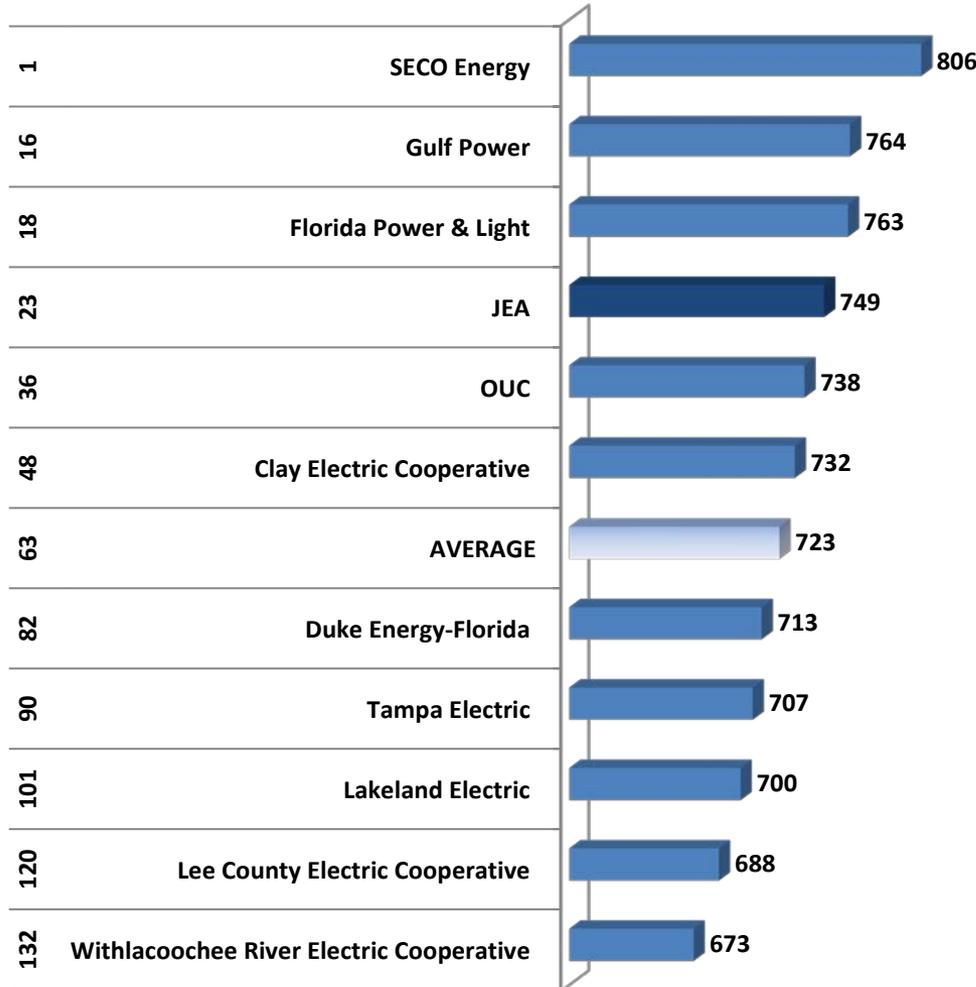
Customer Satisfaction Index Scores

■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017*

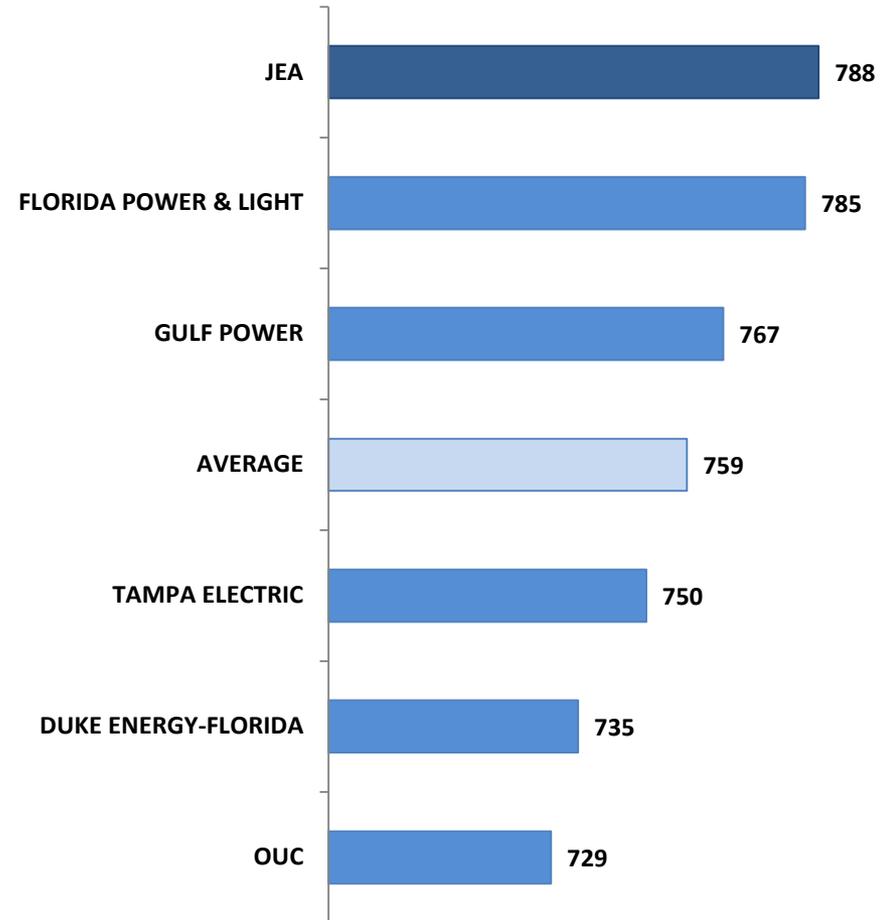


* Note: 2017 Wave 1 only

Residential FY17 YTD



Business FY17 YTD



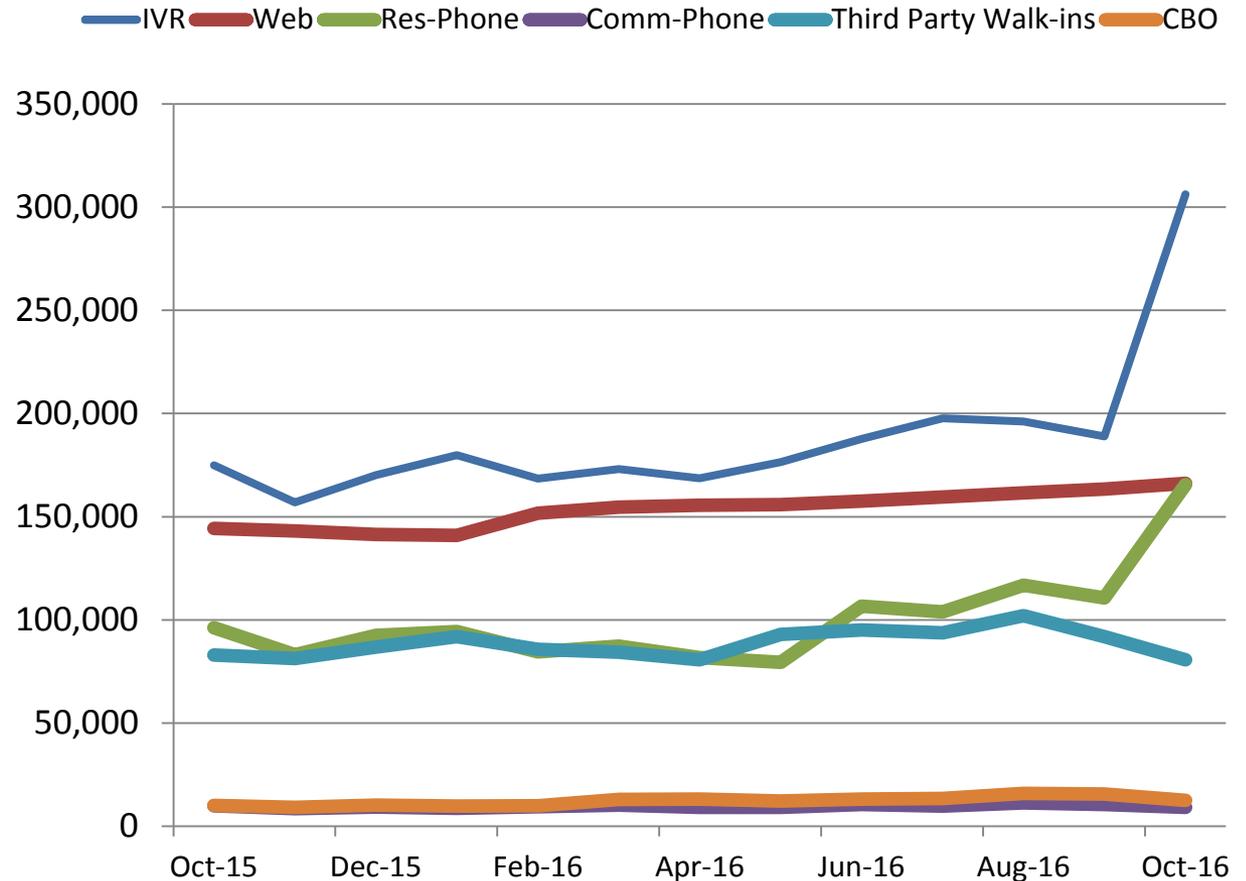
Providing multiple contact channels allows the customer to interact with JEA in a way that's easiest for them.

Customer Satisfaction
Rating: 8s-10s by Channel - JDP

	JEA FY16	JEA FY17	Industry FY17
Phone	72.5%	69.5%	71.3%
CCC	57.0%	63.1%	68.1%
IVR	79.6%	73.5%	72.6%
Web	64.6%	92.2%	69.6%

Note: FY17 Wave 1 only

Transactional Volume



Accurately addressing a customer's needs the first time produces a positive customer experience

FY2017 YTD Transactional Study

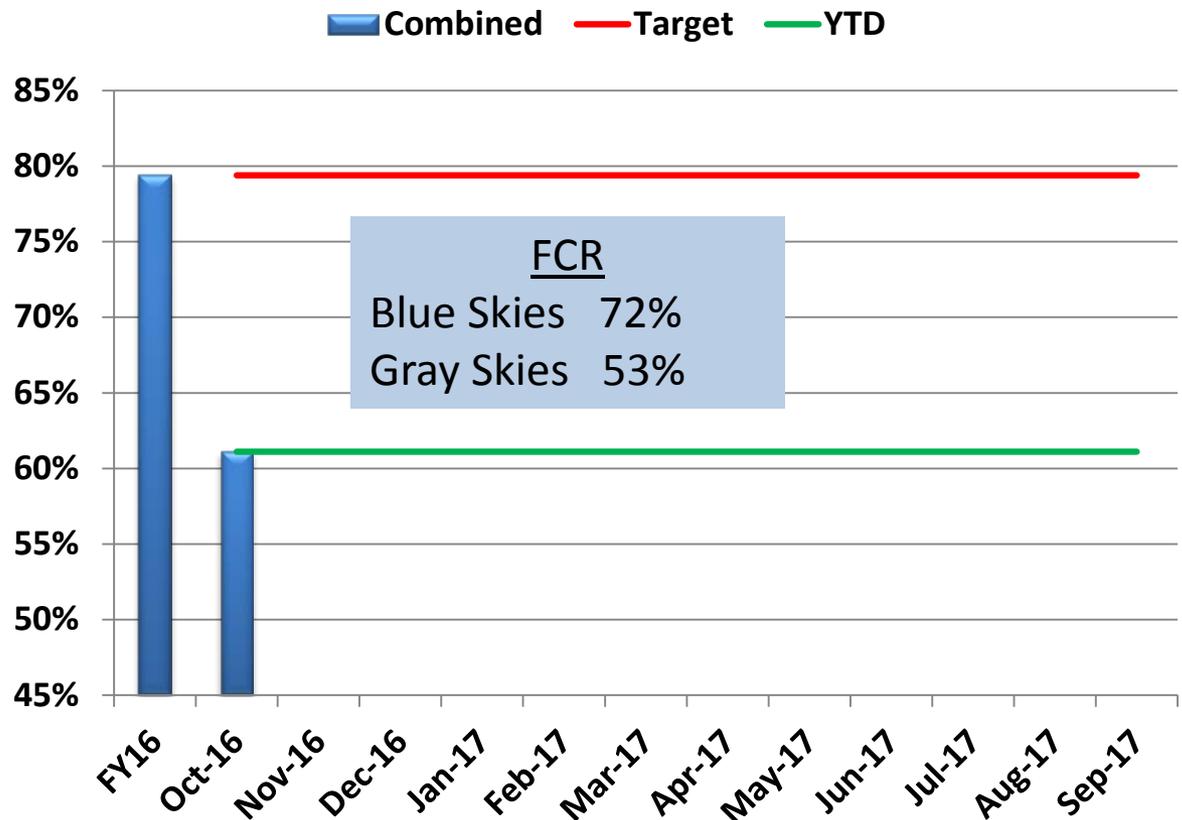
Residential CC	66.2%
Branches	66.7%
Commercial CC	62.9%
IVR	54.0%
<u>jea.com</u>	<u>64.7%</u>
Overall	61.1%

JD Power FCR

	JEA FY16	JEA FY17	Industry FY17
Res CC/IVR	74.8%	73.1%	72.0%
Jea.com	77.7%	74.1%	71.6%
Bus CC/IVR	71.4%	87.3%	73.2%

Note: FY17 Wave 1 only

First Contact Resolution Branches, Call Centers, and jea.com



Customers are more satisfied when receiving additional information when reporting an outage and when given updates when power is restored

JD Power
“Keeping you informed about outage”

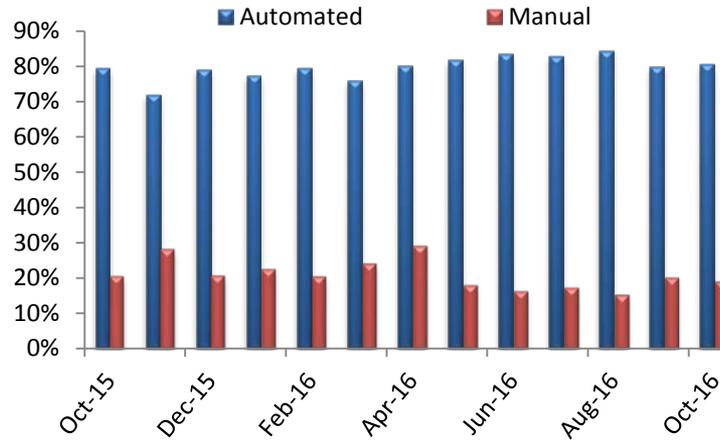
Score	JEA FY16	JEA FY17	Ind FY17
8 – 10	37.9%	50.9%	46.0%
< 5	20.0%	16.0%	16.9%

Outage Information Points

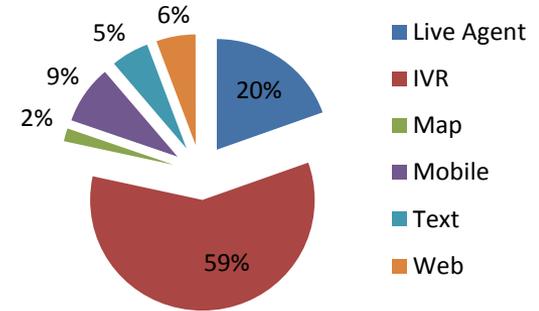
	FY16	FY17
JEA	2.3	2.6
Industry	2.1	2.3

Note: FY17 Wave 1 only

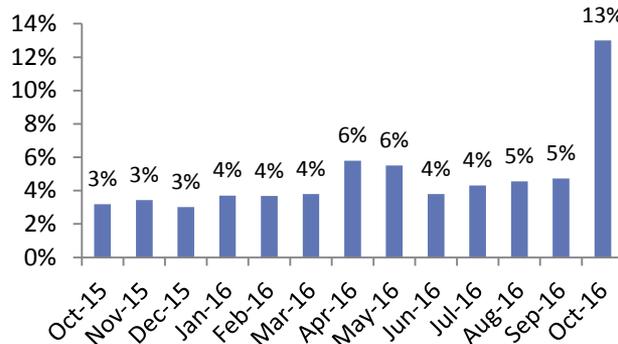
Outage Reporting



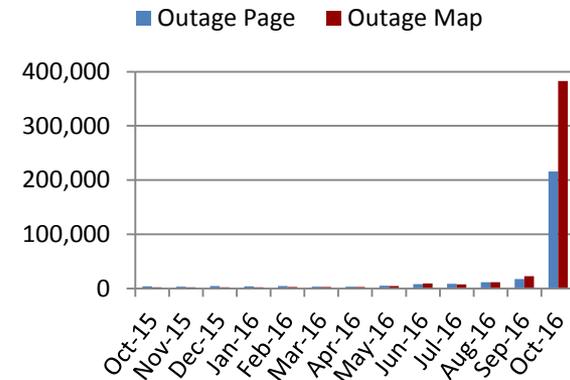
Outage Reporting by Channel



% Customers Receiving Outage Updates



jea.com Outage Page Volume



Customer Solution Participation	FY17 Goal**	FY17 YTD
e-Billing Participation	90,000	78,936
Levelized Bill Participation	34,100	20,730
AutoPay Participation	49,300	35,030
JEA MyWay Participation	19,000	13,739



eBill Like a Pro Campaign 10/1 – 11/30: 1,350 new enrollments halfway through the Campaign!

	FY17 YTD	Industry Benchmark*
e-Bill	19.9%	18.5%
Budget Bill	5.2%	9.0%
Auto Pay	8.8%	13.0%
*2015 IOU Benchmark Average		

**Initial, unapproved goals

Communicating with customers is a key driver of satisfaction and impacts all drivers.

JDP Frequency of Received Communication

FY17 YTD

Not enough	5%
Just right	87%
Too much	8%

JDP Comm Awareness

Residential

FY13	48.8%
FY14	51.9%
FY15	54.6%
FY16	54.4%
FY17 YTD	58.4%

Commercial

FY13	53.4%
FY14	55.7%
FY15	68.7%
FY16	55.4%
FY17 YTD	64.1%

NEWS FROM JEA

Follow us on Twitter @NewsFromJEA

Like us on Facebook Facebook.com/NewsFromJEA



The Backbone of JEA's Electric Infrastructure

The Price of a Pole

As we learned during Hurricane Matthew, utility poles are the backbone of JEA's electric infrastructure. As you can see, the wooden poles found on most residential streets and the hardware attached to them, are a big investment in the city's electric infrastructure. And we haven't even gotten to our investment in concrete poles or high voltage transmission lines, yet!

An Investment in Infrastructure

\$1,680
Price of a wooden pole and key hardware

x 120,000
Number of JEA wooden poles

\$201,600,000
Infrastructure Investment in Wooden Electric Poles



A Salute to Veterans

Twenty percent of JEA's workforce was—or is—in the Armed Forces. Our employees know firsthand what it means to serve our country and our customers. Watch a video salute to Northeast Florida veterans at jea.com/veterans.



Connect with JEA on social media icons.

End EV Range Anxiety
Jacksonville has 40 public charging stations around town with more on the way. Learn more at jea.com/electricdrive.

ELECTRIC RELIABILITY

JEA inspects thousands of poles every year to check for weak spots. If a pole doesn't meet our strict standards, it's replaced or reinforced. Learn more at jea.com/reliability.

COMMUNITY INVESTMENT

Every November, JEA employees hold a food drive. This year we'll be sending our donations to the new Duval Street Veterans Villus Downtown part of the Clara White Mission. Learn more at jea.com/employingring.

ELECTRIC SAFETY

Stay away from transformers. No not the cybertrons, but the electric boxes in neighborhoods that generate power. If you see one that's overloaded or damaged with, please call us. For more ways to stay safe around electricity, visit jea.com/electric-safety.

Protecting the Environment

The City honored JEA with a Mayor's Environmental Award for our Rocklind Water System. So far this year we've produced over 14 million gallons a day of the highly treated wastewater that helps preserve the Florida panhandle. Learn more at jea.com/rocklind.

Communication Channels FY17 Volume: 21,954,426

- **e-Com**
(jea.com, email, social)
2,421,234
- **Paid Media**
(Radio, TV, Print)
18,362,236
- **Community Engagement**
(Events, Workshops)
88,281
- **Other Communication**
(Bill Inserts, Brochures,
1,082,675)



JEA Employee Volunteer Participation

Giving back to our community through volunteering is foundational as a community-owned utility

FY17 Total Volunteers—43

October— 43 Volunteers

- First Coast No More Homeless Pets Mega Adoption
- Jacksonville Senior Games
- Making Strides Against Cancer
- Five Star Veterans Center
- Feeding NE Florida Food Bank
- DLC Nurse and Learn Fall Children Festival

November—Vol. Events

- Feeding NE Florida Food Bank – November 3, 4, 10 and 18
- Five Star Veterans Center – November 2 and 3
- Jacksonville Sea and Sky Show – November 5 and 6
- The A-Maize-Ing Race Glow Run – November 11
- FIRST Lego League Practice Tournament – November 12
- Special Olympics Area Bowling – November 18
- Salvation Army Thanksgiving Food Distribution – November 22



JEA Ambassadors are engaging customers throughout our community in a greatly expanded way.

FY17 Activities:

- Speakers Bureau—12
- Facility Tours—5
- Community Events—21
- Educational Partnership Activities—3



JEA Employee Ambassadors participated in the NAS Jax and the Mayport Naval Stations Energy Month Events, providing customers with information and a Ride & Drive of the JEA Electric Vehicle Program

JEA Ambassadors participated in the 2016 Southern Women's Show and received numerous compliments and praise for the hard work and effort put in during the storm restoration.

This customer even asked if she could give a hug.



JEA Ambassador Program



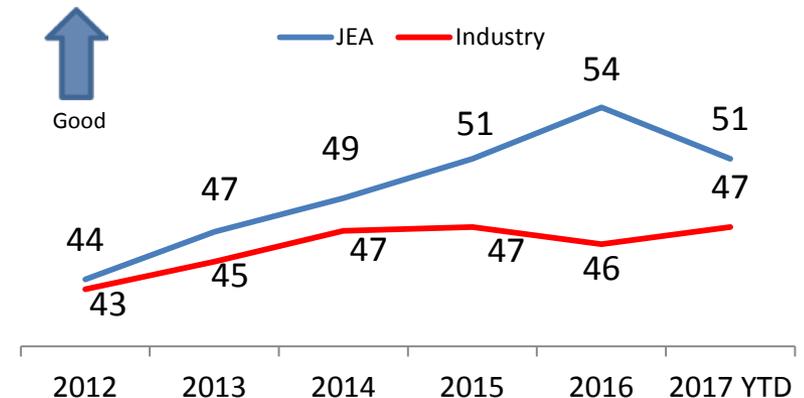
DSM Programs & Participation	FY17* Goal	FY17 YTD
Tracker Participation (Entering Site)	110,000	9,386
Invest Smart	295	70
Shop Smart	77,678	257
Neighborhood Energy Efficiency	1,259	106
Electric Vehicle Rebates	65	9

Growth of electric vehicles in N Florida area through Oct/16

Total Annual PEV Vehicle Titles Issued



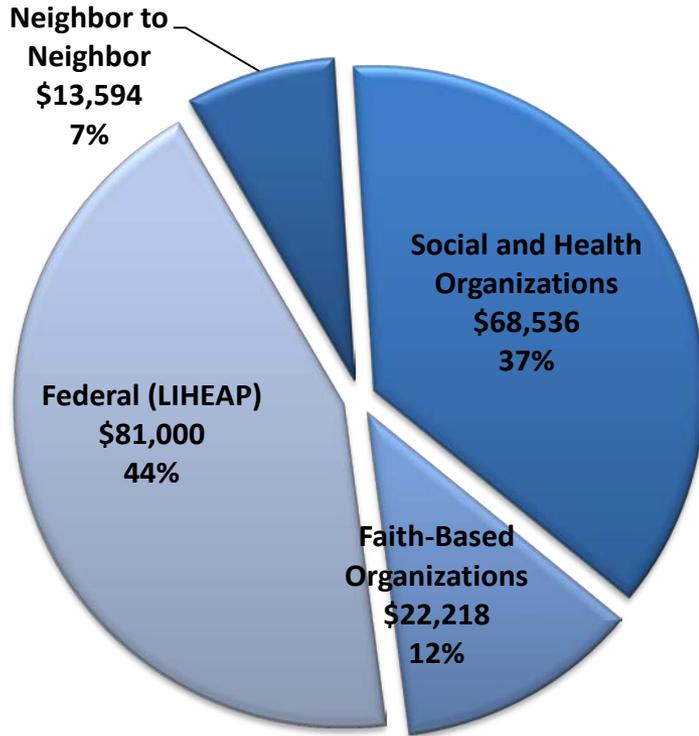
Familiarity with Utility Energy Efficiency or Conservation Programs (%)



*Initial, unapproved goals

Demonstrating Community Responsibility

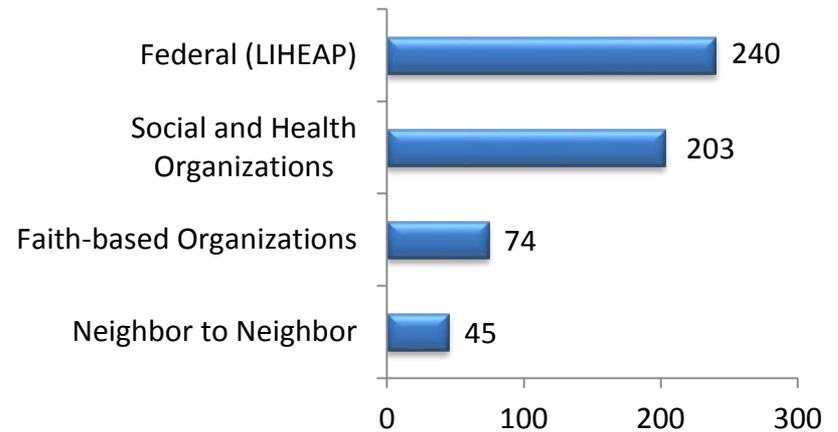
Corporate Citizenship: Customer Assistance Funding



Agency & Federal
Customer Assistance
FY 17 YTD
\$185,348

28 agencies provided **562** utility payments on behalf of JEA customers in October 2016 totaling **\$185,348**

Customers Receiving Agency Assistance YTD



Number of Customers Receiving
Agency & Federal Utility Assistance
FY 17 YTD
562

V. A. 5.

Monthly FY16 Communications & Engagement Calendar and Plan Update

JEA Community Engagement Calendar - September - November 2016

V. A. 5.
11/15/2016

(Events highlighted in blue are either JEA corporate or partner events)

	A	B	C	D	E	F
1	Date	Event/Activity	Location	Time	Type	Opportunity for Public to Attend or Participate
2	Sep-16					
3	9/7/2016	I&C Tour	Brandy Branch Tour	8am	Ambassador Facility Tour	No
4	9/8/2016	Dignity You Wear	136 Myrtle Ave. North	9am	Volunteer Project	No
5	9/8/2016	Greenscape Bd Meeting	1478 Hendricks Ave.	10am	Ambassador Speaker	No
6	9/9 & 16/2016	Catty Shack Ranch Wildlife Sanctuary	1860 Starratt Rd	10am	Volunteer Project	No
7	9/9/2016	Environmental Symposium	UNF Alumni Center	9am	Ambassador Event	Yes
8	9/10/2016	Pollution Solutions	MOSH	10am - 4pm	Ambassador Event	Yes
9	9/12/2016	JEA Power Pals Kick Off	Rufus E Payne Elem.	1:45pm	Ambassador Instructor	No
10	9/12, 13, 15, 20, 23/2016	NE Florida Food Bank	1116 Edgewood Ave.	8:30am	Volunteer Project	Yes
11	9/12 & 26/2016	Clara White Mission	613 W Ashley St	8am	Volunteer Project	Yes
12	9/13/2016	Rotary Club	River City Brewing Co.	12pm	Ambassador Speaker	No
13	9/13/2016	Employee Tour	Brandy Branch	9am	Ambassador Facility Tour	No
14	9/13/2016	Employee Tour	SOCC Tour	9am	Ambassador Facility Tour	No
15	9/14/2016	DCPS Green Team Kick-Off	1701 Prudential Dr	10am	Ambassador Speaker	Yes
16	9/15/2016	Aging True at Cathedral Terrace	701 N Ocean St	11am	Volunteer Project	Yes
17	9/15/2016	Employee Tour	Cedar Bay Plant	9am	Ambassador Facility Tour	No
18	9/15/2016	City Rescue Mission	234 State St	9am	Volunteer Assignments	Yes
19	9/16/2016	Brooks Rehab Emergency Preparedness Expo	Marriott Sawgrass	10am - 12pm	Ambassador Speaker	Yes
20	9/16/2016	Brooks Rehab Emergency Preparedness Expo	Marriott Sawgrass	12pm - 2pm	Ambassador Event	Yes
21	9/16/2016	PEV National Drive Week	North Florida TPO Office	10am	Ambassador Event	Yes
22	9/17/2016	4th Annual R W McKissick Sr. Health & Fitness Fair	Bethel Baptist Church	9am - 1pm	Ambassador Event	Yes
23	9/19/2016	JEA Power Pals	Rufus E Payne Elem.	1:45pm	Ambassador Instructor	No
24	9/22/2016	Project Accounting Group	Main St Lab	10am	Ambassador Facility Tour	No
25	9/23/2016	Caregivers for Veterans	WJCT Studios	9am - 3pm	Ambassador Events	Yes
26	9/23/2016	JEA Power Pals	RV Daniels Elem	12pm	Ambassador Instructor	No

JEA Community Engagement Calendar - September - November 2016

(Events highlighted in blue are either JEA corporate or partner events)

	A	B	C	D	E	F
27	9/23/2016	JEA Employees	SOCC Tour	10am	Ambassador Facility Tour	No
28	9/24/2016	Employee Tour	SJRPP Tour	9am	Ambassador Facility Tour	No
29	9/24/2016	Dragon Boat Festival	Metropolitan Park	8:30am	Volunteer Assignments	Yes
30	9/26/2016	SE CPAC	NEFAR	6pm	Ambassador Speaker	Yes
31	9/26/2016	JEA Power Pals Program	Rufus E Payne Elem.	1:45pm	Ambassador Instructor	No
32	9/27/2016	JFRD Springfield	Chiller Plant Tour	10am	Ambassador Facility Tour	No
33	9/27/2016	JEA New CCC Hire Group	CWCS Tour	1pm	Ambassador Facility Tour	No
34	9/27/2016	JEA Employees	SJRPP Tour	10am	Ambassador Facility Tour	No
35	9/27/2016	City Year	Bay St	3pm	Ambassador Speaker	Yes
36	9/29 - 10/2/2016	Fall Home & Patio Show	Prime Osborn	10am - 9pm	Ambassador Event	Yes
37	9/29/2016	Non-Profit Breakfast	JEA T-19	7:30am	Ambassador Event	Yes
38	9/30/2016	COJ Senior Games Opening Ceremony	Metropolitan Park	1pm	Ambassador Event	Yes
39	9/30/2016	COJ Independent Living	Emmett Reed Center	10am	Ambassador Speaker	Yes
40	9/30/2016	JEA Power Pals	RV Daniels Elem	12pm	Ambassador Instructor	No
41	9/30/2016	Mandarin Christian Homeschool	Christ's Church	9:30am	Ambassador Speaker	No
42	Oct-16					
43	10/2/2016	Southside Robotics Club	Brooks YMCA	1pm	Ambassador Speaker	No
44	10/3/2016	JEA Power Pals Program	Rufus E Payne Elem	1:45pm	Ambassador Instructor	No
45	10/6/2016	RS&H Lunch & Learn	10748 Deerwood Park Blvd. South Suite 100	12Noon	Ambassador Speaker	No
46	10/6/2016	Prudential Financial	701 San Marco Blvd	1pm	Ambassador Speaker	No
47	10/8/2016	TEACH Conference	Hyatt Regency Hotel	8am	Ambassador Event	Yes
48	10/8/2016	Girl Scouts Troop 2343	Main St Lab Tour	10am	Ambassador Facility Tour	No
49	10/8/2016	Black Expo	Prime Osborn	10am - 7pm	Ambassador Event	Yes
50	10/10/2016	United Way Golf Tournamemt	St Johns Golf & Country Club	8am	Volunteer Event	Yes
51	10/10/2016	JU Conservation Ecology Class	Arlington East Plant	1:30pm	Ambassador Facility Tour	No
52	10/12/2016	TEAM UP IMPACT	San Jose Elem. School	2pm	Ambassador Instructor	No
53	10/15/2016	Operation New Hope Fall Festival	1830 N Main St	10am - 2pm	Ambassador Event	Yes

JEA Community Engagement Calendar - September - November 2016

(Events highlighted in blue are either JEA corporate or partner events)

	A	B	C	D	E	F
54	10/15/2016	Energy Star World Tour	Wal-Mart Stores	10am - 2pm	Ambassador Event	Yes
55	10/20 - 23/2016	Southern Women's Show	Prime Osborn	10am - 9pm	Ambassador Event	Yes
56	10/24/2016	JU Conservation Ecology Class	NGS Tour	1:30pm	Ambassador Facility Tour	No
57	Nov-16					
58	11/4/2016	Web.com Resource fair	12808 Gran Bay Parkway	10am	Ambassador Event	Yes
59	11/4/2016	Ridgeview High IB Physics Class	NGS Tour	8am	Ambassador Facility Tour	No
60	11/5/2016	Jacksonville's Caregiver Coalition - Caregiver Conference Series	Bennie Furlong Senior Center	9am	Ambassador Event	Yes
61	11/6/2016	Arlington Congregational Church	431 University Blvd.	11:30am	Ambassador Speaker	Yes
62	11/8/2016	Osher Lifelong Learning Institute	Main St Lab Tour	10am	Ambassador Facility Tour	No
63	11/12/2016	Cubscouts Pack 35	Main St Lab Tour	10am	Ambassador Facility Tour	No
64	11/16/2016	Osher Lifelong Learning Institute	Main St Lab Tour	10am	Ambassador Facility Tour	No
65	11/28/2016	Power Pals	S. P. Livingston Elementary School	10:30 AM	Ambassador Instructor	No
66						
67						
68						



FY16 Communications & Community Engagement Overview and October/November Update

Overview: Each month we update the board on communications and community engagement activities for the previous and current months. The purpose is to keep you informed about these activities so that you are knowledgeable about JEA's efforts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

Communications: Hurricane Matthew consumed our communications focus for the early part of October—emails and calls to every customer urging them to prepare to be without power, more than 900 outbound posts on social media and more than 12,000 individual responses to customer through social media, as well as updates to the media, helped to keep customers informed before, during and after the storm. Once the storm passed we returned to normal communications including our ebill promotion which runs through November and is offering a drawing for an iPad Pro with Pencil. So far we have had 1,797 customers sign up. Otherwise we continued all key messages that were identified by J.D. Power as critical to customers. All paid and owned messaging is supported by social media, using Twitter, Facebook, LinkedIn, Google+ and YouTube to provide additional timely, relevant information.

Community Engagement: JEA employees are actively involved in our community engagement efforts. JEA Ambassadors participate in activities where we have an opportunity to help customers manage their utility services and/or to educate customers about how JEA provides critical utility services to our community. These employees are trained and certified ahead of time to help JEA deliver on our mission. On the other hand, JEA Volunteers go out into the community to assist nonprofits accomplish their goals by offering their time and talents to help the nonprofit deliver their mission. Volunteers do not have to have any special training or talent; they just have a caring heart.

In October, Ambassador activities included participation in 12 speaking engagements and 21 community events/activities. Ambassadors were requested to speak to a variety of groups this month including The Cape HOA, Mandarin Garden Club and The ARC of Jacksonville to name a few. And Ambassadors conducted five facility tours this month including two for RV Daniels Elementary 4th and 5th Grade Gifted students who were studying water in their science classes. Ambassadors were onsite at the Fall Home & Patio Show, the Southern Women's Show, Energy Star/Wal-Mart World Tour and the Mayport and NAS Jax Naval Stations Energy Month events in addition to participating in JEA Power Pals Program at two elementary schools in October— Rufus E Payne and RV Daniels Elementary Schools.

Below, JEA Employee Ambassadors participated in the NAS Jax and the Mayport Naval Stations Energy Month Events, providing customers with information and a Ride & Drive of the JEA Electric Vehicle Program



In October, JEA volunteers came out in support of First Coast No More Homeless Pets Mega Adoption, Jacksonville Senior Games, Making Strides Against Cancer, Non-Profit Center Data and Tech Conference, Five Star Veterans Center, Feeding NE Florida Food Bank, DLC Nurse and Learn Fall Children Festival.



Five Star Veterans Center



DLC Nurse and Learn Center



Feeding NE Florida Food Bank

As a community-owned utility, JEA employees take a great pride in the Ambassador and Volunteer programs and these programs go a long way to tangibly demonstrate to customers and the community the incredible “Heart of JEA.”

Communications Contacts* Generated Year to Date	21,954,426
• Number of Paid Communications Contacts (Radio, Television, Out of Home, Online, Print)	18,362,236
• Number of Other Communications Contacts (Bill Insert, Bill Envelop, Brochure, etc.)	1,082,675
• Number of E-communications Contacts (jea.com Visitors, Email, Social Media, Videos)	2,421,234
• Number of Community Engagement Communications Contacts (Events, Public Speaking, Presentations, Training, Workshops, etc.)	88,281

*Communications Contacts are the opportunities we have to communication information to our customers.

V. B. 1.
JEA Sewer System: Framework to Resiliency



Building Community

AGENDA ITEM SUMMARY

November 7, 2016

SUBJECT:	JEA SEWER SYSTEM: FRAMEWORK FOR RESILIENCY A) STORM ASSESSMENT REPORT B) MAJOR CAPITAL IMPROVEMENTS AND O&M ACTIVITIES
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Purpose:	<input type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input checked="" type="checkbox"/> Advice/Direction
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Issue: Water/Wastewater Systems performed very well in maintaining service to customers as less than 1% lost water and sewer services during the Hurricane Matthew restoration period. However, JEA experienced numerous sanitary sewer overflows (SSOs) during the three day period following the storm's impact to Northeast Florida primarily due to power outages at over half of JEA's 1382 sewer pump stations.

Significance: "Blue Sky" Industry Benchmark data demonstrates that JEA is a leader in terms of Wastewater Sanitary Sewer Overflows (SSOs) performance amongst Florida utilities during normal operating periods. The utility benchmarks do not account for the exposure JEA and other Florida Utilities have to extreme weather events such as Hurricanes, where electrical faults and wide spread electric power outages occur, and subsequently SSOs and other environmental events will occur unless the utility systems are enhanced for Storm Resiliency.

Effect: Sanitary Sewer Overflows (SSOs) impact the environment requiring monitoring and sampling until waterbodies and property are returned to the pre-SSO event conditions.

Cost or Benefit: Environmental risks and associated clean-up in major events such as Hurricane Matthew have been significant to JEA and its stakeholders. Costs to improve Storm Resiliency in the Water/Wastewater Systems will begin with immediate opportunities for systems which are feasible to retrofit. System Resiliency enhancements, which JEA is planning to analyze, plan and implement with guidance from FDEP and other partners, will require building to higher level resiliency standards.

Recommended Board action: Provide the Board a Framework for Resiliency plan for discussion and feedback. Included in the plan will be an initial Storm Assessment Report and summary of Major Capital Improvements and Significant O&M Activities. The FDEP - RS&H report of Sanitary Sewer Overflow Evaluations and Solutions in Response to Hurricanes Hermine and Matthew is expected to be completed in January 2017. JEA's Framework for Resiliency plan will be a multi-step process where the Capacity Management and Operations Maintenance Assessment (CMOM) will be completed by May 2017, and the System Resiliency Assessment will be completed by December 2017. Staff will bring interim updates of the plan to the Board for further discussion and feedback.

For additional information, contact: Brian Roche 665-6580

Submitted by: PEM/BJR

 <p>MISSION</p> <p>Energizing our community through high-value energy and water solutions.</p>	 <p>VISION</p> <p>JEA is a premier service provider, valued asset and vital partner in advancing our community.</p>	 <p>VALUES</p> <ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity
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Commitments to Action

- 1 Earn Customer Loyalty**
- 2 Deliver Business Excellence**
- 3 Develop an Unbeatable Team**



INTER-OFFICE MEMORANDUM

November 7, 2016

SUBJECT: JEA SEWER SYSTEM: FRAMEWORK FOR RESILIENCY
A) STORM ASSESSMENT REPORT
B) MAJOR CAPITAL IMPROVEMENTS AND O&M ACTIVITIES

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA's Water/Wastewater Systems performed very well in maintaining service to customers as less than 1% lost water and sewer services during the period impacted by Hurricane Matthew. However, JEA experienced numerous sanitary sewer overflows (SSOs) during the three day period after the storm's impact to Northeast Florida primarily due to power outages at over half of JEA's 1382 sewer pump stations and the inability for operating personnel to travel to pump station sites during the peak storm period. JEA has mature and effective environmental incident response processes and reporting systems, where JEA's Environmental Response Coordinator (ERC) is immediately notified of SSO's upon discovery by operating personnel, customers, or other constituents. The ERC works with operating personnel to isolate and contain SSO's, clean the impacted areas, post signs, coordinates media releases, monitoring and sampling of adjacent waters until the water bodies return to normal background conditions, determines if the event is reportable to the State Warning Officer (SWO), and makes appropriate regulatory telephone notifications within 24 hours of the event. Florida Department of Environmental Protection (FDEP) Reportable events are those where a release of untreated or partially treated sewage is:

- A) Equal to or greater than 1000 gallons; or
- B) Discharges to surface water, regardless of volume; or
- C) The public has unrestricted access to the site

The ERC submits required written regulatory reports no later than 5 days after the event to all necessary agencies. JEA performs a root-cause analysis on each Reportable SSO, meets with the Northeast District of the FDEP to review each of the events on a quarterly basis, and submits a SSO Annual Progress Report to the FDEP.

Effective September 26, 2016, Governor Scott issued an Emergency Rule requiring additional reporting of pollution notices for incidents that may cause a threat to the air, surface waters or groundwater of the state. The rule requires additional reporting to key elected and appointed officials and the media in order to inform the public of pollution events within 24 hours. With the onset of the new Public Notice of Pollution Emergency Rule, JEA has been communicating and noticing both the historical FDEP required Reportable events and events which were previously non-Reportable such as small reclaim water leaks, and SSOs which did not reach waters of state and were less than 1000 gallons (local FDEP information only), and less than 50 gallons which were non-Reportable to FDEP.

DISCUSSION:

JEA's Sanitary Sewer System continues to perform well in normal operating, "blue-sky" conditions. JEA along with many other wastewater utilities across the nation and state have opportunities to improve storm resiliency, including minimizing overflows during Hurricane periods. With the SSO clean-up completed, JEA has moved to fully analyzing, assessing and understanding what happened, insuring

that the JEA Water/Wastewater System is performing better than EPA's best-practice standards. JEA has developed a multi-step plan to analyze, assess the Hurricane Matthew event in effort to implement short term resiliency initiatives and incorporating system resiliency in major rehabilitation and new construction standards. Attached is and outline of the JEA's multi-step **Framework to Resiliency**.

Hurricane Matthew - Storm Assessment Report: The report includes a listing of each of the 67 SSO's with primary root cause, estimated overflow volume, characteristics such as average daily and design flow for pump stations, generator requirements, and association with manhole overflows. During the storm restoration period, JEA worked with FDEP to monitor 58 water bodies impacted by 67 SSO events, and also with the City of Jacksonville's Environmental Quality Division. After monitoring the water bodies post-storm, the three agencies determined by October 21st that 57 of 58 water bodies had returned to pre-storm conditions. The final water body was cleared to pre-storm conditions on Monday October 31st.

Analysis of the SSO events were performed to determine which of the 67 SSO's occurred due to pump stations being out of electrical power without fixed back-up power supply systems and which of the pump stations had back-up systems but required manual reset of switches, breakers, relays and controls due to electrical faults. An element of the analysis includes identifying which of the SSO's derived from pump stations which either discharge into a 12" or larger force main or have a peak flow capacity of greater than 500 gallons per minute. JEA has identified Eight (8) of 67 SSO's occurred at pump stations which either of these two design conditions, where JEA is currently reviewing the site conditions to determine the feasibility of retrofitting the pump stations to the newer design standards. Preliminary assessment has 31 of the 174 JEA pump stations, from a total of 1382, meet either of the two newer design conditions and do not have fixed back-up power supply sources. In addition, JEA has begun the electrical supply assessment for each station to include overhead or underground feeds, heightened tree exposure, the electrical design of controls, switches, breakers to enhance their designs in efforts to minimize and mitigate system failures due to electrical faults.

Historical JEA SSO performance is included for reference in the Storm Assessment Report, and demonstrates favorable benchmark comparisons with other Florida utilities during normal "Blue Sky" operating periods.

JEA, along with three other Northeast Florida wastewater utilities impacted by the Hurricane Matthew will be working with FDEP and its infrastructure consulting firm, RS&H, and with five utilities in Tampa Bay area impacted by Hurricane Hermine to identify solutions that will help minimize overflows during hurricanes and extreme storm events. The FDEP - RS&H report of Sanitary Sewer Overflow Evaluations and Solutions in Response to Hurricanes Hermine and Matthew is expected to be completed in January 2017.

JEA will be developing a Capacity Management and Operations Maintenance Assessment (CMOM) by May 2017, and start implementing improvements as identified. Concurrently, JEA supported by consultants, will develop a comprehensive JEA System Resiliency Assessment which will be completed by December 2017. The System Resiliency Assessment will be conducted in three phases: immediate opportunities, mid-range defensive actions, and longer term by replacing when needed and building new to resiliency standards.

Major Capital Improvements and Significant O&M Activities: Over the past 20 years JEA has invested over \$3 billion in the Water/Wastewater System, resulting in significant improvements in its environmental performance including SSO's, and is a leader in the industry benchmarks of SSO performance which have been based on normal "Blue-Sky" operating conditions. JEA invested approximately \$350 million in Pipebursting work in the early 2000's to rebuild major sections of the gravity sewer collection system in neighborhood and corridor roads resulting in significant reductions of Sewer Cave-ins and SSO's from the pre-rehabilitation periods to reach an average of 54 SSO's from the period of FY04 to FY07. In 2006, JEA embarked on a major Capacity Management Operations Maintenance (CMOM) program which instituted a framework of preventative maintenance programs

including inspection and repair as needed of JEA's 55,000 manholes, 1000 Air Release Valves, current 1382 sewer pump stations, and best operational practices such of close circuit television (CCTV) of lines of gravity mains, a Fats, Oil and Grease (FOG) program, and periodic jetting of sewer lines apt to become clogged. The institution of the CMOM program, along with continued capital renewal and replacement investments has provided material improvements in JEA's SSO performance.

JEA has continued to invest over \$10 million annually in capital projects directly targeted to prevent SSO's including ductile iron force main, air release valve, and pump station replacements, and sewer collection system trenchless renewal and replacement. There has been significant investment in replacing collection system pipes accompanying Joint Projects with COJ, DOT, and JTA road improvements, plant and pump station upgrades, which have all mitigated the risks of SSO's. The attached report details actual and projected JEA Capital expenditures in the Sewer Collection system from FY12 to FY21 which demonstrate increased investment in renewal and replacement. In addition, the O&M resources and significant activities are included in the report.

RECOMMENDATION:

Provide the Board a Framework for Resiliency plan for discussion and feedback. Included in the plan will be an initial Storm Assessment Report and summary of Major Capital Improvements and Significant O&M Activities. The FDEP - RS&H report of Sanitary Sewer Overflow Evaluations and Solutions in Response to Hurricanes Hermine and Matthew is expected to be completed in January 2017. JEA's Framework for Resiliency plan will be a multi-step process where the Capacity Management and Operations Maintenance Assessment (CMOM) will be completed by May 2017, and the System Resiliency Assessment will be completed by December 2017. Staff will bring interim updates of the plan to the Board for further discussion and feedback.

Paul E. McElroy, Managing Director/CEO

PEM/BJR

Attachments:

Framework to Resiliency Outline

Framework to Resiliency Draft Report

Framework to Resiliency

JEA Sanitary Sewer System

“Clean Water for Families is a Top Priority”

Hurricane Matthew Assessment Report

- Detail sanitary sewer failures during Hurricane Matthew
- Include sanitary sewer overflow history and benchmarks

Report Major Capital Improvements and Significant Maintenance Activities

- Include activities for the last twelve months
- Include activities for the next twenty four months

Analyze, Plan and Implement Improvement Activities prior to April, 2017

- Review and improve all Functional Response Procedures (aka Emergency Plans)
- Fortify Sanitary Sewer System power supply systems
- Fortify Sanitary Sewer System communication systems
- Identify other actions to be implemented

System Capacity, Management and Operations Maintenance Assessment (CMOM)

- Comprehensive review by an independent source, identified in partnership with FDEP
- Review will be conducted in three phases: analyze, assess and improve
- Improvements will commence when identified

System Resiliency Assessment

- Will seek strong partnership with FDEP, potential for state leadership on this issue
- To be conducted in three phases:
 - Immediate opportunities
 - Mid-range defensive actions
 - Longer-term by replacing when needed and building new to new resiliency standards

Communication Improvements

- Identify, design and implement more effective communication plans
- Plans will be tailored to various constituents

Regulatory Opportunities

- Engage in the FDEP rule making process as it transitions from an emergency rule to a final rule governing reporting for all statewide pollutant spills
- FDEP partnerships
 - Returning the system to normal operations
 - CMOM review
 - Resiliency standards design



Framework to Resiliency

JEA Sanitary Sewer System

“Clean Water for Families is a Top Priority”

Hurricane Matthew
Assessment Report
November 15, 2016

Note: Initial Draft Report will be provided prior to the Nov. 15 Board Meeting

V. B. 2.
Fuel Charge Reduction



Building Community

AGENDA ITEM SUMMARY

V. B. 2.
11/15/2016

November 1, 2016

SUBJECT: FUEL CHARGE REDUCTION (PART OF THE MULTI-YEAR CAPITAL STRUCTURE STRATEGY)

Purpose: Information Only Action Required Advice/Direction

Issue: JEA has a separate rate to recover fuel and energy costs. These costs are a pass-through to our customers and are broken out on the bill as the Fuel Charge. According to Federal and State regulatory guidelines, these funds cannot be diverted for any other uses.

Significance: High. Compliance with the Pricing Policy and the JEA Electric Tariff Documentation - Fuel Charge Policy. The Fuel Charge change recommendation is a component of the Multi-year Capital Structure Strategy.

Effect: All JEA electric customers and JEA's financial metrics will be affected. Additionally, this will bring JEA's Fuel Reserve closer to the policy target.

Cost or Benefit: The benefit of the Fuel Reserve to customers is greater rate stability. The recommendations afford customers the opportunity to participate in fuel cost savings. Under this new Fuel Charge, based on current fuel price projections, staff projects the Fuel Reserve balance to be at the Pricing Policy target in 2020.

Recommended Board action: Staff recommends that the Board approve the recommendation to lower the current \$36.75/MWh Fuel Charge to \$32.50/MWh effective December 1, 2016.

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ RFW

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1 Earn Customer Loyalty**
- 2 Deliver Business Excellence**
- 3 Develop an Unbeatable Team**



INTER-OFFICE MEMORANDUM

November 1, 2016

SUBJECT: FUEL CHARGE REDUCTION (PART OF THE MULTI-YEAR CAPITAL STRUCTURE STRATEGY)

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA has a separate rate to recover fuel and energy costs. These costs are a pass-through to our customers and are broken out on the bill as the Fuel Charge. According to Federal and State regulatory guidelines, these funds cannot be diverted for any other uses.

The JEA Pricing Policy stipulates that the Fuel Charge be set annually during the budget process to be effective October 1 of the upcoming fiscal year. The Fuel Charge is based on the forward twelve-month energy cost projection and is structured to fully recover all expected fuel-related costs as well as any requirements for the Fuel Stabilization Fund over the coming fiscal year. The Pricing Policy established a Fuel Stabilization Fund (Fuel Reserve) target amount to be 15% of the greater of: (i) the maximum 12-month historical fuel cost; or, (ii) the projected 12-month fuel cost, in order to manage short-term fluctuations in fuel and energy costs. The Policy also specified the philosophy regarding the Fuel Reserve Balance. Should the Fuel Reserve balance reach the 15% level at any point during the twelve month variable fuel rate cycle, the CEO, CFO, CCO, and staff will evaluate the Fuel Rate Balance, projections through year-end, current market prices and volatility, and will recommend to the Board to either continue funding with no change, credit customers with the overfunded amount, or modify the Fuel Charge. The benefit to customers is greater rate stability. It also affords customers the opportunity to participate in fuel cost savings. Under this new Fuel Charge, based on current fuel price projections, staff projects the Fuel Reserve balance to be at the Pricing Policy target in 2020.

The Fuel Charge change recommendation is a component of the Multi-year Capital Structure Strategy.

DISCUSSION:

As of August 31, 2016, the Fuel Reserve was 29% of the maximum 12-month historical fuel expense, and is projected to reach 30% at the end of fiscal year 2017 if fuel expenses continue to be favorable.

Staff recommends decreasing the Fuel Charge from the current rate of \$36.75/MWh to \$32.50/MWh, a decrease of (\$4.25/MWh), to be effective December 1, 2016. The new Fuel Charge will continue to recover fuel and energy costs while reducing the projected Fuel Reserve closer to the policy target.

RECOMMENDATION:

Staff recommends that the Board approve the recommendation to lower the current \$36.75/MWh Fuel Charge to \$32.50/MWh effective December 1, 2016.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/RFW

V. B. 3.

Release of Excess Debt Management Strategy Rate Stabilization Funds



Building Community

AGENDA ITEM SUMMARY

November 1, 2016

SUBJECT:	RELEASE OF EXCESS DEBT MANAGEMENT STRATEGY RATE STABILIZATION FUNDS (PART OF MULTI-YEAR CAPITAL STRUCTURE STRATEGY)
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: JEA has accumulated debt management strategy rate stabilization funds in excess of amounts targeted in the Debt Management Policy. Staff contemplates using these funds, along with other available funds, to defease certain outstanding JEA bonds. Electric System funds were included as part of the multi-year capital structure strategy presented in September. Staff additionally recommends release of excess Water and Sewer System funds to be used for Water and Sewer debt retirement.

Significance: High. Excess debt management strategy rate stabilization funds can be used as part of a defeasance of outstanding JEA debt.

Effect: Defeating bonds will contribute to reducing debt-service requirements.

Cost or Benefit: Reduces future debt-service requirements.

Recommended Board action: Staff recommends that the Board provide the Managing Director/CEO authorization to apply the Electric System excess debt management strategy rate stabilization fund balance of \$12.242 million and the Water and Sewer System excess debt management strategy rate stabilization fund balance of \$6.081 million, along with other available funds, toward the funding of defeasance transactions contemplated for FY2017.

For additional information, contact: Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/ MHD/ JEO

**Commitments to Action**

- 1 Earn Customer Loyalty**
- 2 Deliver Business Excellence**
- 3 Develop an Unbeatable Team**



INTER-OFFICE MEMORANDUM

November 1, 2016

**SUBJECT: RELEASE OF EXCESS DEBT MANAGEMENT STRATEGY RATE
 STABILIZATION FUNDS (PART OF MULTI-YEAR CAPITAL
 STRUCTURE STRATEGY)**

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA's Debt Management Policy provides for the establishment of a rate stabilization fund for the Debt Management Strategy Reserve. It also defines the limits of deposits to the fund and how they may be used. JEA's Pricing Policy provides that amounts deposited to the fund, in excess of the target set forth in the Debt Management Policy, may be authorized by the Board to be used for certain other purposes, including to fund future debt-related expenses, including early debt retirement or defeasance.

DISCUSSION:

The Debt Management Policy was originally adopted on May 20, 2003 and last amended on December 15, 2009 (the "Debt Management Policy"). JEA's Pricing Policy (originally called the Pricing Philosophy) was established on November 15, 2005 and last amended on August 16, 2016 (the "Pricing Policy").

Pursuant to the Debt Management Policy, beginning in FY2010, deposits have been made to the Rate Stabilization Fund for the Debt Management Strategy Reserve (referred to as the "Debt Management Strategy Stabilization Fund" in the Pricing Policy), which 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. At a minimum, 50% of the calculated reserve is recorded and deposited each fiscal year. An additional amount, up to the full value of the calculated reserves (the remaining 50%), is reviewed by the Debt/Investment Strategy Committee and recorded at their option. However, the amount deposited to the Rate Stabilization Fund (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service. The reserve is calculated separately for each of the Electric and Water and Sewer systems. Under the policy, the target cap for deposits to be made to the budget reserve is five percent of the par amount of the total outstanding variable rate debt.

The Debt Management Strategy Stabilization Fund balances stand at approximately \$42.126 million for the Electric System and \$20.290 million for the Water and Sewer System, which are approximately \$12.242 million and \$6.081 million in excess of their target amounts, respectively.

In an environment of low investment returns, the excess reserve funds, along with other available funds, can be better used to defease selected outstanding JEA bonds to reduce future debt service requirements.

Per the Pricing Policy, amounts deposited into the Debt Management Strategy Stabilization Fund in excess of the target amount may be authorized by the Board to be used to (1) maintain the financial integrity of the Systems (2) fund future debt-related expenses including early debt retirement or defeasance or (3) be refunded to customers.

Anticipated Sources of Electric System Bond Defeasance Funds

<u>Amount</u>	<u>Source</u>
\$12 million	Debt Management Strategy Rate Stabilization Fund [Action Item]
4	Debt Service Reserve Fund
31	Increased revenues
5	Reduced operations and maintenance expenses
8	Reduced non-fuel purchased power (SJRPP and Scherer)
4	Reduced capital contribution
5	Emergency reserve funds
<hr/> \$69 million	Total

RECOMMENDATION:

Staff recommends that the Board provide the Managing Director/CEO authorization to apply the excess Debt Management Strategy Stabilization Fund balances of \$12.242 million and \$6.081 million for the Electric System and Water and Sewer System, respectively, toward the funding of defeasance transactions contemplated for FY2017.

As additional information only, JEA has approximately \$4.013 million in excess Electric System debt service reserve funds, which staff anticipates using, along with the excess Debt Management Strategy Stabilization Fund balances and other available funds, to fund the contemplated defeasances. In May 2013, the Board similarly delegated to the Managing Director/CEO and the Chief Financial Officer the authority to apply excess debt service reserve funds to defeasances and other early debt retirements.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO

V. B. 4.
Electric System Debt Parameter Resolutions



Building Community

AGENDA ITEM SUMMARY

November 1, 2016

SUBJECT:	ELECTRIC SYSTEM DEBT PARAMETER RESOLUTIONS (PART OF MULTI-YEAR CAPITAL STRUCTURE STRATEGY)
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: Staff is requesting Board approval of bond legal documents relating to delegated fixed rate debt refunding parameters and authorizations for a contemplated Electric System fixed rate advance refunding transaction. This is a component of the Multi-year Capital Structure Strategy.

Significance: High. Transaction currently being evaluated requires Board authorization.

Effect: Using bond issuance delegation process makes better use of the Board’s time and provides greater flexibility in the timing and execution of transactions under delegated authority.

Cost or Benefit: As a component of a long-range financial plan for Electric System revenue and rate stability, the contemplated transaction accelerates debt repayments into the next three years – a credit positive with rating agencies and investors – and will contribute to maintaining rate stability for five years, possibly more.

Recommended Board action: JEA staff is recommending that the Board approve the attached Resolutions No. 2016-17 and 2016-18 establishing delegated parameters and authorizing the Managing Director/CEO to negotiate and execute a contemplated Electric System fixed rate refunding bond transaction, with the bonds to be sold no later than June 30, 2017.

For additional information, contact: Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/ MHD/ JEO

MISSION



Energizing our community through high-value energy and water solutions.

VISION



JEA is a premier service provider, valued asset and vital partner in advancing our community.

VALUES



- Safety
- Service
- Growth²
- Accountability
- Integrity

Commitments to Action

- 1 Earn Customer Loyalty**
- 2 Deliver Business Excellence**
- 3 Develop an Unbeatable Team**



INTER-OFFICE MEMORANDUM

November 1, 2016

SUBJECT: ELECTRIC SYSTEM DEBT PARAMETER RESOLUTIONS (PART OF MULTI-YEAR CAPITAL STRUCTURE STRATEGY)

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

At the September 20, 2016 Board meeting, staff presented a long-range financial plan for Electric System revenue and rate stability. Among the stated key objectives of the plan are to financially prepare the utility for the future and to create stability for customer bills. To these objectives, staff advised the Board that it would bring recommendations to pay off approximately \$190 million early through cash defeasance and advance refunding transactions. The resolutions summarized below provide for delegation of refunding authorization to implement accelerated principal repayment pursuant to the plan objectives.

DISCUSSION:

To authorize this transaction, Bond Counsel has prepared two resolutions authorizing the issuance of the Electric System Revenue Bonds, Series Three 2017A (Resolution No. 2016-17) and Electric System Subordinated Revenue Bonds, 2017 Series A (Resolution No. 2016-18) attached hereto.

Resolution No. 2016-17 authorizes the issuance of fixed rate Electric System Revenue Bonds, Series Three 2017A to finance the refunding of certain refundable Electric System Revenue Bonds and pay costs of issuance, according to the following issuance parameters:

- Aggregate principal amount not to exceed \$150,000,000 (reduced by the aggregate principal amount of Electric System Subordinated Revenue Bonds, 2017 Series A issued under Resolution No. 2016-18)
- Weighted average life less than the weighted average life of the refunded bonds
- Final maturity date no later than October 1, 2019
- Maximum true interest cost of the Electric System Revenue Bonds, Series Three 2017A not to exceed 3.0%
- Electric System Revenue Bonds, Series Three 2017A shall not be subject to redemption prior to maturity
- Semi-annual interest payments commencing on either of the October 1 or April 1 next following the delivery date of Electric System Revenue Bonds, Series Three 2017A, as determined by the Managing Director

Resolution No. 2016-18 authorizes the issuance of fixed rate Electric System Subordinated Revenue Bonds, 2017 Series A to finance the refunding of certain refundable Electric System Subordinated Revenue Bonds and pay costs of issuance, according to the following issuance parameters:

- Aggregate principal amount not to exceed \$150,000,000 (reduced by the aggregate principal amount of Electric System Series Three Revenue Bonds, 2017A issued under Resolution No. 2016-17)
- Weighted average life less than the weighted average life of the refunded bonds

- Final maturity date no later than October 1, 2019
- Maximum true interest cost of the Electric System Subordinated Revenue Bonds, 2017 Series A not to exceed 3.0%
- Electric System Subordinated Revenue Bonds, 2017 Series A shall not be subject to redemption prior to maturity
- Semiannual interest payments commencing on either of the October 1 or April 1 next following the delivery date of Electric System Subordinated Revenue Bonds, 2017 Series A, as determined by the Managing Director

Both resolutions authorize the sale of the bonds to JEA's Underwriters pursuant to a negotiated sale and provides that the bonds must be sold no later than June 30, 2017. The resolutions also approve the forms of and authorize the execution of the following legal documents in connection with the issuance of the Electric System Revenue Bonds, Series Three 2017A and Electric System Subordinated Revenue Bonds, 2017 Series A refunding bonds:

Bond Purchase Agreement
Preliminary Official Statement
Escrow Deposit Agreement
Bond Form
Continuing Disclosure Agreement (appears as Exhibit to draft form of Preliminary Official Statement)

Staff will select the senior underwriter(s) from the group of investment banking firms under contract with JEA for the purpose of underwriting negotiated sales of JEA's debt. Staff will work with the senior underwriter(s) to identify the specific bonds to be refunded by the transaction authorized under Resolutions No. 2016-17 and 2016-18. The transaction is expected to shorten the debt service on the refunded bonds and benefit JEA and its customers as described in the long-range financial plan for Electric System revenue and rate stability presented on September 20, 2016. However, it is possible the refunding may result in net present value dis-savings.

Staff will report back to the Finance and Audit Committee the results of the transaction pursuant to the authorizations at the next regularly scheduled meeting following the closing date of the refunding bonds.

RECOMMENDATION:

JEA staff is recommending that the Board approve and adopt Resolution No. 2016-17 and Resolution No. 2016-18 that will provide the Managing Director/CEO the authorization to negotiate and execute the Electric System Revenue Bonds, Series Three 2017A and Electric System Subordinated Revenue Bonds, 2017 Series A fixed rate refunding transaction within the stated parameters.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO

RESOLUTION NO. 2016-17

A RESOLUTION OF JEA SUPPLEMENTING A RESOLUTION OF JEA ADOPTED ON AUGUST 16, 1988 ENTITLED “A RESOLUTION OF THE JACKSONVILLE ELECTRIC AUTHORITY FURTHER AMENDING AND SUPPLEMENTING THE RESOLUTION OF THE AUTHORITY ADOPTED MARCH 30, 1982 ENTITLED: ‘A RESOLUTION AUTHORIZING THE REFUNDING OF PRESENTLY OUTSTANDING REVENUE OBLIGATIONS OF THE JACKSONVILLE ELECTRIC AUTHORITY AND THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE ELECTRIC GENERATION, TRANSMISSION AND DISTRIBUTION SYSTEM OWNED AND OPERATED BY THE AUTHORITY; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$487,000,000 ELECTRIC SYSTEM REVENUE BONDS, SERIES ONE, OF THE JACKSONVILLE ELECTRIC AUTHORITY TO PAY THE COST OF SUCH REFUNDING AND THE COST OF SUCH ADDITIONS, EXTENSIONS AND IMPROVEMENTS; PROVIDING FOR THE PAYMENT OF THE BONDS FROM THE NET REVENUES OF THE ELECTRIC SYSTEM AND MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE’, AS HERETOFORE AMENDED AND SUPPLEMENTED, FOR THE PURPOSES OF FINANCING THE CONSTRUCTION OR ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE ELECTRIC SYSTEM OF THE AUTHORITY AND PROVIDING FOR THE REFUNDING OF CERTAIN INDEBTEDNESS OF THE AUTHORITY; SPECIFYING DEFINITIONS AND THE STATUTORY AUTHORITY THEREFOR; AUTHORIZING THE ISSUANCE BY THE AUTHORITY OF ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE, TO FINANCE A PART OF THE COST OF SUCH CONSTRUCTION OR ACQUISITION AND SUCH REFUNDING; SPECIFYING GENERAL TERMS AND PROVISIONS OF SUCH SERIES THREE BONDS; PLEDGING THE NET REVENUES OF THE SYSTEM TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH SERIES THREE BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH SERIES THREE BONDS AND ENTERING INTO CERTAIN COVENANTS AND AGREEMENTS WITH SUCH HOLDERS; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH SUCH SERIES THREE BONDS; AND PROVIDING AN EFFECTIVE DATE”; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$150,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE 2017A REDUCED BY THE AGGREGATE PRINCIPAL AMOUNT OF ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, 2017 SERIES A OF JEA ISSUED UNDER RESOLUTION NO. 2016-18 OF JEA, ADOPTED ON NOVEMBER 15, 2016, FOR THE PURPOSE OF FINANCING THE REFUNDING OF OUTSTANDING JEA ELECTRIC

SYSTEM REVENUE BONDS, SERIES THREE, AND PAYING THE COSTS OF ISSUANCE OF SUCH SERIES THREE 2017A BONDS; FIXING THE DATE(S), PAYING AGENT AND REGISTRAR, FORM, APPLICATION OF PROCEEDS AND CERTAIN OTHER DETAILS OF SUCH SERIES THREE 2017A BONDS; DELEGATING THE AUTHORITY TO DETERMINE MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, MANDATORY AMORTIZATION INSTALLMENTS, REDEMPTION PROVISIONS AND CERTAIN OTHER DETAILS OF SUCH SERIES THREE 2017A BONDS; PROVIDING FOR THE REFUNDING OF CERTAIN OUTSTANDING BONDS OF JEA; PROVIDING FOR THE QUALIFICATION OF SUCH SERIES THREE 2017A BONDS AS BOOK-ENTRY-ONLY BONDS; DESIGNATING SUCH SERIES THREE 2017A BONDS AS “ADDITIONALLY SECURED BONDS”; ESTABLISHING CRITERIA FOR AND DELEGATING THE AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH; AUTHORIZING THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER TO AWARD THE SALE OF SAID SERIES THREE 2017A BONDS TO THE UNDERWRITERS DESCRIBED HEREIN PURSUANT TO A NEGOTIATED SALE AND APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; PROVIDING FOR THE APPOINTMENT OF AN ESCROW AGENT FOR THE REFUNDED BONDS AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT; APPROVING THE FORM OF A DRAFT PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE SERIES THREE 2017A BONDS AND AUTHORIZING THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, THE CHIEF FINANCIAL OFFICER OR THE TREASURER TO DEEM THE PRELIMINARY OFFICIAL STATEMENT FINAL FOR PURPOSES OF SEC RULE 15C2-12; AUTHORIZING THE APPROVAL AND EXECUTION OF A FINAL OFFICIAL STATEMENT WITH RESPECT TO SAID SERIES THREE 2017A BONDS; AUTHORIZING THE REGISTRATION OR QUALIFICATION OF SAID SERIES THREE 2017A BONDS UNDER THE BLUE SKY LAWS OF THE VARIOUS STATES; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE AGREEMENT; PROVIDING FEDERAL INCOME TAX COVENANTS; AUTHORIZING CERTAIN OFFICIALS OF JEA TO TAKE OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SAID SERIES THREE 2017A BONDS AND THE REFUNDING AND REDEMPTION OF SAID REFUNDED BONDS PROVIDING FOR SEVERABILITY AND CERTAIN OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED by JEA as follows:

SECTION 1. DEFINITIONS. Unless the context otherwise requires, the terms defined in this section shall have the meanings specified in this section. Reference is made to the Electric System Resolution hereinafter referred to for definitions of terms used in this resolution which are not defined in this section. Words importing a singular number shall include the plural number in each case and vice versa, and words importing persons shall include business entities.

(A) “Advance Refunding Bonds” shall mean the Series Three 2017A Bonds, or portion thereof, that are issued to refund Refunded Bonds that will be paid or redeemed more than 90 days after the Delivery Date.

(B) “Authorized Officer of JEA” shall mean (1) the Chair, the Vice Chair, the Secretary and any Assistant Secretary of JEA, (2) the Managing Director/CEO, the Vice President and General Manager, Electric Systems, the Chief Financial Officer and the Treasurer of JEA (or any officer of JEA hereafter serving in a capacity equivalent to that of any of the foregoing officers) or (3) any other officer or employee of JEA authorized to perform specific acts or duties by resolution duly adopted by JEA.

(C) “Bond Purchase Agreement” shall mean the Bond Purchase Agreement to be entered into between JEA and the Underwriters named therein relating to the Series Three 2017A Bonds, the form of which is attached hereto as Exhibit “A.”

(D) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(E) “Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement to be delivered by JEA in connection with the issuance of the Series Three 2017A Bonds, a form of which is attached as Appendix D to the Draft Preliminary Official Statement.

(F) “Debt Service Account” shall mean the Debt Service Account in the Sinking Fund established pursuant to the Electric System Resolution.

(G) “Delivery Date” shall mean the date of the initial issuance and delivery of the Series Three 2017A Bonds.

(H) “Draft Preliminary Official Statement” shall mean the draft of the Preliminary Official Statement of JEA relating to, among others, JEA’s Electric System Revenue Bonds, Series Three 2017A, the form of which is attached hereto as Exhibit “B.”

(I) “DTC” shall mean The Depository Trust Company.

(J) “Electric System Resolution” shall mean the Original Resolution, as amended, restated and supplemented.

(K) “Escrow Agent” shall mean the bank or trust company appointed as escrow agent under an Escrow Deposit Agreement, if any, and its duly appointed successors, such appointment, with respect to the Refunded Bonds, to be made in the certificate referred to in Section 5 hereof relating to the Series Three 2017A Bonds.

(L) “Escrow Deposit Agreement” shall mean the escrow deposit agreement between JEA and an Escrow Agent, if any, that may be entered into concurrently with the authentication and delivery of the Series Three 2017A Bonds, the form of which is attached hereto as Exhibit “C.”

(M) “Initial Subaccount” shall mean the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund established pursuant to the Electric System Resolution.

(N) [Reserved]

(O) “Letter of Representations” shall mean the Blanket Issuer Letter of Representations, dated May 6, 2004, from JEA to DTC, providing for the issuance of certain obligations of JEA (including the Series Three 2017A Bonds) in book-entry form through the facilities of DTC.

(P) “Managing Director/CEO” shall mean the Managing Director and Chief Executive Officer of JEA.

(Q) “Original Resolution” shall mean a resolution of JEA adopted on March 30, 1982 authorizing the issuance of not exceeding \$487,000,000 Electric System Revenue Bonds, Series One.

(R) “Refunded Bonds” shall mean, for the Series Three 2017A Bonds, the Series Three Bonds of the installments and maturities (and, if applicable, interest rates within maturities) and in the respective principal amounts to be refunded thereby, as identified by the Managing Director/CEO in the certificate described in Section 5 hereof relating to the Series Three 2017A Bonds.

(S) “Rule 15c2-12” shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

(T) “Sale Date” with respect to the Series Three 2017A Bonds, shall mean the date on which JEA enters into a Bond Purchase Agreement with respect to the Series Three 2017A Bonds.

(U) “Series Three Bonds” shall mean JEA’s Electric System Revenue Bonds, Series Three, issued pursuant to the Electric System Resolution.

(V) “Series Three Resolution” shall mean a resolution of JEA adopted on August 16, 1988, the title of which is quoted in the title of this resolution.

(W) “Series Three 2017A Bonds” shall mean JEA’s Electric System Revenue Bonds, Series Three 2017A, authorized by Section 4 of this resolution.

(X) “Underwriters” shall mean any or all of the investment banking firms under contract with JEA for the purpose of underwriting negotiated sales of JEA’s debt named in the Bond Purchase Agreement.

(Y) “2017 Series A Subordinated Bonds” shall mean the Electric System Subordinated Revenue Bonds, 2017 Series A of JEA authorized to be issued and sold pursuant to Article II of this Fifty-Fourth Supplemental Subordinated Resolution.

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This resolution is adopted pursuant to the provisions of the Act and the Electric System Resolution, and is supplemental to the Series Three Resolution and the Electric System Resolution.

SECTION 3. FINDINGS. It is hereby ascertained, determined and declared that:

(A) Pursuant to the Electric System Resolution, JEA has heretofore authorized the issuance of not to exceed \$487,000,000 aggregate principal amount of Series One Bonds, and, subject to the satisfaction of the conditions contained in subsection L of Section 13 of the Electric System Resolution, has authorized the issuance of Additional Parity Obligations.

(B) Pursuant to the Series Three Resolution, JEA has heretofore authorized the issuance of Additional Parity Obligations to be known as “Electric System Revenue Bonds, Series Three.”

(C) Pursuant to its Ordinances 88-1108-554, 92-1411-902, 95-736-450, 1999-797-E, 2001-664-E, 2003-844-E, 2005-460-E, 2008-581-E and 2013-490-E, the Council of the City has authorized, among other things, the issuance and sale by JEA of Series Three Bonds for the purposes, among others, of financing the refunding of any Series Three Bonds.

(D) It is in the best interests of JEA to provide for the refunding of the Refunded Bonds to permit JEA to restructure and shorten the debt service on the Refunded Bonds so that the debt is fully paid by October 1, 2019.

(E) It is in the best interests and serves a valid public purpose of JEA to issue and sell the Series Three 2017A Bonds as authorized herein for the purpose of providing all or a portion of funds required to refund the Refunded Bonds, and to pay the costs of issuance of the Series Three 2017A Bonds.

(F) Because of the characteristics of the Series Three 2017A Bonds, prevailing and anticipated market conditions, the need for flexibility in timing the issuance of the Series Three 2017A Bonds, it is necessary and in the best interests of JEA to sell the Series Three 2017A Bonds at a negotiated sale or sales to the Underwriters, upon satisfaction of the terms and conditions set forth herein and in the Bond Purchase Agreement.

(G) Upon issuance in accordance with the terms hereof, the Series Three 2017A Bonds will constitute Additional Parity Obligations under the Electric System Resolution and Series Three Bonds under the Series Three Resolution, entitled to all the security and benefits thereof.

(H) The Series Three 2017A Bonds shall be limited obligations of JEA payable solely from and secured by a lien upon and pledge of (i) the Net Revenues derived by JEA from the operation of the Electric System and (ii) the amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund established pursuant to the Electric

System Resolution as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such Net Revenues and amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. The Series Three 2017A Bonds shall also be secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund. The Series Three 2017A Bonds shall not constitute general obligations or indebtedness of the City or JEA as “bonds” within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a lien upon and pledge of the amounts provided in the Electric System Resolution. In no event shall any owner of Series Three 2017A Bonds ever have the right to compel the ad valorem taxing power of the City or JEA, if any, or taxation of any form to pay the Series Three 2017A Bonds or be entitled to payment thereof from any other funds of the City or JEA.

(I) Prior to the sale of the Series Three 2017A Bonds, the Underwriters will provide JEA with a disclosure statement containing the information required by Section 218.385(6), Florida Statutes. The Bond Purchase Agreement shall include a Truth-In-Bonding Statement pursuant to Section 218.385, Florida Statutes.

SECTION 4. SERIES DESIGNATION; PURPOSE. Not to exceed \$150,000,000 aggregate principal amount of the Series Three Bonds reduced by the aggregate principal amount of 2017 Series A Subordinated Bonds issued under JEA Resolution No. 2016-18, adopted on November 15, 2016, are hereby authorized to be issued for the purpose of refunding fixed rate Refunded Bonds. Such Series Three Bonds shall be designated as the “Electric System Revenue Bonds, Series Three 2017A”; provided, that the Managing Director/CEO may alter the year and letter designation, all as he deems appropriate to reflect the year of issue or sale of the Series Three 2017A Bonds, the designation of Series Three Bonds previously issued and JEA’s custom in identifying Series Three Bonds or as he otherwise deems desirable, such determination to be set forth in the certificate referred to in Section 5 hereof. Notwithstanding any such alteration of the designation for the Series Three 2017A Bonds, references in this resolution to “Series Three 2017A Bonds” shall include all Series Three Bonds issued pursuant to the authority contained in this Section 4.

The Series Three 2017A Bonds shall be issued for the following purposes: (a) providing all or a portion of the funds required to refund the Refunded Bonds, (b) making a deposit, if any, to the Initial Subaccount, as determined by the Managing Director/CEO as set forth in the certificate referred to in Section 5 hereof, and (c) paying the costs of issuance of the Series Three 2017A Bonds.

The actual aggregate principal amount of the Series Three 2017A Bonds to be issued shall be determined by the Managing Director/CEO on or prior to the Sale Date therefor as the amount necessary to accomplish the purposes for which the Series Three 2017A Bonds are being issued, such determination to be set forth in the certificate referred to in Section 5 hereof to be executed with respect to the Series Three 2017A Bonds.

The Series Three 2017A Bonds authorized to be issued hereunder may be sold pursuant to a Bond Purchase Agreement entered into not later than June 30, 2017.

SECTION 5. DATE(S), MATURITIES AND INTEREST RATES; CERTAIN DETERMINATIONS WITH RESPECT TO THE SERIES THREE 2017A BONDS. The Series Three 2017A Bonds shall be issued as fully registered bonds in the denomination of \$5,000 each or integral multiples thereof, shall be numbered from 1 upward, shall bear interest from their respective dates (payable semiannually thereafter on April 1 and October 1 in each year, commencing on either of the October 1 or April 1 next following the Delivery Date of Series Three 2017A Bonds, as determined by the Managing Director/CEO) at such rates per annum and shall mature on October 1 in such years and amounts, all as shall be determined by the Managing Director/CEO in the manner hereinafter set forth.

On or prior to the Sale Date for the Series Three 2017A Bonds, the Managing Director/CEO shall execute a certificate setting forth the following determinations:

(a) the aggregate principal amount of the Series Three 2017A Bonds; *provided*, that the aggregate principal amount of all Series Three 2017A Bonds when added to the aggregate principal amount of all 2017 Series A Subordinated Bonds, shall not exceed \$150,000,000;

(b) the year and letter and any other designation and the Delivery Date for the Series Three 2017A Bonds;

(c) the Refunded Bonds to be refunded through the issuance of the Series Three 2017A Bonds and the date on which such Refunded Bonds are to be redeemed, which shall be such date as the Managing Director/CEO determines to be the earliest date on which such Refunded Bonds may be redeemed in light of the circumstances then existing; and the identity of the Escrow Agent, if any, for such Refunded Bonds and the Amortization Installments to which the principal amount of the Refunded Bonds shall be credited;

(d) the respective dates on which the Series Three 2017A Bonds shall mature and the principal amounts of each such maturity; *provided, however*, that the Series Three 2017A Bonds (i) shall have a weighted average life that is less than the remaining weighted average life of the Refunded Bonds being refunded thereby, and (ii) shall have a final maturity date no later than October 1, 2019;

(e) the respective rate or rates of interest to be borne by the Series Three 2017A Bonds maturing on each such date; *provided, however*, that (i) with respect to any Series Three 2017A Bonds, the true interest cost of such Series Three 2017A Bonds shall not exceed 3.00%;

(f) the commencement date of interest payments on the Series Three 2017A Bonds, which shall be either of the October 1 or April 1 next following the Delivery Date of Series Three 2017A Bonds;

(g) the Series Three 2017A Bonds are not subject to redemption prior to maturity;

(h) the identity of the senior managing underwriter and co-senior managing underwriter, if applicable, for the Series Three 2017A Bonds from any of the Underwriters;

(i) the purchase price for the Series Three 2017A Bonds to be paid by the Underwriters pursuant to the applicable Bond Purchase Agreement; *provided, however*, that such purchase price shall result in compliance with the limitations set forth in this Section 5; and

(j) the amount, if any, of the proceeds of the Series Three 2017A Bonds to be deposited in the Initial Subaccount.

SECTION 6. [RESERVED].

SECTION 7. BOOK-ENTRY SYSTEM. 1. Except as provided in paragraphs (2) and (3) of this Section 7, the registered holder of all Series Three 2017A Bonds shall be, and the Series Three 2017A Bonds shall be registered in the name of, Cede & Co. (“Cede”), as nominee of DTC. Payment of interest on any Series Three 2017A Bond shall be made in accordance with the provisions of the Electric System Resolution to the account of Cede on the interest payment date for the Series Three 2017A Bonds at the address indicated for Cede in the registry books of JEA kept by the Registrar.

2. The Series Three 2017A Bonds shall be issued initially in the form of a separate single, fully registered Bond in the amount of each separate stated maturity (and, if applicable, each interest rate within a maturity) of the Series Three 2017A Bonds. The Registrar shall authenticate and deliver to or on behalf of DTC a separate single, fully registered Bond in the amount of each separate stated maturity (and, if applicable, each interest rate within a maturity) of the Series Three 2017A Bonds, registered in the name of Cede, as nominee of DTC. With respect to Series Three 2017A Bonds so registered in the name of Cede, JEA and the Paying Agent and Registrar shall have no responsibility or obligation to any DTC participant or to any beneficial owner of such Series Three 2017A Bonds. Without limiting the immediately preceding sentence, JEA and the Paying Agent and Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the Series Three 2017A Bonds, (ii) the delivery to any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the Series Three 2017A Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, the Series Three 2017A Bonds. JEA and the Paying Agent and Registrar may treat DTC as, and deem DTC to be, the absolute owner of each Series Three 2017A Bond for all purposes whatsoever, including (but not limited to) (i) payment of the principal or redemption price of, and interest on, each such Series Three 2017A Bond, (ii) giving notices of redemption and other matters with respect to such Series Three 2017A Bonds, (iii) registering transfers with respect to such Series Three 2017A Bonds and (iv) giving to JEA any notice, consent, request or demand pursuant to the Electric System Resolution for any purpose whatsoever. The Paying Agent shall pay the principal or redemption price of, and interest on, all Series Three 2017A Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy fully and

discharge JEA's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid. Except as provided in this paragraph (2) and in paragraph (3) of this Section 7, no person other than DTC shall receive a Series Three 2017A Bond evidencing the obligation of JEA to make payments of principal or redemption price of, and interest on, such Bond pursuant to the Electric System Resolution. Upon delivery by DTC to JEA or the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of the Electric System Resolution, the word "Cede" in this resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to the Series Three 2017A Bonds at any time by giving reasonable notice thereof to JEA or to the Paying Agent and Registrar.

(b) JEA, in its sole discretion and without the consent of any other person, may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to the Series Three 2017A Bonds if JEA determines that (i) DTC is unable to discharge its responsibilities with respect to the Series Three 2017A Bonds or (ii) a continuation of the system of book-entry-only transfers through DTC (or a successor securities depository) is not in the best interests of the beneficial owners of the Series Three 2017A Bonds or of JEA.

4. Upon the termination of the services of DTC with respect to the Series Three 2017A Bonds pursuant to paragraph (3)(b)(ii) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series Three 2017A Bonds pursuant to paragraph (3)(a) or paragraph (3)(b)(i) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of JEA, is willing and able to undertake such functions upon reasonable and customary terms, such Series Three 2017A Bonds no longer shall be restricted to being registered in the registration books kept by the Registrar in the name of Cede, as nominee of DTC. In such event, JEA shall issue and the Registrar shall authenticate Series Three 2017A Bond certificates as requested by DTC of like aggregate principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial interests in the Series Three 2017A Bonds; *provided, however*, that in the case of any discontinuance or termination provided for in paragraph 3(a) or 3(b)(ii) of this Section, JEA may within 90 days thereafter appoint a substitute securities depository which, in JEA's opinion, is willing and able to undertake the functions of DTC upon reasonable and customary terms. In such event, and subject to the transfer provisions of the Electric System Resolution, the word "DTC" in this resolution shall refer to such substitute securities depository and the word "Cede" in this resolution shall refer to the nominee, if any, of such substitute securities depository (or, if there shall be no such nominee, then the word "Cede" in this resolution shall refer to such substitute securities depository).

5. Notwithstanding any other provision of the Electric System Resolution or this resolution to the contrary, so long as any Series Three 2017A Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or redemption price of, and interest on, such Series Three 2017A Bond and all notices with respect to such Series Three 2017A Bond shall be made and given, respectively, to DTC as provided in DTC's Operational

Arrangements (as defined in the Letter of Representations); *provided, however*, that if a substitute securities depository shall be appointed, all payments with respect to the principal or redemption price of, and interest on, the Series Three 2017A Bonds and all notices with respect to the Series Three 2017A Bond shall be made and given, respectively, to such substitute securities depository (or any nominee thereof) as provided in the procedures of such substitute securities depository.

SECTION 8. PAYING AGENT AND REGISTRAR. The Series Three 2017A Bonds shall be payable as to principal and shall be redeemable at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida (or such other city as may be designated by such bank), which bank is hereby appointed Paying Agent and Registrar.

SECTION 9. FORM OF SERIES THREE 2017A BONDS. The text of the Series Three 2017A Bonds, together with the Registrar's Certificate of Authentication to be endorsed thereon, shall be substantially of the following tenor, with such omissions, insertions and variations as may be necessary or desirable and authorized or permitted by this resolution or any subsequent resolution adopted prior to the issuance thereof, or as may be necessary to comply with applicable laws, rules and regulations of the United States Government and the State of Florida in effect upon the issuance thereof:

[FORM OF SERIES THREE 2017A BONDS]

At such times as the Series Three 2017A Bonds are restricted to being registered in the registration books kept by the Registrar in the name of DTC (or a successor securities depository), each Series Three 2017A Bond shall contain or have endorsed thereon the following legend:

AS PROVIDED IN THE RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE RESOLUTION TO THE CONTRARY, (A) THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR A NOMINEE OF DTC, OR BY DTC OR A NOMINEE OF DTC TO ANY SUCCESSOR SECURITIES DEPOSITORY OR ANY NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE

THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE RESOLUTION.

In addition, so long as DTC shall serve as securities depository for the Series Three 2017A Bonds, each Series Three 2017A Bond shall contain or have endorsed thereon the following legend:

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC OR ITS NOMINEE OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, CEDE & CO., AS NOMINEE OF DTC, HAS AN INTEREST HEREIN.

No. R- \$

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF JACKSONVILLE
JEA
ELECTRIC SYSTEM REVENUE BOND, SERIES THREE 2017A

MATURITY DATE INTEREST RATE ORIGINAL ISSUE DATE CUSIP
October 1, _____ _____, 20____

Registered Owner:

Principal Sum:

KNOW ALL MEN BY THESE PRESENTS, that JEA, a body politic and corporate under the laws of the State of Florida, and an independent agency of the City of Jacksonville, Florida (hereinafter called the "City"), for value received, hereby promises to pay to the Registered Owner specified above on the Maturity Date specified above solely from the revenues and other amounts hereinafter mentioned the Principal Sum specified above and to pay solely from such revenues and other amounts interest thereon to the Registered Owner hereof at the rate per annum specified above, from the Original Issue Date specified above or from the most recent interest payment date to which interest has been paid, until payment of the Principal Sum, such interest to the payment hereof being payable in lawful money of the United States of America semiannually on April 1 and October 1 in each year commencing [April 1] [October 1], 20_, by check or draft mailed to the Registered Owner at his address as it appears on the registration

books of the Registrar hereinafter mentioned on the Record Date (as defined in the Resolution hereinafter referred to). However, so long as this Bond and the issue of which it is one are held in book-entry form pursuant to the Resolution, the provisions of the Resolution governing such book-entry form shall govern repayment of the principal or redemption price of and interest on such bonds. The principal or redemption price of this Bond is payable in lawful money of the United States of America upon presentation and surrender of this Bond at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida.

This Bond is one of an authorized issue of bonds (the "Series Three 2017A Bonds") in the aggregate principal amount of \$_____ of like date, tenor and effect, except as to number, interest rate and date of maturity, issued to refund certain bonds of JEA previously issued to finance or refinance a portion of the costs of the construction and acquisition of additions, extensions and improvements to the electric system owned and operated by JEA, as defined in the Resolution (the "Electric System"), other than the generating facilities of the Electric System pursuant to the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof (collectively, the "Act"), and other applicable provisions of law, and a resolution duly adopted by JEA on March 30, 1982 (approved by ordinance of the Council of the City enacted on March 30, 1982), as amended, restated and supplemented, including as amended and supplemented by a resolution duly adopted by JEA on August 16, 1988 authorizing the Series Three Bonds (approved by ordinance of the Council of the City which became effective on September 30, 1988), as amended and supplemented (hereinafter collectively called the "Resolution"), and is subject to all the terms and conditions of the Resolution.

[Insert Redemption Provisions]

The payment of the principal of and interest on the Series Three 2017A Bonds is secured by a first lien upon and pledge of (a) the Net Revenues (as defined in the Resolution) derived by JEA from the operation of the Electric System and (b) the amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund established pursuant to the Resolution as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such Net Revenues and amounts, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. In addition, as provided in the Resolution, the payment of the principal of and interest on the Series Three 2017A Bonds is additionally secured by a pledge of the amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund established pursuant to the Resolution as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such amounts, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. As provided in the Resolution, bonds of JEA may be issued from time to time in one or more installments, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of bonds which may be issued under the Resolution is not limited except as provided in the Resolution and in the Act, and all bonds

issued and to be issued under the Resolution (including the Series Three 2017A Bonds) are and will be equally and ratably secured by the pledge and covenants made therein, except as expressly provided or permitted in the Resolution.

This Bond and the issue of which it is one shall not be or constitute general obligations or indebtedness of the City or JEA as “bonds” within the meaning of the Constitution of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the Net Revenues and other amounts as provided in the Resolution. No holder of this Bond shall ever have the right to compel the exercise of the ad valorem taxing power of the City or of JEA, if any, or taxation in any form of any real property in the City to pay this Bond or the interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Resolution.

JEA has entered into certain further covenants with the owners of the Series Three 2017A Bonds for the terms of which reference is made to the Resolution.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the Laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Series Three 2017A Bonds does not violate any constitutional or statutory limitations or provisions.

This Bond is and has all the qualities and incidents of negotiable instruments under the laws of the State of Florida.

The Series Three 2017A Bonds are issuable as fully registered Bonds which may be exchanged for like aggregate principal amount of fully registered Series Three 2017A Bonds of like interest rate and maturity in denominations of \$5,000 and any integral multiple thereof. JEA and U.S. Bank National Association, or its successor, as Registrar, may charge the Registered Owner or the transferee or transferees, as the case may be, a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer of this Bond. The Registrar or JEA may also require payment from the Registered Owner or transferee of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Series Three 2017A Bond shall be delivered.

IN WITNESS WHEREOF, JEA has issued this Bond and has caused the same to be signed by its Chair or Vice-Chair and attested by its Secretary or an Assistant Secretary, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be affixed, imprinted or reproduced hereon.

Date: _____, 20____

JEA

(SEAL)

Chair or Vice-Chair

ATTESTED:

Secretary or Assistant Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION ON ALL
SERIES THREE 2017A BONDS]

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds delivered pursuant to the within mentioned Resolution.

Dated: _____, 20____

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Signatory

[Insert Statement of Insurance, if applicable.]

The following abbreviations, when used in the inscription on the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIF MIN ACT _____ (Cust.)
TEN ENT -	as tenants by the entireties	Custodian for _____ (Minor)
JT TEN	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act of _____ (State)

Additional abbreviations may also be used although not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to

[PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

the within bond and does hereby irrevocably constitute and appoint the Registrar as his agent to transfer the bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature guaranteed:

(Bank, Trust Company or Firm)

(Authorized Officer)

NOTICE: This signature to this assignment must correspond with the name of the registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SECTION 10. APPLICATION OF BOND PROCEEDS. The proceeds from the sale of the Series Three 2017A Bonds, together with other available funds of the Electric System shall be applied simultaneously with the delivery as follows:

(a) if applicable, there shall be delivered to the Escrow Agent, simultaneously with the delivery of the Series Three 2017A Bonds, for deposit in the Escrow Account (the "Escrow Account") to be created under the Escrow Deposit Agreement, an amount determined by an Authorized Officer of JEA as being equal to the amount necessary, when combined with the moneys, if any, transferred to the Escrow Account as provided in Section 11 hereof, to purchase such securities as are permitted by Section 17 of the Electric System Resolution, the principal of and interest to be received on which, together with any initial cash balance, will provide moneys which will be sufficient to pay when due the principal or redemption price, as applicable, of the Refunded Bonds being refunded thereby on the respective maturity dates of such Refunded Bonds or the date such Refunded Bonds are to be called for redemption, as applicable, and the interest to become due on such Refunded Bonds on and prior to such respective maturity or redemption dates, as the case may be;

(b) if applicable, an amount shall be deposited in the Initial Subaccount as determined by the Managing Director/CEO in the certificate referred to in Section 5 hereof relating to the Series Three 2017A Bonds; and

(c) all proceeds remaining after application as provided in subsections (a) and (b) hereof shall be deposited into the Construction Fund or a separate sub-account thereof and used for the purposes of paying the principal or redemption price, as applicable, of Refunded Bonds when due if the Refunded Bonds that are not being defeased within the meaning of Section 17 of the Electric System Resolution and paying costs of issuance of the Series Three 2017A Bonds.

SECTION 11. TRANSFER OF CERTAIN AMOUNTS. Subject to the provisions of the third paragraph of Section 13(B)(2) of the Electric System Resolution, simultaneously with the delivery of the Series Three 2017A Bonds, there shall be withdrawn from the Debt Service Account cash in an amount determined by an Authorized Officer of JEA as being not greater than the amount accumulated therein with respect to the Refunded Bonds to be refunded through the issuance of the Series Three 2017A Bonds. Such withdrawal shall, however, not be made if and to the extent that the effect thereof would cause the amounts on deposit in the Debt Service Account to be less than the amount required to be maintained therein after giving effect to the issuance of the Series Three 2017A Bonds and the refunding of the Refunded Bonds. There shall be transferred to the Escrow Agent, if any, for deposit in the Escrow Account the amount so withdrawn, otherwise, such amount shall be applied together with the funds described in Section 10(d) above to the payment of the Refunded Bonds.

Subject to the provisions of the fifth paragraph of Section 13(B)(3) of the Electric System Resolution, simultaneously with the delivery of the Series Three 2017A Bonds, there may be withdrawn from the Initial Subaccount of the Debt Service Reserve Account cash in an amount determined by an Authorized Officer of JEA as being not greater than the amount of the decrease in the Debt Service Reserve Requirement with respect to such Initial Subaccount due to the

defeasance of the Refunded Bonds being refunded through the issuance of the Series Three 2017A Bonds. There shall be transferred to the Escrow Agent, if any, for deposit in the Escrow Account the amount so withdrawn, otherwise, such amount shall be applied together with the funds described in Section 10(d) above to the payment of the Refunded Bonds.

SECTION 12. SERIES THREE 2017A BONDS TO CONSTITUTE ADDITIONALLY SECURED BONDS. In accordance with the provisions of clause (3) of subsection B of Section 13 of the Electric System Resolution, the Series Three 2017A Bonds shall be Additionally Secured Bonds, and the payment of the principal or sinking fund redemption price, if any, thereof and interest thereon shall be secured, in addition to the pledge created pursuant to the first sentence of the second paragraph of Section 11 of the Electric System Resolution in favor of all of the Bonds, by amounts on deposit in the Initial Subaccount. In furtherance of the foregoing, simultaneously with the authentication and delivery of the Series Three 2017A Bonds, JEA shall cause to be deposited to the credit of the Initial Subaccount cash from the proceeds of the Series Three 2017A Bonds, in an amount equal to the difference (if any) between (a) the Debt Service Reserve Requirement for the Initial Subaccount calculated immediately after the authentication and delivery of the Series Three 2017A Bonds and (b) the sum of the amounts then on deposit in the Initial Subaccount and the eligible reserve fund credit instruments credited thereto, if any.

SECTION 13. TAX COVENANTS. 1. JEA covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series Three 2017A Bonds under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the date of issuance of the Series Three 2017A Bonds concerning certain matters pertaining to the use of proceeds of the Series Three 2017A Bonds, including any and all exhibits attached thereto (the "Tax Certificate"). This covenant shall survive payment in full or defeasance of the Series Three 2017A Bonds.

2. Notwithstanding any provisions of this Section, if JEA shall obtain an opinion of nationally recognized municipal bond attorneys to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Series Three 2017A Bonds, JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

3. Notwithstanding any other provision of the Electric System Resolution to the contrary, (a) upon JEA's failure to observe or refusal to comply with the above covenants with respect to the Series Three 2017A Bonds, the holders of the Series Three 2017A Bonds shall be entitled to the rights and remedies provided to Bondholders under the Electric System Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all Series Three 2017A Bonds then outstanding, and the interest accrued thereon, to be due and

payable and (b) the holders of any Bonds other than the Series Three 2017A Bonds shall not be entitled to exercise any right or remedy provided to Bondholders under the Electric System Resolution based upon JEA's failure to observe, or refusal to comply with, the above covenants with respect to the Series Three 2017A Bonds.

SECTION 14. REDEMPTION OF REFUNDED BONDS. 1. The Refunded Bonds to be refunded by the Series Three 2017A Bonds are hereby designated for redemption and the Escrow Agent (if any) or the respective paying agents for such Refunded Bonds, as applicable, are hereby directed to redeem such Refunded Bonds on the respective dates determined by the Managing Director/CEO pursuant to clause (c) of the second paragraph of Section 5 hereof and at a redemption price equal to the principal amount of the Refunded Bonds to be redeemed plus the redemption premium(s) for the applicable redemption date(s) (in each case, together with the interest accrued thereon to the date fixed for redemption).

Such designation for redemption, and such direction to the Escrow Agent (if any) or the respective paying agents for the Refunded Bonds, as applicable, shall be, and hereby are declared to be, irrevocable upon the delivery of the Series Three 2017A Bonds to or upon the order of the Underwriters; *provided*, that notice of such redemption as provided below shall be revocable and conditional upon the issuance of the Series Three 2017A Bonds.

In order to effectuate this designation, on or prior to the applicable Delivery Date, an Authorized Officer of JEA shall give the Escrow Agent or the Registrar, as applicable, for any Refunded Bonds to be redeemed prior to maturity instructions to mail, postage prepaid, not less than 30 days (or such lesser period as permitted by the applicable supplemental resolution(s) for the Refunded Bonds) prior to the redemption date therefor, to (i) all registered owners of such Refunded Bonds at their addresses as they appear of record on the books of the Registrar as of 45 days (or such lesser number of days as is permitted pursuant to the applicable supplemental resolution(s) for the Refunded Bonds) prior to such redemption date and (ii) the paying agent for such Refunded Bonds (or its successor), a notice of redemption in substantially the following form:

REVOCABLE NOTICE OF [PARTIAL] REDEMPTION

JEA

**ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE
DESCRIBED BELOW**

Notice is hereby given to the holders of the outstanding JEA Electric System Revenue Bonds, Series Three described below (the "Bonds") that the Bonds have been called for redemption prior to maturity on _____, 201_ in accordance with their terms at a redemption price of 100 percent of the principal amount thereof [, together with accrued interest thereon to _____, 201_]. **[The source of funds to be used for such redemption is certain moneys heretofore deposited with _____, as Escrow Agent.]**

<u>Series Three</u>	<u>Maturity Date</u> <u>(October 1)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>CUSIP</u>
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THIS CALL FOR REDEMPTION IS REVOCABLE AND IS CONDITIONED UPON THE ISSUANCE BY JEA OF ITS SERIES THREE 2017A BONDS TO REFUND SUCH BONDS ON OR PRIOR TO _____, 201_. In the event that JEA's refunding bonds are not issued on or prior to 201_, this notice shall be of no further force or effect and the Bonds shall continue to bear interest until paid at the same rates they would have borne had this notice not been given. If JEA's refunding bonds are not issued on or prior to 201_, the undersigned, on behalf of JEA, shall give notice forthwith of such fact to the holders of the Bonds, and this notice shall thereupon be revoked and shall be of no further force and effect.

Subject to the foregoing, the redemption price of and accrued interest on the Bonds shall become due and payable on _____, 201_ and from and after 201_ interest on the Bonds shall cease to accrue and be payable.

Holders of the Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal corporate trust offices of [specify names of current Paying Agents].

Dated this _____ day of _____, 201_.

JEA

By _____
as [Escrow Agent/Registrar]

SECTION 15. AUTHORIZATION AND APPROVAL OF THE NEGOTIATED SALE OF THE SERIES THREE 2017A BONDS AND EXECUTION AND DELIVERY OF THE BOND PURCHASE AGREEMENT; DELEGATION OF AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH. The terms and conditions of the bond purchase agreement between JEA and the Underwriters, providing for the negotiated sale and purchase of the Series Three 2017A Bonds, in substantially the form attached hereto as Exhibit "A" (the "Bond Purchase Agreement"), are hereby approved. At such time or times as the Managing Director/CEO of JEA shall determine is advantageous to JEA, such officer shall execute and deliver the Bond Purchase Agreement (with such changes as are necessary to reflect, among other things, the terms of the Series Three 2017A Bonds, such determination to be evidenced by the execution and delivery thereof; provided, however, that at or prior to the time of the execution and delivery of the Bond Purchase Agreement, JEA shall have received from the senior managing underwriter the disclosure statement required pursuant to Section 218.385(6), Florida Statutes. The purchase price of the Series Three 2017A Bonds to be paid by the Underwriters pursuant to the Bond Purchase Agreement shall be determined as provided in Section 5 hereof, subject to the limitations set forth therein.

SECTION 16. APPOINTMENT OF BOND REGISTRAR AND PAYING AGENT. U.S. Bank National Association is hereby appointed as Bond Registrar and Paying Agent for the Series Three 2017A Bonds.

SECTION 17. AUTHORIZATION OF AUTHENTICATION. In the event that the Managing Director/CEO shall determine that it is desirable to sell and issue Series Three 2017A Bonds as provided herein, U.S. Bank National Association, as Bond Registrar for the Series Three 2017A Bonds, is hereby requested and authorized to authenticate and deliver such Series Three 2017A Bonds in the aggregate principal amount determined as provided in Section 5 hereof, to or upon the order of the Underwriters, upon payment to JEA of the sum to be specified in the Bond Purchase Agreement.

SECTION 18. APPOINTMENT OF ESCROW AGENT AND AUTHORIZATION AND APPROVAL OF ESCROW DEPOSIT AGREEMENT. The Managing Director/CEO is hereby authorized to appoint U.S. Bank National Association, The Bank of New York Mellon Trust Company, N.A. or any other bank or trust company selected pursuant to JEA's purchasing code to act as Escrow Agent under the Escrow Deposit Agreement. The Escrow Deposit Agreement is hereby approved in substantially the form attached hereto as Exhibit "C." The Escrow Deposit Agreement may be executed and delivered as provided in Section 23 hereof. Pursuant to the Escrow Deposit Agreement, the Escrow Agent may be directed to invest the funds held thereunder in the manner provided therein.

In connection with the refunding of the Refunded Bonds as provided herein, each Authorized Officer of JEA is hereby authorized, if deemed desirable, to cause proceeds of the Series Three 2017A Bonds and other available amounts, and earnings thereon, to be invested in United States Treasury Securities — State and Local Government Series ("SLGS") or other obligations permitted to be used to accomplish the defeasance of such Refunded Bonds in such amounts, at such times, maturing at such times and having such rate or rates of interest as any Authorized Officer of JEA shall determine is necessary or desirable; and each such Authorized Officer of JEA and, upon receipt of instructions from an Authorized Officer of JEA, any authorized officer of the Escrow Agent is hereby authorized in the name and on behalf of JEA to submit subscriptions to the Bureau of Public Debt of the United States Department of the Treasury for the purchase of book-entry form SLGS, and to take such other action as such person deems necessary or appropriate to effectuate such purposes or to purchase such other obligations.

SECTION 19. APPROVAL OF THE FORM AND USE OF PRELIMINARY OFFICIAL STATEMENT. The form and use of a preliminary official statement for the Series Three 2017A Bonds, in substantially the form attached hereto as Exhibit "B" (the "Draft Preliminary Official Statement"), is hereby authorized and approved in connection with the offering and sale of the Series Three 2017A Bonds.

In the event that the Managing Director/CEO shall determine that it is desirable to issue and sell the Series Three 2017A Bonds as provided herein, the Managing Director/CEO is hereby authorized and directed to cause to be prepared a Preliminary Official Statement with respect to such bonds in substantially the form of the Draft Preliminary Official Statement and with such changes thereto as are necessary so that such Preliminary Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and, in such case, to cause such Preliminary Official Statement to be used in connection with the offering and sale of the Series Three 2017A Bonds and, if applicable, the Managing Director/CEO, the Chief Financial Officer or the Treasurer of

JEA are hereby authorized to deem said Preliminary Official Statement final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. In the event that the Managing Director/CEO shall cause to be prepared a Preliminary Official Statement for such Series Three 2017A Bonds as aforesaid, an Official Statement relating to the Series Three 2017A Bonds, in substantially the form of said Preliminary Official Statement, with such changes thereto as are necessary (a) to reflect the terms of such Series Three 2017A Bonds and (b) so that such Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, is hereby authorized and approved for use in connection with the offering and sale of such Series Three 2017A Bonds. In such event, such Official Statement shall be executed as provided in Section 23 hereof.

SECTION 20. APPROVAL WITH RESPECT TO REGISTRATION OR QUALIFICATION OF THE AUTHORIZED BONDS UNDER THE BLUE SKY OR SECURITIES LAWS OF VARIOUS STATES. The Authorized Officers of JEA shall be, and hereby are, authorized in the name and on behalf of JEA, to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of the Series Three 2017A Bonds for issue, offer, sale or trade under the Blue Sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports, consents to service of process, appointments of attorneys to receive service of process and other papers and instruments which may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the Underwriters.

SECTION 21. CONTINUING DISCLOSURE. For the benefit of holders and beneficial owners from time to time of the Series Three 2017A Bonds, JEA agrees, as an obligated person with respect to the Series Three 2017A Bonds under Rule 15c2-12, to provide or cause to be provided such financial information and operating data, audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5) of Rule 15c2-12. In order to describe and specify certain terms of JEA's continuing disclosure agreement for that purpose, and thereby to implement that agreement, including provisions for enforcement, amendment and termination, the Authorized Officers of JEA are, and each of them hereby is, authorized and directed to sign and deliver, in the name and on behalf of JEA, a Continuing Disclosure Agreement with respect to the Series Three 2017A Bonds substantially in the form of Appendix C to the Draft Preliminary Official Statement, with any changes or amendments that are not inconsistent with this resolution and not substantially adverse to JEA and that are approved by the Authorized Officer of JEA executing the same on behalf of JEA, all of which shall be conclusively evidenced by the signing of that agreement or amendments to it. The agreement formed, collectively, by this paragraph and that agreement, shall be JEA's continuing disclosure agreement with respect to the Series Three 2017A Bonds for purposes of Rule 15c2-12, and its performance shall be subject to the annual appropriation of any funds that may be necessary to perform it.

The Authorized Officers of JEA are, and each of them hereby is, further authorized and directed to take such actions as shall be necessary to comply with each such continuing

disclosure agreement, including timely provision of information and notices. Prior to making any filing in accordance with any such agreement or providing notice of the occurrence of any other events, any such officer of JEA shall consult with and obtain legal advice from, as appropriate, the Office of the General Counsel and bond or other qualified independent special counsel selected by JEA. Any such officer of JEA, acting in the name and on behalf of JEA, shall be entitled to rely upon any such legal advice in determining whether a filing should be made.

SECTION 22. REPRESENTATIONS AND COVENANTS REGARDING THE PLEDGE OF THE ELECTRIC SYSTEM RESOLUTION. JEA represents that, pursuant to the Act, the Electric System Resolution creates a valid, binding and irrevocable first lien on (a) the Net Revenues derived from the operation of the Electric System and (b) the amounts on deposit in the Revenue Fund and the Debt Service Account as may from time to time be available therefor (collectively, the “Pledged Assets”), in each such case, prior and superior to all other liens or encumbrances on such Net Revenues and amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, for the benefit of the Holders of the Electric System Bonds, including the Series Three 2017A Bonds, as security for the payment of the Electric System Bonds, including the Series Three 2017A Bonds, to the extent set forth therein, enforceable in accordance with the terms thereof.

JEA has not heretofore made or granted a pledge or assignment of, lien on or security interest in the Pledged Assets that ranks on a parity with or prior to the lien and pledge made or granted in the Electric System Resolution. JEA shall not hereafter make or grant a pledge or assignment of, lien on or security interest in such Pledged Assets that ranks prior to or on a parity with the lien and pledge made or granted in the Electric System Resolution, except as expressly permitted thereby.

SECTION 23. AUTHORIZATION OF THE EXECUTION AND DELIVERY OF AUTHORIZED BONDS AND RELATED DOCUMENTS. The Authorized Officers of JEA are hereby authorized to execute the Series Three 2017A Bonds, the Bond Purchase Agreement, the Escrow Deposit Agreement, if any, the Continuing Disclosure Agreement and the Official Statement, each subject to completion thereof, and with such changes therein as they may approve as necessary and desirable and in the best interest of JEA, such approval to be evidenced by the execution and delivery thereof; *provided, however*, that the Series Three 2017A Bonds shall be executed and delivered pursuant to the Electric System Resolution and applicable law. The Secretary or an Assistant Secretary of JEA is hereby authorized (but not required) to cause the seal of JEA to be affixed to the Series Three 2017A Bonds and the foregoing documents and to attest the same. Such Authorized Officers of JEA are each hereby authorized to deliver such Series Three 2017A Bonds and documents on behalf of JEA.

SECTION 24. [RESERVED]

SECTION 25. FURTHER ACTIONS. Each Authorized Officer of JEA is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all administrative acts and things as may be necessary or desirable in connection with: the approval, execution and delivery of the Bond Purchase

Agreement, the Escrow Deposit Agreement, if any, and the Continuing Disclosure Agreement; and the carrying out of their terms and the terms of the Electric System Resolution and this Resolution; the issuance, sale, execution and delivery of the Series Three 2017A Bonds, the refunding and redemption of the Refunded Bonds; and the use of the Preliminary Official Statement and the Official Statement. Without limiting the generality of the foregoing, the Managing Director/CEO is hereby authorized to execute the certificates referred to in Section 5 hereof. In the absence of the Managing Director/CEO for any reason, the authority granted to him in this resolution is hereby delegated to the Vice President and General Manager, Electric System, the Chair of JEA's governing board and the Chair of the Finance and Audit Committee of JEA's governing board, in that order.

SECTION 26. [RESERVED]

SECTION 27. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this resolution should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed to be severable from the remaining provisions hereof and shall in no way affect the validity or enforceability of such remaining provisions.

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SECTION 28. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.

ADOPTED THIS 15TH DAY OF NOVEMBER, 2016.



JEA

ATTEST:

Secretary

Approved as to Form:

Office of General Counsel

EXHIBIT A

FORM OF BOND PURCHASE AGREEMENT

EXHIBIT B

FORM OF PRELIMINARY OFFICIAL STATEMENT

EXHIBIT C

FORM OF ESCROW DEPOSIT AGREEMENT

RESOLUTION NO. 2016-18

JEA

Not To Exceed

\$150,000,000

**Electric System Subordinated
Revenue Bonds, 2017 Series A**

**FIFTY-FOURTH SUPPLEMENTAL SUBORDINATED
ELECTRIC SYSTEM RESOLUTION**

Adopted November 15, 2016

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**FIFTY-FOURTH SUPPLEMENTAL SUBORDINATED
ELECTRIC SYSTEM RESOLUTION**

A RESOLUTION OF JEA SUPPLEMENTING THE RESOLUTION OF JEA ADOPTED ON AUGUST 16, 1988, AUTHORIZING THE ISSUANCE IN ONE OR MORE SERIES OF ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, AS SUPPLEMENTED AND AMENDED; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$150,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, 2017 SERIES A REDUCED BY THE AGGREGATE PRINCIPAL AMOUNT OF ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE 2017 A OF JEA ISSUED UNDER RESOLUTION NO. 2016-17 OF JEA, ADOPTED ON NOVEMBER 15, 2016, FOR THE PURPOSE OF FINANCING THE REFUNDING OF CERTAIN OF JEA'S OUTSTANDING ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, AND PAYING THE COSTS OF ISSUANCE OF SUCH SUBORDINATED BONDS; ESTABLISHING CRITERIA FOR AND DELEGATING THE AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH; AUTHORIZING THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER TO AWARD THE SALE OF SAID SUBORDINATED BONDS IN ONE OR MORE SERIES TO THE UNDERWRITERS DESCRIBED HEREIN PURSUANT TO A NEGOTIATED SALE AND APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; APPOINTING U.S. BANK NATIONAL ASSOCIATION AS SUBORDINATED BOND REGISTRAR AND PAYING AGENT FOR SAID SUBORDINATED BONDS; PROVIDING FOR THE APPOINTMENT OF AN ESCROW AGENT FOR THE REFUNDED SUBORDINATED BONDS AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT; APPROVING THE FORM OF A DRAFT PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE SUBORDINATED BONDS AND AUTHORIZING THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, THE CHIEF FINANCIAL OFFICER OR THE TREASURER TO DEEM THE PRELIMINARY OFFICIAL STATEMENT FINAL FOR PURPOSES OF SEC RULE 15c2-12; AUTHORIZING THE APPROVAL AND EXECUTION OF A FINAL OFFICIAL STATEMENT WITH RESPECT TO SAID SUBORDINATED BONDS; AUTHORIZING THE REGISTRATION OR QUALIFICATION OF SAID SUBORDINATED BONDS UNDER THE BLUE SKY LAWS OF THE VARIOUS STATES; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE AGREEMENT; PROVIDING FEDERAL INCOME TAX COVENANTS; AUTHORIZING CERTAIN OFFICIALS OF JEA TO TAKE OTHER ACTIONS IN

CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SAID SUBORDINATED BONDS, THE REFUNDING AND REDEMPTION OF SAID REFUNDED SUBORDINATED BONDS; PROVIDING FOR SEVERABILITY AND CERTAIN OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED by JEA as follows:

**ARTICLE I
AUTHORITY, DEFINITIONS AND FINDINGS**

SECTION 101. Supplemental Subordinated Resolution. This Fifty-Fourth Supplemental Subordinated Electric System Resolution is adopted pursuant to Article 21 of the Charter of the City of Jacksonville, Florida (the “City”), as amended, and other applicable provisions of law and is supplemental to, and is adopted in accordance with, Article X of the resolution of JEA adopted on August 16, 1988 entitled “A Resolution of the Jacksonville Electric Authority authorizing the issuance of Electric System Subordinated Revenue Bonds of said Authority for the purpose of financing the construction and acquisition of additions, extensions and improvements to the Electric System of said Authority and the refunding of certain indebtedness of said Authority, and any other lawful purpose of said Authority relating to its Electric System; specifying definitions and the statutory authority therefor; specifying terms and conditions for the authorization and issuance of said Bonds; specifying general terms and provisions of said Bonds; specifying general terms for the redemption of said Bonds; providing for the payment and security of said Bonds and providing for the establishment of Funds and application thereof; making certain covenants and agreements with the Holders of said Bonds; establishing Events of Default and remedies therefor; providing for the rights and responsibilities of the Fiduciaries; providing for amending and supplementing such Resolution; providing certain other matters in connection with said Bonds; and providing an effective date,” as heretofore amended, restated and supplemented (the “Subordinated Resolution”).

SECTION 102. Definitions. 1. Except as provided by this Fifty-Fourth Supplemental Subordinated Electric System Resolution, all terms which are defined in Section 2 of the Electric System Resolution (as defined in the Subordinated Resolution) and in Section 1.01 of the Subordinated Resolution shall have the same meanings, respectively, herein as such terms are given in said Section 2 of the Electric System Resolution and in said Section 1.01 of the Subordinated Resolution. Words importing a singular number shall include the plural number in each case and vice versa, and words importing persons shall include business entities.

2. In this Fifty-Fourth Supplemental Subordinated Electric System Resolution, the following terms shall have the indicated meanings:

Advance Refunding Bonds shall mean 2017 Series A Subordinated Bonds, or a portion thereof, that are issued to refund Refunded Subordinated Bonds that will be paid or redeemed more than 90 days after the Delivery Date.

Bond Purchase Agreement shall mean the Bond Purchase Agreement to be entered into between JEA and the Underwriters named therein relating to the 2017 Series A Subordinated Bonds, the form of which is attached as Exhibit “A” to Resolution No. 2016-17.

Code shall mean the Internal Revenue Code of 1986, as amended.

Commercial Paper Notes shall mean outstanding JEA Electric System Commercial Paper Notes, Series C.

Continuing Disclosure Agreement shall mean the Continuing Disclosure Agreement to be delivered by JEA in connection with the issuance of the 2017 Series A Subordinated Bonds, a form of which is attached as Appendix D to the Draft Preliminary Official Statement.

Delivery Date shall mean the date of initial issuance and delivery of the 2017 Series A Subordinated Bonds (however such Subordinated Bonds are identified upon initial issuance and delivery pursuant to the certificate referred to in Section 203 hereof relating to the 2017 Series A Subordinated Bonds).

Draft Preliminary Official Statement shall mean the draft of the Preliminary Official Statement of JEA relating to, among other things, the 2017 Series A Subordinated Bonds attached as Exhibit “B” to Resolution No. 2016-17.

DTC shall mean The Depository Trust Company.

Escrow Agent shall mean the bank or trust company appointed as escrow agent under an Escrow Deposit Agreement, if any, and its duly appointed successors, such appointment, with respect to the 2017 Series A Subordinated Bonds, to be made in the certificate referred to in Section 203 hereof relating to the 2017 Series A Subordinated Bonds.

Escrow Deposit Agreement shall mean the escrow deposit agreement between JEA and an Escrow Agent that may be entered into concurrently with the issuance and delivery of the 2017 Series A Subordinated Bonds, a form of which is attached hereto as Exhibit “A.”

Fifty-Fourth Supplemental Subordinated Resolution shall mean this Fifty-Fourth Supplemental Subordinated Electric System Resolution (Resolution No. 2016-18), as from time to time amended or supplemented by Supplemental Subordinated Resolutions in accordance with the terms of the Subordinated Resolution. This Fifty-Fourth Supplemental Subordinated Resolution shall constitute a Supplemental Subordinated Resolution within the meaning of the Subordinated Resolution.

Letter of Representations shall mean the Blanket Issuer Letter of Representations, dated May 6, 2004, from JEA to DTC, providing for the issuance of certain obligations of JEA (including the 2017 Series A Subordinated Bonds) in book-entry form through the facilities of DTC.

Managing Director/CEO shall mean the Managing Director and Chief Executive Officer of JEA.

Refunded Subordinated Bonds shall mean, with respect to the 2017 Series A Subordinated Bonds, the Subordinated Bonds of the Series and maturities (and, if applicable, interest rates within maturities) and/or Commercial Paper Notes, in the respective principal amounts, to be refunded thereby, as identified by the Managing Director/CEO in the certificate described in Section 203 hereof relating to the 2017 Series A Subordinated Bonds.

Resolution No. 2016-17 shall mean Resolution No. 2016-17 of JEA adopted on the date of adoption hereof authorizing the issuance of JEA Electric System Revenue Bonds, Series Three 2017A.

Rule 15c2-12 shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

Sale Date with respect to the 2017 Series A Subordinated Bonds, shall mean the date on which JEA enters into a Bond Purchase Agreement with respect to the 2017 Series A Subordinated Bonds.

Series Three 2017A Bonds shall mean JEA's Electric System Revenue Bonds, Series Three 2017A, authorized by Section 4 of Resolution No. 2016-17.

Subordinated Bond Fund shall mean the Subordinated Bond Fund established pursuant to the Subordinated Resolution.

Underwriters shall mean any or all of the other investment banking firms under contract with JEA for the purpose of underwriting negotiated sales of JEA's debt named in the applicable Bond Purchase Agreement.

2017 Series A Subordinated Bonds shall mean the Electric System Subordinated Revenue Bonds, 2017 Series A of JEA authorized to be issued and sold pursuant to Article II of this Fifty-Fourth Supplemental Subordinated Resolution.

SECTION 103. Findings. It is hereby ascertained, determined and declared that:

A. Pursuant to the Subordinated Resolution, JEA has heretofore authorized the issuance of Subordinated Bonds in one or more Series.

B. Pursuant to its Ordinances 88-1108-554, 92-1411-902, 95-736-450, 1999-797-E, 2001-664-E, 2003-844-E, 2005-460-E, 2008-581-E and 2013-490-E, the Council of the City has authorized, among other things, the issuance and sale by JEA of Subordinated Bonds for the purposes, among others, of financing the refunding of any Subordinated Bonds.

C. It is in the best interests of JEA to provide for the refunding of the Refunded Subordinated Bonds to permit JEA to restructure and shorten the debt service on the Refunded Subordinated Bonds so that the debt is fully paid by October 1, 2019. .

D. It is in the best interests and serves a valid public purpose of JEA to issue and sell the 2017 Series A Subordinated Bonds as authorized herein for the purpose of providing all or a

portion of funds required to refund the Refunded Subordinated Bonds, and to pay the costs of issuance of the 2017 Series A Subordinated Bonds.

E. Because of the characteristics of the 2017 Series A Subordinated Bonds, prevailing and anticipated market conditions, the need for flexibility in timing the issuance of the 2017 Series A Subordinated Bonds, it is necessary and in the best interests of JEA to sell the 2017 Series A Subordinated Bonds at a negotiated sale to the Underwriters, upon satisfaction of the terms and conditions set forth herein and in the Bond Purchase Agreement.

F. Upon issuance in accordance with the terms hereof, the 2017 Series A Subordinated Bonds will constitute Subordinated Bonds under the Subordinated Resolution, entitled to all the security and benefits thereof.

G. The 2017 Series A Subordinated Bonds shall be limited obligations of JEA payable solely from and secured by a lien upon and pledge of (i) the amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, including investments, if any, thereof and (ii) the amounts on deposit in the Funds established under the Subordinated Resolution, including investments, if any, thereof, subject only to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application thereof for purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Resolution; *provided, however*, that such pledge shall be junior and subordinate in all respects to the Electric System Bonds as to lien on arid source and security for payment from the Revenues. The 2017 Series A Subordinated Bonds shall not constitute general obligations or indebtedness of the City or JEA as “bonds” within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a lien upon and pledge of the amounts provided in the Subordinated Resolution. In no event shall any owner of 2017 Series A Subordinated Bonds ever have the right to compel the ad valorem taxing power of the City or JEA, if any, or taxation of any form to pay the 2017 Series A Subordinated Bonds or be entitled to payment thereof from any other funds of the City or JEA.

H. Prior to the sale of the 2017 Series A Subordinated Bonds, the Underwriters will provide JEA with a disclosure statement containing the information required by Section 218.385(6), Florida Statutes. The Bond Purchase Agreement shall include a Truth-In-Bonding Statement pursuant to Section 218.385, Florida Statutes.

ARTICLE II AUTHORIZATION OF 2017 SERIES A SUBORDINATED BONDS

SECTION 201. Principal Amount, Designation and Series. Pursuant to the provisions of the Electric System Resolution and the Subordinated Resolution one or more Series of Subordinated Bonds entitled to the benefit, protection and security of the Subordinated Resolution in an aggregate principal amount not to exceed \$150,000,000 reduced by the aggregate principal amount of Series Three 2017 A Bonds issued under JEA Resolution No. 2016-17, adopted on November 15, 2016, are hereby authorized for the purpose of refunding

fixed rate Refunded Subordinated Bonds. Such Subordinated Bonds shall be designated as, and shall be distinguished from the Subordinated Bonds of all other Series by the title, "Electric System Subordinated Revenue Bonds, 2017 Series A"; *provided*, that the Managing Director/CEO may alter the year and letter designation of the 2017 Series A Subordinated Bonds as he deems appropriate to reflect the year of issue or sale of such 2017 Series A Subordinated Bonds, the designation of Subordinated Bonds previously issued and JEA's custom in identifying Subordinated Bonds or as he otherwise deems desirable. Notwithstanding any such alteration of the Series designation for the 2017 Series A Subordinated Bonds, references in this Fifty-Fourth Supplemental Subordinated Resolution to "2017 Series A Subordinated Bonds" shall include all Subordinated Bonds issued pursuant to the authority contained in this Section 201. The actual aggregate principal amount of the 2017 Series A Subordinated Bonds to be issued shall be determined by the Managing Director/CEO on or prior to the Sale Date therefor as the amount necessary to accomplish the purpose of which the 2017 Series A Subordinated Bonds are being issued, such determination to be set forth in the certificate referred to in Section 203 hereof to be executed with respect to the 2017 Series A Subordinated Bonds. Notwithstanding any other provision of the Subordinated Resolution or this Fifty-Fourth Supplemental Resolution, the 2017 Series A Subordinated Bonds shall be deemed to be a separate Series of Subordinated Bonds for all purposes of the Subordinated Resolution, including (without limitation) for the purpose of determining satisfaction of the conditions to the issuance of the 2017 Series A Subordinated Bonds set forth in Article II of the Subordinated Resolution.

The 2017 Series A Subordinated Bonds authorized to be issued hereunder may be sold pursuant to a Bond Purchase Agreement entered into not later than June 30, 2017.

SECTION 202. Purpose. The 2017 Series A Subordinated Bonds shall be issued for the purposes of: (1) financing the refunding of the Refunded Subordinated Bonds; and (2) paying the costs of issuance of the 2017 Series A Subordinated Bonds. Subject to complying with the criteria provided in Section 203 hereof, the refunding of the Refunded Subordinated Bonds is hereby authorized.

SECTION 203. Date(s), Maturities and Interest; Certain Determinations with Respect to the 2017 Series A Subordinated Bonds. The 2017 Series A Subordinated Bonds shall be issued as fully registered bonds in the denomination of \$5,000 each or integral multiples thereof, shall be numbered from 1 upward, shall bear interest from their respective dates (payable semiannually thereafter on April 1 and October 1 in each year, commencing on either of the October 1 or April 1 next following the Delivery Date of the 2017 Series A Subordinated Bonds, as determined by the Managing Director/CEO) at such rates per annum and shall mature on October 1 in such years and amounts, all as shall be determined by the Managing Director/CEO in the manner hereinafter set forth.

On or prior to the Sale Date for the 2017 Series A Subordinated Bonds, the Managing Director/CEO shall execute a certificate setting forth the following determinations:

- (a) the aggregate principal amount of the 2017 Series A Subordinated Bonds; *provided*, that, the aggregate principal amount of all 2017 Series A Subordinated Bonds

when added to the aggregate principal amount of all Series Three 2017A Bonds shall not exceed \$150,000,000;

(b) the year and letter and any other designation and the Delivery Date for the 2017 Series A Subordinated Bonds;

(c) the Refunded Subordinated Bonds to be refunded through the issuance of the 2017 Series A Subordinated Bonds and the date(s) on which such Refunded Subordinated Bonds are to be redeemed, which shall be such date as the Managing Director/CEO determines to be the earliest date on which such Refunded Subordinated Bonds may be redeemed in light of the circumstances then existing; and the identity of the Escrow Agent, if any, for such Refunded Subordinated Bonds and, if applicable, the Sinking Fund Installments to which the principal amount of the Refunded Subordinated Bonds shall be credited;

(d) the respective dates on which the 2017 Series A Subordinated Bonds shall mature and the principal amounts of each such maturity; *provided, however*, that the 2017 Series A Subordinated Bonds (i) shall have a weighted average life that is less than the remaining weighted average life of the Refunded Subordinated Bonds being refunded thereby; and (ii) shall have a final maturity date of no later than October 1, 2019;

(e) the respective rate or rates of interest to be borne by the 2017 Series A Subordinated Bonds maturing on each such date; *provided, however*, that the true interest cost of the 2017 Series A Subordinated Bonds shall not exceed 3.00 percent;

(f) the commencement date of interest payments on the 2017 Series A Subordinated Bonds, which shall be either of the October 1 or April 1 next following the Delivery Date of the 2017 Series A Subordinated Bonds;

(g) the 2017 Series A Subordinated Bonds are not subject to redemption prior to maturity;

(h) the identity of the senior managing underwriter and co-senior managing underwriter, if applicable, for the 2017 Series A Subordinated Bonds from any of the Underwriters; and

(i) the purchase price for the 2017 Series A Subordinated Bonds to be paid by the Underwriters pursuant to the applicable Bond Purchase Agreement; *provided, however*, that such purchase price shall result in compliance with the limitations set forth in this Section 203.

The 2017 Series A Subordinated Bonds shall bear interest from the Delivery Date therefor or, if one or more payments of interest on the 2017 Series A Subordinated Bonds has or have theretofore been made or duly provided for, from the most recent interest payment date to which interest has then been paid or duly provided for.

SECTION 204. Minimum Denomination, Dates, Numbers and Letters. The 2017 Series A Subordinated Bonds shall be issued in fully registered form in the denominations of \$5,000 or any integral multiple of \$5,000. The 2017 Series A Subordinated Bonds shall be dated the Delivery Date thereof. Unless an Authorized Officer of JEA shall otherwise direct, the 2017 Series A Subordinated Bonds shall be numbered, from one upward, preceded by the letter “R” prefixed to the number.

SECTION 205. Place of Payment; Appointment of Paying Agent and Subordinated Bond Registrar. Except as provided in paragraph 5 of Section 3.09 of the Subordinated Resolution and paragraph 3 of Section 206 hereof, the principal and Redemption Price of the 2017 Series A Subordinated Bonds shall be payable at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida (or such other city as may be designated by such bank), as Subordinated Bond Registrar and Paying Agent for the 2017 Series A Subordinated Bonds. The principal and Redemption Price of the 2017 Series A Subordinated Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Subordinated Resolution. Except as provided in paragraph 3 of Section 206 hereof, the interest on the 2017 Series A Subordinated Bonds shall be payable by check or draft of U.S. Bank National Association, as Paying Agent, mailed to the persons entitled thereto at the addresses of such persons shown on the registration books of JEA kept for that purpose at the office of U.S. Bank National Association, and such institution is hereby appointed Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds.

SECTION 206. Designation of the 2017 Series A Subordinated Bonds as Book Entry Subordinated Bonds; Appointment of Securities Depository for the 2017 Series A Subordinated Bonds. 1. Except as provided in paragraph 4 below, the 2017 Series A Subordinated Bonds are hereby authorized to be and shall be issued as Book Entry Subordinated Bonds within the meaning of and subject to Section 3.09 of the Subordinated Resolution.

2. DTC is hereby appointed as the initial Securities Depository for the 2017 Series A Subordinated Bonds.

3. The 2017 Series A Subordinated Bonds shall be initially issued in the form of a separate single, fully registered Bond in the amount of each such separate stated maturity (and, if applicable, each interest rate within a maturity) of the 2017 Series A Subordinated Bonds. Upon initial issuance, the ownership of the 2017 Series A Subordinated Bond shall be registered in the registry books of JEA kept by the Subordinated Bond Registrar in the name of Cede & Co. (“Cede”), as nominee of DTC. So long as DTC serves as Securities Depository for the 2017 Series A Subordinated Bonds, the registered holder of all 2017 Series A Subordinated Bonds shall be, and each of the 2017 Series A Subordinated Bonds shall be registered in the name of, Cede, as nominee of DTC. Upon delivery by DTC to JEA or the Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of the Subordinated Resolution, the word “Cede” in this Fifty-Fourth Supplemental Subordinated Resolution shall refer to such new nominee of DTC. So long as any 2017 Series A Subordinated Bond is registered in the name of Cede, as nominee of DTC in its capacity as Securities

Depository for the 2017 Series A Subordinated Bonds, all payments with respect to the principal or Redemption Price of, and interest on, such 2017 Series A Subordinated Bond and all notices with respect to such 2017 Series A Subordinated Bond shall be made or given, as the case may be, to DTC as provided in DTC's Operational Arrangements (as defined in the Letter of Representations); *provided, however*, that if a substitute securities depository shall be appointed, all payments with respect to the principal or Redemption Price of, and interest on, the 2017 Series A Subordinated Bonds and all notices with respect to the 2017 Series A Subordinated Bonds shall be made and given, respectively, to such substitute securities depository (or any nominee thereof) as provided in the procedures of such substitute securities depository.

4. (a) DTC may determine to discontinue providing its services as Securities Depository for the 2017 Series A Subordinated Bonds at any time by giving reasonable notice thereof to JEA or the Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds. Upon the discontinuance of the services of DTC as Securities Depository for the 2017 Series A Subordinated Bonds pursuant to the first sentence of this paragraph, JEA may within 90 days thereafter appoint a substitute securities depository which, in the opinion of JEA, is willing and able to undertake the functions of Securities Depository under the Subordinated Resolution upon reasonable and customary terms. In such event, and subject to the transfer provisions of the Subordinated Resolution, the word "DTC" in this Fifty-Fourth Supplemental Subordinated Resolution shall refer to such substitute securities depository and the word "Cede" in this Fifty-Fourth Supplemental Subordinated Resolution shall refer to the nominee, if any, of such substitute securities depository (or, if there shall be no such nominee, then the word "Cede" in this Fifty-Fourth Supplemental Subordinated Resolution shall refer to such substitute securities depository). If no such successor can be found within such period, the 2017 Series A Subordinated Bonds no longer shall be restricted to being registered in the registration books kept by the Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds in the name of a Securities Depository.

(b) In the event that the 2017 Series A Subordinated Bonds no longer shall be restricted to being registered in the registration books kept by the Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds in the name of a Securities Depository as provided in subparagraph (a) of this paragraph 4, (i) JEA shall execute and the Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds shall authenticate and deliver, upon presentation and surrender of the 2017 Series A Subordinated Bonds, Bond certificates as requested by the Securities Depository therefor of like aggregate principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial ownership interests in the 2017 Series A Subordinated Bonds and (ii) such Subordinated Bond Registrar shall notify the Paying Agents for the 2017 Series A Subordinated Bonds that the 2017 Series A Subordinated Bonds no longer are restricted to being registered in the registration books kept by such Subordinated Bond Registrar in the name of a Securities Depository.

SECTION 207. [Reserved].

SECTION 208. Application of Proceeds of 2017 Series A Subordinated Bonds.

In accordance with Article II of the Subordinated Resolution, the proceeds of the 2017 Series A Subordinated Bonds shall be applied simultaneously with the delivery of the 2017 Series A Subordinated Bonds as follows:

(a) if applicable, there shall be delivered to the Escrow Agent, simultaneously with the delivery of the 2017 Series A Subordinated Bonds, for deposit in the Escrow Account (the "Escrow Account") to be created under the Escrow Deposit Agreement executed in connection with the issuance of the 2017 Series A Subordinated Bonds, if any, an amount determined by an Authorized Officer of JEA as being equal to the amount necessary, when combined with the moneys, if any, transferred to the Escrow Account as provided in Section 209 hereof, to either (i) purchase such securities as are permitted by Section 9.01 of the Subordinated Resolution, the principal of and interest to be received on which, together with any initial cash balance, will provide moneys which will be sufficient to, or (ii) to be held uninvested to, pay when due the Redemption Price of the Refunded Subordinated Bonds being refunded thereby on the respective dates such Refunded Subordinated Bonds are to be called for redemption or mature and the interest to become due on such Refunded Subordinated Bonds on and prior to such respective redemption or maturity date; and

(b) all proceeds remaining after application as provided in subsections (a) and (b) hereof shall be deposited into the Subordinated Bond Construction Fund or a separate subaccount thereof simultaneously with the delivery of the 2017 Series A Subordinated Bonds and applied to pay, together with any funds transferred pursuant to Section 209, if applicable, the principal of and interest on the Refunded Subordinated Bonds being refunded thereby on the respective redemption or maturity dates therefor if an Escrow Account is not funded pursuant to (a) above and to pay costs of issuance of the 2017 Series A Subordinated Bonds.

SECTION 209. Transfer of Certain Amounts. In accordance with Section 5.05(6) of the Subordinated Resolution, simultaneously with the delivery of the 2017 Series A Subordinated Bonds, there shall be transferred from the Subordinated Bond Fund to the Escrow Agent, for deposit in the Escrow Account, or, if no such Escrow Account is established, to the Subordinated Bond Construction Fund or a separate subaccount thereof, monies in an amount determined by an Authorized Officer of JEA as being not greater than the amount accumulated therein with respect to the Refunded Subordinated Bonds to be refunded through the issuance of such 2017 Series A Subordinated Bonds. Such withdrawal shall, however, not be made unless immediately thereafter (a) such Refunded Subordinated Bonds are deemed to have been paid pursuant to the Subordinated Resolution and (b) the amount remaining in the Subordinated Bond Fund, after giving effect to the issuance of the 2017 Series A Subordinated Bonds and the refunding of the Refunded Subordinated Bonds of such Series being refunded thereby, shall not be less than the amount required to be maintained therein.

SECTION 210. Tax Covenants. 1. JEA covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would

adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2017 Series A Subordinated Bonds under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the date of issuance of the 2017 Series A Subordinated Bonds concerning certain matters pertaining to the use of proceeds of the 2017 Series A Subordinated Bonds, including any and all exhibits attached thereto (the "Tax Certificate"). This covenant shall survive payment in full or defeasance of the 2017 Series A Subordinated Bonds.

2. Notwithstanding any provisions of this Section, if JEA shall obtain an Opinion of Counsel of an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the 2017 Series A Subordinated Bonds, JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

3. Notwithstanding any other provision of the Subordinated Resolution to the contrary, (a) upon JEA's failure to observe or refusal to comply with the above covenants with respect to the 2017 Series A Subordinated Bonds, the Holders of the 2017 Series A Subordinated Bonds shall be entitled to the rights and remedies provided to Holders of Subordinated Bonds under the Subordinated Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all 2017 Series A Subordinated Bonds then outstanding, and the interest accrued thereon, to be due and payable and (b) the Holders of any Subordinated Bonds other than the 2017 Series A Subordinated Bonds shall not be entitled to exercise any right or remedy provided to Holders of Subordinated Bonds under the Subordinated Resolution based upon JEA's failure to observe, or refusal to comply with, the above covenants with respect to the 2017 Series A Subordinated Bonds.

SECTION 211. Redemption of Refunded Subordinated Bonds. 1. In the case of any Refunded Subordinated Bonds to be refunded by the 2017 Series A Subordinated Bonds that are to be redeemed prior to maturity, such Refunded Subordinated Bonds are hereby designated for redemption and the Escrow Agent (if any) or the respective Paying Agents therefor, as applicable, are hereby directed to redeem such Refunded Subordinated Bonds on the respective dates determined by the Managing Director/CEO pursuant to clause (c) of the second paragraph of Section 203 hereof and at a Redemption Price equal to the principal amount of the Subordinated Bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption.

2. The designation for redemption set forth in the foregoing paragraph 1, and the direction to the Escrow Agent (if any) or the respective Paying Agents for the Refunded Subordinated Bonds, as applicable, set forth therein, shall be, and hereby are declared to be, irrevocable upon the original issuance of the 2017 Series A Subordinated Bonds; *provided*, that

notice of such redemption as provided in 3. below shall be revocable and conditioned upon the issuance of the 2017 Series A Subordinated Bonds.

3. In order to effectuate such designation, on or prior to the applicable Delivery Date, an Authorized Officer of JEA shall give the Escrow Agent or the Subordinated Bond Registrar, as applicable, for any Refunded Subordinated Bonds to be redeemed prior to maturity instructions to mail, postage prepaid, not less than 30 days (or such lesser number of days as is permitted pursuant to the applicable supplemental resolution(s) for the Refunded Subordinated Bonds) prior to the redemption date therefor, to all registered owners of such Refunded Subordinated Bonds at their last addresses appearing on the registry books of JEA kept by the Subordinated Bond Registrar therefor, a notice of redemption in substantially the following form:

REVOCABLE NOTICE OF [PARTIAL] REDEMPTION

**JEA
[VARIABLE RATE] ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS,
____ SERIES ____**

Notice is hereby given to the holders of the outstanding JEA [Variable Rate] Electric System Subordinated Revenue Bonds, ____ Series __ described below (the "Bonds") that the Bonds have been called for redemption prior to maturity on _____, 201_ in accordance with their terms at a redemption price of 100 percent of the principal amount thereof, together with accrued interest thereon to _____, 201_.

<u>Series</u>	<u>Maturity Date</u> <u>(October 1)</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>CUSIP</u>
____ Series ____			\$_____	

THIS CALL FOR REDEMPTION IS REVOCABLE AND IS CONDITIONED UPON THE ISSUANCE BY JEA OF ITS REFUNDING BONDS FOR THE PURPOSE OF FINANCING THE REFUNDING OF THE BONDS ON OR PRIOR TO _____ 201_. In the event that such refunding bonds are not issued on or prior to _____ 201_, this notice shall be of no further force or effect and the Bonds shall continue to bear interest until paid at the same rates they would have borne had this notice not been given. If JEA's refunding bonds are not issued on or prior to _____ 201_, the undersigned, on behalf of JEA, shall give notice forthwith of such fact to the holders of the Bonds, and this notice shall thereupon be revoked and shall be of no further force and effect.

Subject to the foregoing, the redemption price of and accrued interest on the Bonds shall become due and payable on _____ 201_ and from and after _____ 201_ interest on the Bonds shall cease to accrue and be payable.

Holders of the Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal corporate trust office of [insert name of current Paying Agent].

Dated this _____ day of _____, 201_.

JEA

By _____,
as [Escrow Agent/Subordinated Bond Registrar]

**ARTICLE III
FORM OF 2017 SERIES A SUBORDINATED BONDS**

The form of the 2017 Series A Subordinated Bonds and the Subordinated Bond Registrar's certificate of authentication shall be of substantially the following tenor, with such variations, omissions and insertions as are required or permitted by the Subordinated Resolution:

[FORM OF 2017 Series A SUBORDINATED BONDS]

At such times as the 2017 Series A Subordinated Bonds are restricted to being registered in the registration books kept by the Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds in the name of DTC (or a successor Securities Depository), each 2017 Series A Subordinated Bond shall contain or have endorsed thereon the following legend:

AS PROVIDED IN THE SUBORDINATED RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE SUBORDINATED RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE SUBORDINATED RESOLUTION TO THE CONTRARY, (A) THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR A NOMINEE OF DTC, OR BY DTC OR A NOMINEE OF DTC TO ANY SUCCESSOR SECURITIES DEPOSITORY OR ANY NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE SUBORDINATED RESOLUTION.

In addition, so long as DTC shall serve as Securities Depository for the 2017 Series A Subordinated Bonds, each 2017 Series A Subordinated Bond shall contain or have endorsed thereon the following legend, which legend JEA hereby determines to be necessary or desirable:

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE SUBORDINATED BOND REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC OR ITS NOMINEE OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY 'TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, CEDE & CO., AS NOMINEE OF DTC, HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF JACKSONVILLE

JEA
ELECTRIC SYSTEM SUBORDINATED REVENUE BOND,
2017 Series A

R- \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
	October 1, ____	_____, 201_	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

JEA, a body politic and corporate and an independent agency of the City of Jacksonville, Florida (the "City"), organized and existing under and by virtue of the laws of the State of Florida, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner (stated above) or registered assigns, on the Maturity Date (stated above), but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida (such bank and any successors thereto being referred to herein as the "Paying Agent"), the Principal Amount (stated above) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay, but solely from the funds pledged therefor, interest on such Principal Amount in like coin or currency from the Original Issue Date (stated above), or, if one or more payments of interest has or have theretofore been made or duly provided for, from the most recent interest payment date to which

interest has been paid or duly provided for, payable on the first days of April and October in each year commencing on **[April 1] [October 1]**, 201_ or, if the date of this bond is after **[April 1] [October 1]**, commencing with the first April 1 or October 1 after the date of this bond, at a rate per annum equal to the Interest Rate (stated above), until JEA's obligation with respect to the payment of such Principal Amount shall be discharged; *provided, however*, that so long as this bond shall be restricted to being registered in the registration books of JEA in the name of the Securities Depository (as defined in the Subordinated Resolution hereinafter referred to) for this bond, the provisions of the Subordinated Resolution governing Book Entry Subordinated Bonds (as defined in the Subordinated Resolution) shall govern the manner of payment of the principal or redemption price of, and interest on, this bond. The interest so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Subordinated Resolution, be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day of the calendar month next preceding such interest payment date, such payment to be made by check or draft of the Paying Agent mailed to such person at the address shown on the registration books of JEA kept for that purpose at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida, or its successor, as Subordinated Bond Registrar for the bonds of the series of which this bond is one. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the person in whose name this bond is registered on the Regular Record Date, and shall be paid, in the manner described above, to the person in whose name this bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by such Subordinated Bond Registrar, notice whereof shall be given to holders of bonds of the series of which this bond is one not less than 10 days prior to such Special Record Date.

This bond is one of a duly authorized series of bonds of JEA designated as its "Electric System Subordinated Revenue Bonds, 2017 Series A" (herein sometimes called the "2017 Series A Subordinated Bonds"), in the aggregate principal amount of \$_____, issued pursuant to Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended (herein called the "Act") and under and pursuant to a resolution of JEA adopted on August 16, 1988, as amended, restated and supplemented, including (a) as amended and restated by a resolution of JEA adopted on January 18, 2000 and (b) as supplemented by Resolution No. 2016-18 of JEA entitled "Fifty-Fourth Supplemental Subordinated Electric System Resolution," adopted on November 15, 2016 authorizing the 2017 Series A Subordinated Bonds (the "Fifty-Fourth Supplemental Subordinated Resolution"; said resolution as amended, restated and supplemented, being herein called the "Subordinated Resolution"). As provided in the Subordinated Resolution, bonds, notes or other evidences of indebtedness of JEA may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Subordinated Resolution provided. All such bonds, notes or other evidences of indebtedness issued pursuant to the Subordinated Resolution are referred to herein as the "Subordinated Bonds."

As provided in the Subordinated Resolution, the Subordinated Bonds are special obligations of JEA payable solely from and secured as to payment of the principal of, premium, if any, and interest thereon, in accordance with their terms and the provisions of the Subordinated Resolution and are secured equally and ratably by a lien upon and a pledge of (i) the amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution (as defined in the Subordinated Resolution) as may from time to time be available therefor, including the investments, if any, thereof and (ii) the amounts on deposit in the Funds established under the Subordinated Resolution, including the investments, if any, thereof, subject only to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Resolution; *provided, however*, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund established pursuant to the Subordinated Resolution) shall be junior and subordinate in all respects to the Electric System Bonds (as defined in the Subordinated Resolution) as to lien on and source and security for payment from the Revenues (as defined in the Subordinated Resolution). This bond and the series of which it is one constitute Subordinated Bonds for all purposes of the Subordinated Resolution, and are payable from and secured, on a parity with the Subordinated Bonds heretofore issued by JEA, by a pledge of the amounts described in clauses (i) and (ii) above. In accordance with the provisions of the Subordinated Resolution, JEA reserves the right to issue additional Subordinated Bonds payable from and secured, on a parity with the 2017 Series A Subordinated Bonds, by a pledge of the amounts described in clauses (i) and (ii) above. Copies of the Subordinated Resolution are on file at the office of JEA and at the principal corporate trust office of the Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds, and reference to the Subordinated Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the security interest, pledge and covenants securing the Subordinated Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Subordinated Bonds with respect thereto and for the other terms and provisions thereof.

This bond and the issue of which it is one do not constitute general obligations or indebtedness of the City or JEA as “bonds” within the meaning of the Constitution of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the amounts as provided in the Subordinated Resolution and it is expressly agreed by the owner of this bond that such owner shall never have the right to compel the exercise of the ad valorem taxing power of the City or JEA, if any, or taxation in any form of any real property in the City to pay this bond or interest hereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Subordinated Resolution.

To the extent and in the manner permitted by the terms of the Subordinated Resolution, the provisions of the Subordinated Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by JEA, with the written consent of the holders of not less than a majority in principal amount of the Subordinated Bonds affected by such modification or amendment then outstanding under the Subordinated Resolution, and, in case such modification or amendment would change the terms of any sinking fund installment,

with such consent of the holders of not less than a majority in principal amount of the Subordinated Bonds of the particular series and maturity entitled to such sinking fund installment then outstanding; *provided, however*, that, if such modification or amendment will, by its terms, not take effect so long as any Subordinated Bonds of any specified like series and maturity remain outstanding under the Subordinated Resolution, the consent of the holders of such Subordinated Bonds shall not be required and such Subordinated Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Subordinated Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holder of such Subordinated Bond, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary (as defined in the Subordinated Resolution) without its written assent thereto.

The Subordinated Resolution also contains provisions permitting JEA, without the necessity for the consent of the holder of any Subordinated Bond, to modify or amend the Subordinated Resolution to cure ambiguities or defects in the Subordinated Resolution, to clarify the provisions of the Subordinated Resolution or to make any other modification or amendment which will not have a material adverse effect on the interests of Holders of the Subordinated Bonds, determined as provided in the Subordinated Resolution.

This bond is transferable, as provided in the Subordinated Resolution, only upon the books of JEA kept for that purpose at the above-mentioned office of the Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds, by the Registered Owner hereof in person, or by its duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to such Subordinated Bond Registrar duly executed by the Registered Owner or its duly authorized attorney, and thereupon a new fully registered bond or bonds, without coupons, and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Subordinated Resolution, and upon payment of the charges therein prescribed. JEA and each Fiduciary may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 2017 Series A Subordinated Bonds are issuable in the form of fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple of \$5,000.

[redemption provisions to be inserted here]

If less than all of the 2017 Series A Subordinated Bonds of like maturity (and, if applicable, interest rate within a maturity) are to be redeemed, the particular 2017 Series A Subordinated Bonds to be redeemed shall be selected in such manner as JEA in its discretion may deem fair and appropriate.

The 2017 Series A Subordinated Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be given by first class mail, postage prepaid, to the registered owners of the 2017 Series A Subordinated Bonds to be redeemed sent not less than 30 days before the redemption date, but failure of the owner of any 2017 Series A Subordinated Bond which is to be redeemed to receive any such notice by mail will not affect the validity of the proceedings for the redemption of 2017 Series A Subordinated Bonds. If notice of redemption shall have been given as aforesaid, on the redemption date so designated, (a) unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof and (b) if there shall be sufficient moneys available therefor, then the 2017 Series A Subordinated Bonds or portions thereof specified in said notice shall become due and payable on such redemption date, and if, on the redemption date, moneys for the redemption of all the 2017 Series A Subordinated Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 2017 Series A Subordinated Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond shall be payable, as to principal or redemption price hereof, and interest hereon, solely from the Revenues and other funds of JEA as provided in the Subordinated Resolution. No member, officer, agent or employee of JEA shall be individually or personally liable for the payment of the principal or redemption price of or interest on this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Subordinated Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2017 Series A Subordinated Bonds, together with all other indebtedness of JEA, comply in all respects with the applicable laws of the State of Florida including, particularly, the Act.

This bond shall not be entitled to any benefit under the Subordinated Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds of the Subordinated Bond Registrar's Certificate of Authentication hereon.

IN WITNESS WHEREOF, JEA has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chair or its Vice Chair, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary.

Dated: _____, 20__

(SEAL)

JEA

By: _____
[Vice] Chair

Attest:

[Assistant] Secretary

The following abbreviations, when used in the inscription on the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIF MIN ACT _____ (Cust.)
TEN ENT	- as tenants by the entireties	Custodian for _____ (Minor)
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act of _____ (State)

Additional abbreviations may also be used although not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to

PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

the within bond and does hereby irrevocably constitute and appoint the Subordinated Bond Registrar as his agent to transfer the bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature guaranteed:

(Bank, Trust Company or Firm)

(Authorized Officer)

NOTICE: This signature to this assignment must correspond with the name of the registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

[FORM OF SUBORDINATED BOND REGISTRAR'S
CERTIFICATE OF AUTHENTICATION]

**SUBORDINATED BOND REGISTRAR'S
CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Subordinated Bonds described in the within-mentioned Subordinated Resolution.

Dated: _____, 20__

U.S. BANK NATIONAL ASSOCIATION,
Subordinated Bond Registrar

By _____
Authorized Signatory

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**ARTICLE IV
MISCELLANEOUS**

SECTION 401. Authorization and Approval of the Negotiated Sale of the 2017 Series A Subordinated Bonds and Execution and Delivery of the Bond Purchase Agreement; Delegation of Authority to Determine Certain Matters in Connection Therewith. The terms and conditions of the bond purchase agreement(s) between JEA and the Underwriters, providing for the negotiated sale and purchase of the 2017 Series A Subordinated Bonds, in substantially the form attached to Resolution No. 2016-17 as Exhibit “A” (the “Bond Purchase Agreement”), are hereby approved. At such time or times as the Managing Director/CEO of JEA shall determine is advantageous to JEA, such officer shall execute and deliver the Bond Purchase Agreement(s) (with such changes as are necessary to reflect, among other things, the terms of the 2017 Series A Subordinated Bonds, such determination to be evidenced by the execution and delivery thereof); *provided, however*, that at or prior to the time of the execution and delivery of the Bond Purchase Agreement, JEA shall have received from the senior managing underwriter the disclosure statement required pursuant to Section 218.385(6), Florida Statutes. The purchase price of the 2017 Series A Subordinated Bonds to be paid by the Underwriters pursuant to the Bond Purchase Agreement shall be determined as provided in Section 203 hereof, subject to the limitations set forth therein.

SECTION 402. Appointment of Subordinated Bond Registrar and Paying Agent. U.S. Bank National Association is hereby appointed as Subordinated Bond Registrar and Paying Agent for the 2017 Series A Subordinated Bonds.

SECTION 403. Authorization of Authentication. In the event that the Managing Director/CEO shall determine that it is desirable to sell and issue 2017 Series A Subordinated Bonds, as provided herein, U.S. Bank National Association, as Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds, is hereby requested and authorized to authenticate and deliver such 2017 Series A Subordinated Bonds in the aggregate principal amount determined as provided in Section 203 hereof, to or upon the order of the Underwriters, upon payment to JEA of the sum to be specified in the Subordinated Bond Purchase Agreement.

SECTION 404. Appointment of the Escrow Agent and Authorization and Approval of the Escrow Deposit Agreement; Authorization to Purchase SLGS and Other Investments. The Managing Director/CEO is hereby authorized to appoint U.S. Bank National Association, The Bank of New York Mellon Trust Company, N.A. or any other bank or trust company selected pursuant to JEA’s purchasing code to act as Escrow Agent under the Escrow Deposit Agreement. The Escrow Deposit Agreement is hereby approved in substantially the form attached hereto as Exhibit “A.” The Escrow Deposit Agreement may be executed and delivered as provided in Section 409 hereof. Pursuant to the Escrow Deposit Agreement, the Escrow Agent may be directed to invest the funds held thereunder in the manner provided therein.

In connection with the refunding of the Refunded Subordinated Bonds as provided herein, each Authorized Officer of JEA is hereby authorized, if deemed desirable, to cause proceeds of the 2017 Series A Subordinated Bonds and other available amounts, and earnings

thereon, to be invested in United States Treasury Securities—State and Local Government Series (“SLGS”) or other obligations permitted to be used to accomplish the defeasance of such Refunded Subordinated Bonds in such amounts, at such times, maturing at such times and having such rate or rates of interest as any Authorized Officer of JEA shall determine is necessary or desirable; and each such Authorized Officer of JEA and, upon receipt of instructions from an Authorized Officer of JEA, any authorized officer of the Escrow Agent is hereby authorized in the name and on behalf of JEA to submit subscriptions to the Bureau of Public Debt of the United States Department of the Treasury for the purchase of book-entry form SLGS, and to take such other action as such person deems necessary or appropriate to effectuate such purposes or to purchase such other obligations.

SECTION 405. Approval of the Form and Use of Preliminary Official Statement and Official Statement. The form and use of a preliminary official statement for the 2017 Series A Subordinated Bonds, in substantially the form attached to Resolution No. 2016-17 as Exhibit “B” (the “Draft Preliminary Official Statement”), is hereby authorized and approved in connection with the offering and sale of the 2017 Series A Subordinated Bonds.

In the event that the Managing Director/CEO shall determine that it is desirable to issue and sell the 2017 Series A Subordinated Bonds as provided herein, the Managing Director/CEO is hereby authorized and directed to cause to be prepared a Preliminary Official Statement with respect to such bonds in substantially the form of the Draft Preliminary Official Statement and with such changes thereto as are necessary so that such Preliminary Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and, in such case, to cause such Preliminary Official Statement to be used in connection with the offering and sale of the 2017 Series A Subordinated Bonds and, if applicable, the Treasurer of JEA is hereby authorized to deem said Preliminary Official Statement final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. In the event that the Managing Director/CEO shall cause to be prepared a Preliminary Official Statement for the 2017 Series A Subordinated Bonds as aforesaid, an Official Statement relating to the 2017 Series A Subordinated Bonds, in substantially the form of said Preliminary Official Statement, with such changes thereto as are necessary (a) to reflect the terms of the 2017 Series A Subordinated Bonds and (b) so that such Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, is hereby authorized and approved for use in connection with the offering and sale of the 2017 Series A Subordinated Bonds. In such event, such Official Statement shall be executed as provided in Section 409 hereof.

SECTION 406. Approval With Respect to Registration or Qualification of the Authorized Bonds Under the Blue Sky or Securities Laws of Various States. The Authorized Officers of JEA shall be, and hereby are, authorized in the name and on behalf of JEA, to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of the 2017 Series A Subordinated Bonds for issue, offer, sale or trade under the Blue Sky or securities laws of any of the states of the

United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports, consents to service of process, appointments of attorneys to receive service of process and other papers and instruments which may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the Underwriters.

SECTION 407. Continuing Disclosure. For the benefit of holders and beneficial owners from time to time of the 2017 Series A Subordinated Bonds, JEA agrees, as an obligated person with respect to the 2017 Series A Subordinated Bonds under Rule 15c2-12, to provide or cause to be provided such financial information and operating data, audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5) of Rule 15c2-12. In order to describe and specify certain terms of JEA's continuing disclosure agreement for that purpose, and thereby to implement that agreement, including provisions for enforcement, amendment and termination, the Authorized Officers of JEA are, and each of them hereby is, authorized and directed to sign and deliver, in the name and on behalf of JEA, a Continuing Disclosure Agreement with respect to the 2017 Series A Subordinated Bonds substantially in the form of Appendix D to the Draft Preliminary Official Statement, with any changes or amendments that are not inconsistent with this Fifty-Fourth Supplemental Subordinated Resolution and not substantially adverse to JEA and that are approved by the Authorized Officer of JEA executing the same on behalf of JEA, all of which shall be conclusively evidenced by the signing of that agreement or amendments to it. The agreement formed, collectively, by this paragraph and that agreement, shall be JEA's continuing disclosure agreement with respect to the 2017 Series A Subordinated Bonds for purposes of Rule 15c2-12, and its performance shall be subject to the annual appropriation of any funds that may be necessary to perform it.

The Authorized Officers of JEA are, and each of them hereby is, further authorized and directed to take such actions as shall be necessary to comply with each such continuing disclosure agreement, including timely provision of information and notices. Prior to making any filing in accordance with any such agreement or providing notice of the occurrence of any other events, any such officer of JEA shall consult with and obtain legal advice from, as appropriate, the Office of the General Counsel and bond or other qualified independent special counsel selected by JEA. Any such officer of JEA, acting in the name and on behalf of JEA, shall be entitled to rely upon any such legal advice in determining whether a filing should be made.

SECTION 408. Representations and Covenants Regarding the Pledge of the Subordinated Resolution. JEA represents that, pursuant to the Act, the Subordinated Resolution creates a valid and binding lien on (i) the amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, including the investments, if any, thereof and (ii) the amounts on deposit in the Funds established under the Subordinated Resolution, including the investments, if any, thereof (collectively, the "Subordinate Lien Pledged Assets"), in each such case, except as described below, prior and superior to all other liens or encumbrances on such amounts, subject only to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the

application thereof for the purposes and on the terms and conditions set forth therein, for the benefit of the Holders of the Subordinated Bonds, including the 2017 Series A Subordinated Bonds, as security for the payment of the Subordinated Bonds, including the 2017 Series A Subordinated Bonds, to the extent set forth therein, enforceable in accordance with the terms thereof; *provided, however*, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund) is junior and subordinate in all respects to the Electric System Bonds as to lien on and source and security for payment from the Revenues.

Except for the pledge and lien created by the Electric System Resolution in favor of the holders of the Electric System Bonds, JEA has not heretofore made or granted a pledge or assignment of, lien on or security interest in the Subordinate Lien Pledged Assets that ranks on a parity with or prior to the lien and pledge made or granted in the Subordinated Resolution. JEA shall not hereafter make or grant a pledge or assignment of, lien on or security interest in such Subordinate Lien Pledged Assets that ranks prior to or on a parity with the lien and pledge made or granted in the Subordinated Resolution, except as expressly permitted thereby.

SECTION 409. Authorization of the Execution and Delivery of 2017 Series A Subordinated Bonds and Related Documents. The Authorized Officers of JEA are hereby authorized to execute the 2017 Series A Subordinated Bonds, the Bond Purchase Agreement, the Escrow Deposit Agreement, if any, the Continuing Disclosure Agreement and the Official Statement, each subject to completion thereof, and with such changes therein as they may approve as necessary and desirable and in the best interest of JEA, such approval to be evidenced by the execution and delivery thereof; *provided, however*, that the 2017 Series A Subordinated Bonds shall be executed and delivered pursuant to the Subordinated Resolution and applicable law. The Secretary or an Assistant Secretary of JEA is hereby authorized (but not required) to cause the seal of JEA to be affixed to the 2017 Series A Subordinated Bonds and the foregoing documents and to attest the same. Such Authorized Officers of JEA are each hereby authorized to deliver such 2017 Series A Subordinated Bonds and documents on behalf of JEA.

SECTION 410. [Reserved]

SECTION 411. Further Actions. Each Authorized Officer of JEA is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all administrative acts and things as may be necessary or desirable in connection with: the approval, execution and delivery of the Bond Purchase Agreement, the Escrow Deposit Agreement, if any, and the Continuing Disclosure Agreement; and the carrying out of their terms and the terms of the Electric System Resolution, the Subordinated Resolution and this Fifty-Fourth Supplemental Resolution; the issuance, sale, execution and delivery of the 2017 Series A Subordinated Bonds, and the refunding and redemption of the Refunded Subordinated Bonds; and the use of the Preliminary Official Statement and the Official Statement. Without limiting the generality of the foregoing, the Managing Director/CEO is hereby authorized to execute the certificates referred to in Section 203 hereof. In the absence of the Managing Director/CEO for any reason, the authority granted to him in this resolution is hereby delegated to the Vice President and General Manager, Electric Systems, the Chair of JEA's governing board and the Chair of the Finance and Audit Committee of JEA's governing board, in that order.

SECTION 412. [Reserved]

SECTION 413. Severability. If any one or more of the covenants, agreements or provisions of this resolution should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed to be severable from the remaining provisions hereof and shall in no way affect the validity or enforceability of such remaining provisions.

[Remainder of page intentionally left blank]

SECTION 414. Effective Date. This Fifty-Fourth Supplemental Subordinated Resolution shall take effect immediately upon its adoption.

ADOPTED THIS 15TH DAY OF NOVEMBER, 2016.



JEA

ATTEST:

Secretary

Approved as to Form:

By: _____
Office of General Counsel

EXHIBIT A

ESCROW DEPOSIT AGREEMENT

BOND PURCHASE AGREEMENT

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida 32202

Re: \$000,000,000 JEA Electric System Revenue Bonds, Series Three 2017A
\$000,000,000 JEA Electric System Subordinated Revenue Bonds, 2017 Series A

Ladies and Gentlemen:

The Underwriters (as defined below) jointly and severally hereby propose to purchase all (but not less than all) of the Bonds (as defined below) from JEA, a public body corporate and politic organized and existing under the laws of the State of Florida, and to make a public offering of the Bonds subject to the acceptance of this proposal by JEA on or before 5:00 p.m. local time then prevailing in Jacksonville, Florida, on _____, 20__, and subject to the following provisions:

Section 1. Definitions. The following terms shall have the following meanings in this Agreement unless another meaning is plainly intended:

“2017 Series A Subordinated Bonds” means JEA’s Electric System Subordinated Revenue Bonds, 2017 Series A in the aggregate principal amount of \$000,000,000 with maturities, amounts, interest rates and yields as described in Annex A hereto and as further described in the Final Official Statement.

“Accountants” means Ernst & Young LLP, independent certified public accountants.

“Agreed Upon Procedures Letter” means the letter from the Accountants to the governing body of JEA and the Representative in a form acceptable to JEA and the Representative and with the procedures described therein to be applied at least through _____, 20__, the date of the last meeting of the Board of JEA prior to the Closing.

“Agreement” means this Bond Purchase Agreement between the Representative, acting on behalf of the Underwriters and JEA.

“Annual Report” means the document entitled “Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2015 of JEA dated as of April 19, 2016 included by reference in the Official Statements to the extent described under the caption “INTRODUCTION – Inclusion of Information” therein.

“Bond Counsel” means _____, _____, _____.

“Bond Registrar” means U.S. Bank National Association or its corporate successor, in its capacity as Bond Registrar, Subordinated Bond Registrar and Paying Agent, as the case may be, for the Bonds under the Electric System Resolution and the Subordinated Electric System Resolution, respectively.

“Bonds” means, collectively, the Series Three 2017A Bonds and the 2017 Series A Subordinated Bonds.

“City” means the City of Jacksonville, Florida.

“Closing” refers to the transaction at which the Bonds are delivered by JEA to or on behalf of the Underwriters, and paid for by the Underwriters, pursuant to this Agreement.

“Closing Date” means the date specified in Section 7 hereof, or such other date as is mutually agreeable to the Representative and JEA pursuant to Section 7 hereto.

“Closing Documents” means the documents described in Section 8 hereof and required to be delivered to the Underwriters at the Closing.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Continuing Disclosure Agreement” means the agreement of JEA to be dated the Closing Date in substantially the form set forth in Appendix D to the Preliminary Official Statement.

“DTC” means The Depository Trust Company.

“Electric System Resolution” means the resolution of JEA adopted on March 30, 1982, as supplemented, amended and restated, particularly as supplemented by Resolution No. 2016-17 adopted on November 15, 2016.

“Escrow Agent” means _____.

“Escrow Deposit Agreement” means the Escrow Deposit Agreement to be delivered in connection with the issuance of the Bonds between JEA and the Escrow Agent relating to the refunding of the Refunded Bonds.

“Final Official Statement” means the final Official Statement of JEA relating to the Bonds, substantially in the form of the Preliminary Official Statement, with such changes as may be approved by the Representative, to be delivered pursuant to Section 6 hereof.

“JEA’s Counsel” means the Office of General Counsel of the City.

“Letter of Representations” means the Blanket Issuer Letter of Representations dated May 6, 2004 from JEA to DTC.

“Official Statements” means the Preliminary Official Statement and the Final Official Statement.

“Preliminary Official Statement” means the Preliminary Official Statement of JEA relating to the Bonds, dated _____, 20__, including the cover page and appendices thereto and the information included by reference therein.

“Refunded Bonds” means JEA’s Electric System Revenue Bonds, Series Three and JEA’s Electric System Subordinated Revenue Bonds, all as described in Annex E hereto.

“Representative” means _____, as representative of the Underwriters.

“Resolution” means, collectively, the Electric System Resolution and the Subordinated Electric System Resolution.

“Series Three 2017A Bonds” means JEA’s Electric System Revenue Bonds, Series Three 2017A in the aggregate principal amount of \$000,000,000, with maturities, amounts, interest rates, prices or yields and redemption provisions set out in Annex A hereto.

“Subordinated Electric System Resolution” means the resolution of JEA adopted August 16, 1988, authorizing the issuance by JEA of certain subordinated bonds, as supplemented, amended and restated, particularly as supplemented by Resolution No. 2016-18 adopted on November 15, 2016.

“Underwriters” means _____, acting for and on behalf of themselves and such other securities dealers, if any, as may from time to time be designated by JEA or the Underwriters.

“Underwriters’ Counsel” means _____, _____, _____.

[“Verification Agent” means _____.]

[“Verification Report” means the report dated the date of Closing of the Verification Agent to the effect that such Verification Agent has verified the accuracy of (a) the adequacy of the maturing principal of and interest on certain federal securities to be held under the Escrow Deposit Agreement, together with other moneys held under the Escrow Deposit Agreement, to pay when due or upon earlier redemption, the principal or redemption price of and interest on the Refunded Bonds, and (b) certain mathematical computations supporting the conclusion that the Bonds are not “arbitrage bonds” under the Code.]

Section 2. Purchase Price. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters shall purchase and JEA shall sell all, but not less than all, of the (i) Series Three 2017A Bonds at an aggregate purchase price of \$_____ (representing the aggregate principal amount of the Series Three 2017A Bonds of \$000,000,000, less Underwriters’ discount of \$_____ [plus/minus net] original

issue [premium/discount] of \$_____) and (ii) 2017 Series A Subordinated Bonds at an aggregate purchase price of \$_____ (representing the aggregate principal amount of the 2017 Series A Subordinated Bonds of \$000,000,000, less Underwriters' discount of \$_____ [plus/minus] net original issue [premium/discount] of \$_____).

Section 3. Public Offering. The Underwriters have made a bona fide public offering of the Bonds at prices not in excess of the initial offering price or prices (or at yields not lower than the yield or yields) set forth in Annex A hereto. The Underwriters represent that, based on prevailing market conditions, they have no reason to believe that any of the Bonds will be initially sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices (or yields lower than the yields) shown in Annex A hereto. The Underwriters reasonably expected to sell at least 10 percent of the Bonds of each maturity to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown in Annex A hereto or in the case of discount obligations sold on a yield basis, at yields not lower than the yields shown in Annex A hereto. The Underwriters reserve the right to change such public offering prices as the Underwriters deem necessary in connection with the marketing of the Bonds. In connection with the public offering of the Bonds, the Underwriters have delivered to JEA a letter containing the information required by Section 218.385, Florida Statutes in the form attached as Annex D.

JEA acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between JEA and the Underwriters, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an agent or a fiduciary of JEA, (iii) the Underwriters have not assumed a fiduciary responsibility in favor of JEA with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriters have advised or are currently advising JEA on other matters) or any other obligation to JEA except the obligations expressly set forth in this Agreement, (iv) the Underwriters have financial interests that differ from those of JEA and are not acting as municipal advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) and (v) JEA has consulted with its own legal and financial advisors to the extent it deemed it appropriate in connection with the offering of the Bonds.

Section 4. Good Faith Deposit. Delivered to JEA herewith is a check payable to the order of JEA in the amount of \$_____ (the "Good Faith Deposit") as security for the performance by the Underwriters of their obligation to accept and pay for the Bonds on the Closing Date in accordance with the provisions hereof. JEA shall hold such check uncashed until the Closing Date. In the event of the Underwriters' compliance with their obligations hereunder, the Good Faith Deposit shall be returned to the Representative on the Closing Date upon payment to JEA as provided in Section 7 hereof of the purchase price of the Bonds. In the event JEA does not accept this offer, or upon the failure of JEA to deliver the Bonds on the Closing Date, or if JEA shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement, or if such obligations shall be terminated for any reasons permitted by this Agreement except for the reasons set forth in Section 10 hereof, the Good Faith Deposit shall immediately be returned to the Representative. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by JEA on the Closing Date as herein provided, the Good Faith Deposit shall be retained by JEA

as and for full and agreed upon liquidated damages, and not as a penalty, to JEA for such failure, and the retention of the Good Faith Deposit shall constitute a full release and discharge of all claims and damages for such failure and of any and all defaults hereunder on the part of the Underwriters.

Section 5. Representations of JEA. JEA represents to the Underwriters that: (a) the Preliminary Official Statement has been “deemed final” by JEA as of its date for the purpose of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”); (b) as of their respective dates and on the date hereof the statements and information contained in the Official Statements are, and on the Closing Date the statements and information contained in the Final Official Statement will be, true and complete in all material respects, and the Preliminary Official Statement, as of its date, did not and the Final Official Statement, as of its date, does not on the date hereof, and will not on the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading; (c) the Preliminary Official Statement, as of its date, did not and does not on the date hereof, and the Final Official Statement, as of its date did not and does not on the date hereof, and will not on the Closing Date, omit any information with respect to JEA or its business, properties and affairs which might in a material respect adversely or unfavorably affect the transactions contemplated by the Preliminary Official Statement or the Final Official Statement; (d) JEA has full title to the Electric System (as defined in the Annual Report) and the power and authority to operate the same and to collect the Revenues (as defined in the Electric System Resolution) therefrom; (e) the resolution or resolutions of, or other appropriate actions taken by, JEA establishing the rates and charges for services of the Electric System described in the Annual Report have been duly adopted or taken and are in full and effect; (f) when delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of JEA of the character referred to in the Final Official Statement, in conformity with, and entitled to the benefit and security of, the Resolution; (g) JEA is empowered and has been duly authorized to enter into this Agreement, the Continuing Disclosure Agreement and the Letter of Representations and to adopt the Resolution; (h) the execution and delivery of this Agreement, the Continuing Disclosure Agreement, the Letter of Representations and the Bonds and compliance with the provisions thereof, under the circumstances contemplated herein and therein, will not in any material respect conflict with or constitute on the part of JEA a breach of or default under any agreement or other instrument to which JEA is a party, or any existing law, administrative regulation, court order or consent decree to which JEA is subject; (i) no litigation or proceeding (to which JEA is a party) is pending or to the best of JEA’s knowledge is threatened against or affecting JEA to restrain or enjoin the issuance or delivery of the Bonds or other indebtedness of JEA relating to the Electric System or in any way contesting or affecting the authority for the issuance of the Bonds or other indebtedness of JEA relating to the Electric System or the validity of the Bonds or other indebtedness of JEA, the Resolution, this Agreement, the Continuing Disclosure Agreement or the Letter of Representations or in any way contesting the corporate existence or the powers of JEA; (j) except as may be disclosed in the Official Statements, no litigation or proceeding (to which JEA is a party) is pending or, to the best of its knowledge, is threatened against or affecting JEA or involving any of the business, property or affairs of JEA which involves the possibility of any judgment or liability which may result in any material adverse change in the financial condition of JEA relating to its electric

utility functions; (k) JEA has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon; (l) subsequent to the date of the last audited financial statements included in the Official Statements there have been no material adverse changes in the assets, liabilities or condition of JEA related to its electric utility functions, financial or otherwise, except as disclosed in or contemplated by the Official Statements, and neither the business, the properties, nor the affairs of JEA related to its electric utility functions have been adversely affected in any substantial way as the result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war or act of God or of the public enemy; (m) all permits or licenses which JEA is required to maintain in order to operate the Electric System, the Power Park and the Scherer 4 Project (as such terms are defined in the Annual Report) are in full force and effect; (n) the proceeds of the Bonds will be used by JEA to redeem all of the Refunded Bonds within 90 days of the Closing; (o) other than as disclosed in the Official Statements, JEA has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under the Rule; and (p) JEA has not been in default any time after December 31, 1975 as to principal or interest with respect to any of its debt obligations.

Section 6. Final Official Statement; Public Offering. JEA shall prepare, and shall deliver to the Underwriters as promptly as practicable but, in any event, not later than seven business days after the acceptance by JEA of this Agreement and in sufficient time to allow the Underwriters to deliver copies thereof to purchasers of the Bonds at least two business days prior to the Closing, copies of the Final Official Statement in sufficient quantity to comply with the Rule and the rules of the Municipal Securities Rulemaking Board and in form and substance satisfactory to the Representative and JEA, executed on behalf of JEA by its Managing Director and Chief Executive Officer. JEA agrees that the Preliminary Official Statement, the Final Official Statement and copies of the Resolution, prepared by or on behalf of JEA may be used by the Underwriters in the public offering of the Bonds and that it will cooperate with the Underwriters if the Underwriters decide to qualify the Bonds under the securities laws of any state; provided, however, JEA shall not be required to register as a dealer or broker in any such state or to qualify to do business in connection with any such qualification of the Bonds for sale in any state. To the extent required by MSRB Rules, JEA confirms that it does not object to the distribution of the Official Statements in electronic form. The Final Official Statement shall be provided in a “designated electronic format” (as defined in MSRB Rule G-32). The term “designated electronic format” is defined in MSRB Rule G-32 to mean portable document format, with files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. For files submitted to the Electronic Municipal Market Access system operated by the MSRB on or after January 1, 2010, documents in designated electronic format must be word searchable (without regard to diagrams, images and other non-textual elements).

JEA further agrees to provide the Representative with copies of the Escrow Deposit Agreement and any other advance refunding documents (as defined in MSRB Rule G-32) in a word-searchable pdf format as described in the MSRBs Rule G-32 and shall provide such electronic copy of the word-searchable pdf format of such advance refunding documents to the Underwriters no later than four business days after the Closing Date to enable the Underwriters to comply with MSRB Rule G-32.

Section 7. Closing, Delivery and Payment. The Bonds shall be printed or reproduced in definitive form as fully registered Bonds and shall be registered initially in the name of Cede & Co., as nominee of DTC, shall be in the denominations of the aggregate par amount of the Bonds of each series and maturity of each series (and, if applicable, each interest rate within a maturity) and shall be made available to, or on behalf of, DTC, 55 Water Street, New York, New York, which shall act as securities depository for the Bonds, not less than one business day prior to the Closing. The Representative may inspect the Bonds prior to the Closing.

The Closing shall be held beginning at 9:00 a.m. on _____, 20__ at the offices of JEA, 21 West Church Street, Jacksonville, Florida, or at such other time and other place as is mutually agreeable to the Representative and JEA. At the Closing and subject to the conditions contained herein, the Representative shall accept the delivery of the Bonds from JEA and shall make payment therefor as provided herein in federal funds or other immediately available funds upon (i) tender by JEA of the definitive Bonds to or on behalf of DTC on behalf of the Underwriters; and (ii) the delivery by JEA to the Underwriters of all the Closing Documents.

Section 8. Closing Documents. The Closing Documents shall consist of at least the following, each properly executed, certified or otherwise verified, dated as of the Closing Date except as otherwise provided below, and in such form as may be satisfactory to Bond Counsel, the Representative and Underwriters' Counsel, including, but not limited to, the matters hereinafter set forth:

(a) Certified copies of the Resolution and the ordinances of the City Council of the City approving the issuance of the Bonds;

(b) JEA's closing certificate confirming (i) the representations made by JEA herein; (ii) the application of the proceeds of the sale of the Bonds and certain other amounts as described in the Final Official Statement; (iii) the adoption and present effectiveness of all resolutions considered necessary, in the opinion of Bond Counsel, in connection with the transactions contemplated hereby, together with copies of said resolutions; (iv) that the Resolution has not been amended since the date of this Agreement, except as may have been consented to in writing by the Representative; and (v) that, except as described in the Official Statements, no material adverse change has occurred with respect to the Electric System, the Power Park and the Scherer 4 Project (all as defined therein), including, without limitation, the financial condition thereof, for the period from September 30, 20[15] through the Closing Date;

(c) The approving opinions of Bond Counsel, dated the Closing Date, in substantially the forms attached to the Preliminary Official Statement as Appendix E and Appendix F;

(d) The supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Underwriters in substantially the form set forth as Annex B hereto;

(e) An opinion of JEA's Counsel to the effect that (i) JEA is a public body corporate and politic and an independent agency of the City, duly organized and validly

existing under the laws of the State of Florida and has all the necessary power and authority to issue the Bonds and enter into this Agreement, the Letter of Representations and the Continuing Disclosure Agreement; (ii) the Resolution has been duly adopted by JEA and this Agreement, the Letter of Representations, the Continuing Disclosure Agreement and the Bonds have been duly authorized, executed and delivered by JEA and such documents and the Resolution constitute legal, valid and binding obligations of JEA enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and no opinion need be expressed as to the availability of any discretionary equitable remedy; (iii) the ordinances of the City Council of the City approving the issuance of the Bonds were duly enacted by the City; (iv) JEA has approved the distribution of the Preliminary Official Statement and the Final Official Statement and the execution and delivery of the Final Official Statement to the purchasers of the Bonds; (v) the execution and delivery of the Bonds, this Agreement, the Continuing Disclosure Agreement and the Letter of Representations, the adoption of the Resolution and the issuance of the Bonds pursuant to the Resolution and compliance with the provisions of the Resolution under the circumstances contemplated thereby and hereby, do not and will not in any material respect conflict with or constitute on the part of JEA a breach of or default under any existing law, regulation, court order or consent decree to which JEA is subject; (vi) nothing has come to such counsel's attention which would lead such counsel to believe that the Final Official Statement (with the exception of the tax treatment of interest on the Bonds, Blue Sky or other securities registration matters, and financial and statistical information, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to be stated therein to make the statements therein, in light of the circumstances under which they were made, not misleading; (vii) no litigation or proceeding (to which JEA or the City is a party) is pending or to the best of such counsel's knowledge is threatened against or affecting JEA or the City to restrain or enjoin the issuance or delivery of the Bonds or the refunding of the Refunded Bonds or in any way contesting or affecting the authority for the issuance of the Bonds, or the validity of the Bonds or this Agreement, the Continuing Disclosure Agreement or the Letter of Representations or in any way contesting the corporate existence or the powers of JEA; (viii) except as may be disclosed in the Preliminary Official Statement and the Final Official Statement, no litigation or proceeding (to which JEA or the City is a party) is pending or to the best of such counsel's knowledge is threatened against or affecting JEA or involving any of the business, property or affairs of JEA which involves the possibility of any judgment or liability which may result in any material adverse change in the financial condition of JEA relating to its electric utility functions; and (ix) JEA has obtained the consents, approvals, authorizations or other orders of all municipal, state or regulatory authorities required for the consummation of the transaction contemplated hereby;

(f) The opinion of Underwriters' Counsel, dated the Closing Date, in substantially the form attached hereto as Annex C;

(g) An executed copy of the Agreed Upon Procedures Letter, dated the day prior to the Closing Date;

(h) A consent, manually signed by the Accountants, to the use of their report in the Annual Report and to the references to their firm therein and in the Official Statements, dated the day prior to the Closing Date;

(i) Appropriate arbitrage certifications and tax covenants with respect to the Bonds by JEA in form and substance satisfactory to Bond Counsel and Underwriters' Counsel;

(j) Appropriate evidence that the Series Three 2017A Bonds have been assigned ratings of “__” by Fitch, Inc. (“Fitch”), “__” by Moody’s Investors Service, Inc. (“Moody’s”) and “__” by Standard & Poor’s (“S&P”) and the 2017 Series A Subordinated Bonds have been assigned ratings of “__” by Fitch, “__” by Moody’s and “__” by S&P;

(k) A certificate of the Bond Registrar as to the incumbency of its officers and its power to serve as Bond Registrar in form and substance acceptable to Bond Counsel and Underwriters' Counsel;

(l) A certificate of the Escrow Agent, dated the Closing Date as to (i) the incumbency of its officers, (ii) that the Escrow Agent is a banking corporation, duly organized and validly existing under the laws of the United States of America or the state of its incorporation and authorized to do business in the State, (iii) that the Escrow Agent has duly accepted its duties under the Escrow Deposit Agreement, and (iv) that the Escrow Agent has taken all necessary corporate action required to act as escrow agent under the Escrow Deposit Agreement and to perform its duties thereunder;

(m) A certified copy of the Letter of Representations;

(n) An executed counterpart of the Continuing Disclosure Agreement;

(o) An executed counterpart of the Escrow Deposit Agreement;

(p) The Verification Report; and

(q) Such additional legal opinions, certificates, instruments and other documents and such multiple copies of the above listed documents as the Underwriters, Underwriters' Counsel or Bond Counsel may reasonably request to evidence compliance by JEA with legal requirements; the truth and accuracy, as of the Closing Date, of the respective representations contained herein and in the Final Official Statement; and the due performance or satisfaction by JEA of all agreements to be performed by it and all conditions to be satisfied by it at or prior to the Closing.

Section 9. Termination by Underwriters. This Agreement may be terminated in writing prior to the Closing by the Representative acting on behalf of the Underwriters if any of the following shall occur subsequent to the execution hereof: (i) this Agreement shall not have been accepted by JEA within the time herein provided; (ii) the copies of the Final Official Statement shall not have been provided within the time required by this Agreement; (iii) the Bonds and all of the Closing Documents shall not have been delivered to the Underwriters as of

2:00 p.m. on the Closing Date; (iv)(a) legislation shall have been enacted by the Congress, or introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or (b) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (c) an order, ruling, regulation or communication (including a press release) shall have been issued by the Treasury Department of the United States, the Internal Revenue Service or the Securities and Exchange Commission, or (d) any action shall be taken or statement made by or on behalf of the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, which indicates or implies that interest on the Bonds may not be excludable from gross income for federal income tax purposes or that legislation will be introduced in the next scheduled session of the United States Congress, in each case referred to in clauses (a), (b), (c) and (d), with the purpose or effect, directly or indirectly, of (y) imposing federal income taxation upon interest to be received by any holders of the Bonds or (z) requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933 or the Resolution to be qualified as an indenture under the Trust Indenture Act of 1939; (v) there shall exist any event or circumstance which, in the opinion of the Representative, either makes untrue or incorrect in a material respect any statement or information contained in the Final Official Statement, or any event or circumstance is not reflected in the Final Official Statement but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in a material respect; (vi) there shall have occurred any outbreak of hostilities (or the escalation of any hostilities existing on the date hereof) or other national or international calamity or crisis, the effect of such outbreak or escalation, calamity or crisis on the financial markets of the United States of America being such as, in the opinion of the Representative, would make it impracticable for the Underwriters to sell the Bonds, including an effect generally on the market which affects the marketability of the Bonds; (vii) there shall be in force a general suspension of trading on the New York Stock Exchange, or any other major United States stock exchange, or minimum or maximum prices for trading shall have been fixed and be in force; (viii) in the judgment of the Representative, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be adversely affected because: (a) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (b) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters; (ix) a general banking moratorium shall have been declared by either federal, New York or Florida authorities having jurisdiction, and shall be in force, or there shall occur any other material disruption in commercial banking or securities settlement or clearance services in the United States; or (x) (a) the rating on any of the Bonds shall have been suspended, withdrawn or downgraded by any of the three rating agencies referred to in paragraph (j) of Section 8 hereof or (b) any of such rating agencies shall have placed any of the Bonds on negative credit watch or the like.

Section 10. Termination by JEA. In the absence of a termination of this Agreement by the Representative as permitted by Section 9 hereof, this Agreement may be terminated in writing by JEA in the event that the Underwriters shall fail to accept delivery and pay the purchase price of the Bonds at the Closing upon (i) tender thereof to or on behalf of the Underwriters by JEA and (ii) delivery to the Underwriters of all of the Closing Documents, all as provided in Section 8 hereof, and in such event JEA shall retain the Good Faith Deposit as provided in Section 4 hereof.

Section 11. Changes Affecting the Final Official Statement After the Closing. If during the period from the date of this Agreement and a date 25 days after the End of the Underwriting Period (as defined herein), any event relating to or affecting JEA shall occur the result of which shall make it necessary, in the reasonable opinion of (i) JEA and (ii) the Representative or Underwriters' Counsel, to amend or supplement the Final Official Statement in order to make it not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made not misleading, JEA shall forthwith prepare and furnish to the Underwriters, at JEA's expense, a reasonable number of copies of an amendment of or supplement to the Final Official Statement in form and substance satisfactory to the Representative, so that it then will not contain an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances existing at that time, not misleading; provided, however, JEA will not adopt any amendment or supplement to the Final Official Statement except with the written consent of the Representative, which consent shall not be unreasonably withheld. The "End of the Underwriting Period" shall mean the Closing Date unless the Representative shall in writing advise JEA that the Underwriting Period must be extended, in which case the End of the Underwriting Period shall be the date set forth in such writing, but in no event later than 90 days after the Closing Date.

Section 12. Expenses. The Underwriters shall pay their own out-of-pocket expenses, the fees and expenses of Underwriters' Counsel, and the fees and expenses in connection with the preparation of the Blue Sky Memorandum and the registration of the Bonds for "Blue Sky" purposes.

JEA acknowledges that it has had an opportunity to consult with its financial advisor in order to evaluate and consider the fees and expenses being incurred as a part of the issuance of the Bonds. JEA shall pay all of the other costs and expenses in connection with the financing contemplated by this Agreement, including, but not limited to: (i) the fees and expenses of Bond Counsel and JEA's Counsel and the expenses of JEA, if any; (ii) any fees and expenses incurred for filing fees; (iii) the fees and expenses of any experts or consultants; (iv) the fees and expenses of the Bond Registrar, the Escrow Agent and any verification report; (v) the cost of preparation and printing of the Bonds; (vi) the cost of printing and duplication for the Official Statements and any amendments or supplements thereto; (vii) the fees and expenses of the Accountants; and (viii) bond rating agencies fees. JEA acknowledges that a portion of the Underwriters' expenses are intended to reimburse the Underwriters for incidental expenses (including, but not limited to, transportation, lodging and meals of JEA and Underwriters personnel) incurred by the Underwriters (on their own behalf or on behalf of JEA personnel), as applicable, in connection with the transaction contemplated by this Agreement.

Section 13. Notices. Any notice or other communication to be given to JEA under this Agreement may be given by delivering the same in writing to the address set forth above; and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to the Underwriters in care of _____, _____, _____, _____, Attention: _____.

Section 14. Authority of Representative. The Representative has been duly authorized to execute this Agreement and, pursuant to an agreement among the Underwriters, has been duly authorized to act hereunder by and on behalf of the Underwriters.

Section 15. Parties and Interests; JEA's Undertaking; Survival of Representations. This Agreement is made solely for the benefit of JEA and the Underwriters, including the successors and assigns of the Underwriters, and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof except as provided in Section 11 hereof. All representations and agreements by JEA in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriters, and shall survive the delivery of and payment for the Bonds.

Section 16. Truth-In-Bonding Statement. For purposes of subsections (2) and (3) of Section 218.385, Florida Statutes, as amended, the following Truth in Bonding Statement is made with respect to the Bonds:

JEA is proposing to issue \$_____ of the Bonds. The Bonds are to be issued for the purposes of refunding the Refunded Bonds and paying cost of issuance of the Bonds. The Bonds are expected to be repaid over a period of approximately ____ years. At the interest rates set out in Annex A hereto (being a true interest cost of _____%), total interest paid over the life of the Bonds will be \$_____.

The source of repayment or security for the Bonds is the revenues of the JEA's Electric System. Issuing the Bonds finances the items described in the preceding paragraph. Authorizing this debt will result in an average annual debt service payment of approximately \$_____ from Electric System revenues, which will not otherwise be available to finance the other services or expenditures of JEA each year for approximately ____ years.

Section 17. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original but all of which taken together shall constitute one instrument.

Section 18. Entire Agreement Clause. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties. This Bond Purchase Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

[Remainder of page intentionally left blank; signature page follows]

Very truly yours,

as Representative of the Underwriters

By: _____

Name:

Title:

Accepted by JEA on _____, 20__

By: _____

Name:

Title:

FORM APPROVED:

Office of General Counsel

ANNEX A

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

\$000,000,000 Electric System Revenue Bonds, Series Three 2017A

<u>Maturity</u> <u>October 1,</u>	<u>Amount</u> \$	<u>Interest Rate</u> %	<u>Yield</u> %
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\$ _____ % Term Bond Due October 1, 20__ - Yield _____ %

\$000,000,000 Electric System Subordinated Revenue Bonds, 2017 Series A

<u>Maturity</u> <u>October 1,</u>	<u>Amount</u> \$	<u>Interest Rate</u> %	<u>Yield</u> %
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\$ _____ % Term Bond Due October 1, 20__ - Yield _____ %

Redemption Provisions

[to come]

ANNEX B

[Form of Supplemental Opinion of Bond Counsel]

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida

[Underwriters]

c/o _____

Re: 000,000,000 JEA Electric System Revenue Bonds, Series Three 2017A
(the "Series Three 2017A Bonds")
\$000,000,000 JEA Electric System Subordinated Revenue Bonds, 2017 Series A
(the "2017 Series A Subordinated Bonds")

Ladies and Gentlemen:

We have served as Bond Counsel to JEA in connection with the issuance of the Series Three 2017A Bonds and the 2017 Series A Subordinated Bonds (collectively, the "Bonds"). This letter is addressed to the underwriters addressed above (the "Underwriters"), pursuant to Section 9(d) of the Bond Purchase Agreement, dated _____, 20__ (the "Bond Purchase Agreement"), between _____, as Representative of the Underwriters, and JEA, providing for the purchase of the Bonds. The Bonds are issued pursuant to the Constitution and laws of the State of Florida, including, in particular, Article 21 of the Charter of the City of Jacksonville, Florida (the "City"), as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof, and other applicable provisions of law and, in the case of the Series Three 2017A Bonds, under and pursuant to a resolution of JEA adopted on August 16, 1988, as supplemented and amended (the "Series Three Resolution"), including as supplemented by Resolution No. 2016-17 of JEA adopted on November 15, 2016, authorizing the Series Three 2017A Bonds, which Series Three Resolution amends and supplements a resolution of JEA adopted on March 30, 1982 (the "Electric System Resolution"), as supplemented, amended and restated (such Electric System Resolution, as so supplemented, amended and restated, being herein referred to as the "Resolution") and, in the case of the 2017 Series A Subordinated Bonds, under and pursuant to a resolution of JEA (the "Original Subordinated Resolution") adopted on August 16, 1988 authorizing the issuance of JEA's Subordinated Bonds (such resolution, as supplemented, amended and restated, being herein referred to as the "Subordinated Resolution"), including as supplemented by Resolution No. 2016-18 of JEA adopted on November 15, 2016, authorizing the 2017 Series A Subordinated Bonds. Capitalized terms not otherwise defined

herein shall have the meanings ascribed thereto in the Resolution or the Subordinated Resolution, or, if not defined therein, in the Bond Purchase Agreement.

On the date hereof, we have delivered our approving opinions (the “Bond Counsel Opinions”) concerning the validity of the Bonds and certain other matters to JEA. The opinions and conclusions expressed herein are subject to the same qualifications, limitations and reliances as stated in the Bond Counsel Opinions. The Underwriters may rely on the Bond Counsel Opinions as though such opinions were addressed to them.

In connection with our role as Bond Counsel, we have reviewed the Bond Purchase Agreement; a certified copy of the Resolution; a certified copy of the Subordinated Resolution; a certified copy of Ordinance 82-228-94, enacted by the Council of the City on March 30, 1982, approving, among other things, the Electric System Resolution and the issuance by JEA of Bonds (as defined in the Electric System Resolution); a certified copy of Ordinance 88-1108-554, enacted by the Council of the City on September 27, 1988, approving, among other things, the Series Three Resolution, the issuance by JEA of Series Three Bonds (as defined in the Series Three Resolution), the Original Subordinated Resolution and the issuance by JEA of Subordinated Bonds; a certified copy of Ordinance 92-1411-902, enacted by the Council of the City on September 8, 1992, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 95-736-450, enacted by the Council of the City on September 12, 1995, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 1999-797-E, enacted by the Council of the City on August 24, 1999, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 2001-664-E, enacted by the Council of the City on August 28, 2001, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 2003-844-E, enacted by the Council of the City on August 26, 2003, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 2005-460-E, enacted by the Council of the City on May 10, 2005, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 2007-797-E, enacted by the Council of the City on September 26, 2007, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 2008-581-E, enacted by the Council of the City on September 23, 2008, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; the Official Statement of JEA, dated _____, 20__, relating to the Bonds, including those portions of the Annual Disclosure Report (as defined therein) which are included by reference therein (the “Official Statement”); the Continuing Disclosure Agreement; the Tax Certificate executed and delivered by JEA on the date hereof in connection with the issuance of the Bonds (the “Tax Certificate”); an opinion of the Office of General Counsel of the City, attorney for JEA; certificates of JEA and others; and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any

person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than JEA. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof (except that we have not relied on any such legal conclusions that are to the same effect as the opinions or conclusions set forth herein). We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Subordinated Resolution, the Tax Certificate, the Continuing Disclosure Agreement and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against bodies politic and corporate of the State of Florida. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue or waiver or severability provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. JEA is a public body corporate and politic and an independent agency of the City, duly created and existing under the Constitution and laws of the State of Florida.

2. The Bonds have been duly authorized by JEA and all conditions precedent to the issuance of the Bonds have been fulfilled, including, without limitation, all necessary approvals of the City.

3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution and the Subordinated Resolution are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

4. The statements contained in the Official Statement under the captions "PURPOSE OF ISSUE AND PLAN OF FINANCE," "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS," "DESCRIPTION OF THE SERIES THREE 2017A BONDS," "SECURITY AND SOURCE OF PAYMENT FOR THE 2017 SERIES A SUBORDINATED BONDS," "DESCRIPTION OF THE 2017 SERIES A SUBORDINATED BONDS," and "TAX MATTERS" and the statements contained in Appendix A to the Annual Disclosure Report, "Summary of Certain Provisions of the Electric System Resolution" in Appendix B to the Annual Disclosure Report, "Summary of Certain Provisions of the Subordinated Electric System Resolution" in Appendix C to the Annual Disclosure Report, "Summary of Certain Provisions of the First Power Park Resolution," in Appendix D to the Annual Disclosure Report, "Summary of Certain Provisions of the Second Power Park Resolution," in Appendix E to the Annual Disclosure Report, "Summary of Certain Provisions of the Restated and Amended Bulk Power Supply System Resolution," in Appendix G to the Annual Disclosure Report, "Summary of Certain Provisions of the Power Park Joint Ownership

Agreement” in Appendix H to the Annual Disclosure Report and “Summary of Certain Provisions of Agreements Relating to Scherer Unit 4,” in Appendix I to the Annual Disclosure Report, insofar as such statements expressly summarize certain provisions of the Resolution, the Subordinated Resolution, the First Power Park Resolution (as defined in the Annual Disclosure Report), the Second Power Park Resolution (as defined in the Annual Disclosure Report), the Restated and Amended Bulk Power Supply System Resolution (as defined in the Annual Disclosure Report), the Power Park Joint Ownership Agreement (as defined in the Annual Disclosure Report), the Scherer Unit 4 Purchase Agreement (as defined in the Annual Disclosure Report), the Scherer Unit 4 Operating Agreement (as defined in the Annual Disclosure Report), the Scherer Unit 4 Agency Agreement (as defined in the Annual Disclosure Report), and the form and content of our Bond Counsel Opinions, are accurate in all material respects.

5. We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 4 above), completeness or fairness of any of the statements contained in the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version. In our capacity as Bond Counsel in connection with the issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of JEA, representatives of Public Financial Management, Inc., JEA’s Financial Advisor, representatives of Ernst & Young LLP, independent certified public accountants, JEA’s auditors, and others, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), subject to the limitations on our role as Bond Counsel, we advise you as a matter of fact and not opinion that no facts came to the attention of the attorneys in our firm rendering legal services in connection with such issuance which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical, economic or engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion (other than our opinions relating to the Bonds), any information about book-entry or DTC and the information contained in Appendices A, B and C to the Official Statement and in Schedule 1 and Appendices A, F and J to the Annual Disclosure Report, included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or opinion rendered with respect to any other disclosure document, materials or activity.

6. The Continuing Disclosure Agreement has been duly executed and delivered by JEA and is a valid and binding agreement of JEA, enforceable in accordance with its terms. No opinion regarding the adequacy of the Continuing Disclosure Agreement for purposes of SEC Rule 15c2-12 may be inferred from this opinion.

7. In reliance upon the certifications, directions and acknowledgements of JEA and the Paying Agent for the respective Refunded Series Three Bonds and Refunded Subordinated Bonds (as such terms are defined in the Official Statement), upon deposit of amounts sufficient to pay the redemption price of, and interest on, the respective Refunded Series Three Bonds and Refunded Subordinated Bonds on _____, 20__, the date such Refunded Series Three Bonds and Refunded Subordinated Bonds have been called for redemption, with the Paying Agent therefor, the Refunded Series Three Bonds will no longer be “Outstanding” within the meaning of the Resolution and the Refunded Subordinated Bonds will no longer be deemed “Outstanding” within the meaning of the Subordinated Resolution.

This letter is furnished by us as Bond Counsel to JEA. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this letter. This letter is delivered to JEA, as the issuer of the Bonds and the Underwriters in their capacity as the Underwriters of the Bonds, is solely for your benefit in such capacities and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Respectfully submitted,

ANNEX C

[Form of Underwriters' Counsel Opinion]

_____, 20__

[Underwriters]

c/o _____

Re: \$000,000,000 JEA Electric System Revenue Bonds, Series Three 2017A
\$000,000,000 JEA Electric System Subordinated Revenue Bonds, 2017 Series A

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriters") in connection with the purchase by the Underwriters from JEA of the captioned obligations designated Series Three 2017A (the "Series Three 2017A Bonds") and the captioned obligations designated 2017 Series A (the "2017 Series A Subordinated Bonds" and, together with the Series Three 2017A Bonds, the "Bonds"). As such counsel, we have examined the Official Statement, dated _____, 20__, relating to the Bonds (the "Official Statement"), the Bond Purchase Agreement, dated _____, 20__, by and between Goldman, Sachs & Co., as Representative of the Underwriters named therein and JEA, with respect to the Bonds (the "Bond Purchase Agreement"), the Resolution (as defined in the Bond Purchase Agreement), the Continuing Disclosure Agreement (as defined in the Bond Purchase Agreement), and such other matters as we have deemed necessary; and we have participated in discussions and conferences with members of JEA and its staff, bond counsel, JEA's financial advisor, and the independent certified public accountants with respect to matters contained and included by reference in the Official Statement.

From such examination, we are of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

We are not passing upon, do not assume responsibility for, and have not independently verified the accuracy, completeness, or fairness of the statements contained or included by reference in the Official Statement. In addition, we are not experts in evaluating the business, operations, or financial condition of public power authorities in general or JEA in particular. As your counsel we have participated in the preparation of the Official Statement and in the discussions referred to above with respect to the Official Statement. In the course of such preparation, discussions and review nothing has come to our attention which leads us to believe that the Official Statement (except for the appendices thereto and references to such appendices and the graphic, engineering, financial and statistical information, any information about book-entry or DTC (as such term is defined in the Official Statement), as to which we express no

view) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

We are further of the opinion that the Continuing Disclosure Agreement satisfies the requirements contained in Securities and Exchange Commission Rule 15c2-12(b)(5) for an undertaking for the benefit of the holders of the Bonds to provide the information at the times and in the manner required by said Rule.

We are furnishing this letter to you pursuant to Section 8(f) of the Bond Purchase Agreement solely for your benefit as Underwriters. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Respectfully submitted,

ANNEX D

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida 32202

Re: \$000,000,000 JEA Electric System Revenue Bonds, Series Three 2017A
\$000,000,000 JEA Electric System Subordinated Revenue Bonds, 2017 Series A

Ladies and Gentlemen:

In connection with the proposed issuance by JEA (the “Issuer”) of \$000,000,000 in aggregate principal amount of Electric System Revenue Bonds, Series Three 2017A and \$000,000,000 in aggregate principal amount of Electric System Subordinated Revenue Bonds, 2017 Series A (collectively, the “Bonds”), [Underwriters] (collectively, the “Underwriters”) are preparing to underwrite a public offering of the Bonds. Arrangements for underwriting the Bonds will be pursuant to a Bond Purchase Agreement between the Issuer and the Underwriters.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the underwriting of the Bonds as follows:

(a) The nature and estimated amounts of expenses to be incurred by the Underwriters in connection with the purchase and reoffering of the Bonds are set forth in Schedule I attached hereto.

(b) Based upon representations of the Underwriters, there are no “finders,” as defined in Section 218.386, Florida Statutes, as amended, connected with the issuance of the Bonds.

(c) The underwriting spread (*i.e.*, the difference between the price at which the Bonds will be initially offered to the public by the Underwriters and the price to be paid to the Issuer for the Bonds) will be \$_____ per \$1,000 bond or \$_____.

(d) The Underwriters will charge no management fee.

(e) There is no other fee, bonus or other compensation to be paid by the Underwriters in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriters, except as specifically enumerated as expenses

SCHEDULE I

ESTIMATED UNDERWRITERS' FEE AND EXPENSES

<u>Underwriters' Fee</u>	<u>Dollar Amount</u>	<u>Per \$1,000 Bond</u>
Average Takedown	\$_____	\$_____
Expenses:		
Underwriters' Counsel	_____	_____
Dalcomp	_____	_____
Dalnet	_____	_____
CUSIP	_____	_____
DTC	_____	_____
Total Fees and Expenses	<u> </u> \$_____	<u> </u> \$_____

ANNEX E

REFUNDED BONDS

[Insert name(s) of Series]

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The 2014 Bonds may not be sold, nor may any offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2014 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

Return to Agenda

PRELIMINARY OFFICIAL STATEMENT DATED _____, 20__

NEW ISSUE – BOOK-ENTRY ONLY

In the opinion of Bond Counsel, under existing law and assuming compliance by JEA with the tax covenants described herein, and the accuracy of certain representations and certifications made by JEA described herein, interest on the Series Three 2017A Bonds and the 2017 Series A Subordinated Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. See "TAX MATTERS" herein regarding certain other tax considerations.



(www.jea.com)

\$000,000,000* ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE 2017A
\$000,000,000* ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, 2017 SERIES A

Dated: Date of Delivery

Due: October 1, as shown on the inside cover page

The Electric System Revenue Bonds, Series Three 2017A (the "Series Three 2017A Bonds") and the Electric System Subordinated Revenue Bonds, 2017 Series A (the "2017 Series A Subordinated Bonds" and, together with the Series Three 2017A Bonds, the "2017A Bonds") will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the 2017A Bonds. Individual purchases of the 2017A Bonds will be made in book-entry form only, in principal amounts of \$5,000 or any integral multiple thereof. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto. Interest on the 2017A Bonds is payable commencing on [April/October] 1, 20__ and semiannually thereafter on April 1 and October 1 of each year.

The 2017A Bonds will be subject to redemption prior to maturity as set forth herein.

The Series Three 2017A Bonds are being issued to (a) refund certain of JEA's outstanding Electric System Bonds (as defined herein), (b) provide funds to make a deposit in the Initial Subaccount in the Debt Service Reserve Account, and (c) pay costs of issuance of the Series Three 2017A Bonds. The 2017 Series A Subordinated Bonds are being issued to (a) refund certain of JEA's outstanding Subordinated Electric System Bonds (as defined herein), and (b) pay costs of issuance of the 2017 Series A Subordinated Bonds.

The payment of the principal of and interest on the Series Three 2017A Bonds will be secured by a first lien on the Net Revenues derived by JEA from operation of the Electric System (as defined herein), equally and ratably with all of the Electric System Bonds which have been or may hereafter be issued and outstanding.

The 2017 Series A Subordinated Bonds and the interest thereon will be payable solely from, and secured by a lien on, amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution (as defined herein) as may from time to time be available therefor, including the investments, if any, thereof, and the funds established under the Subordinated Electric System Resolution (as defined herein), including the investments, if any, thereof. The 2017 Series A Subordinated Bonds will be on a parity with all of the Subordinated Electric System Bonds which have been or may hereafter be issued and outstanding but will be junior and subordinate in all respects to the Electric System Bonds.

None of the 2017A Bonds will be or constitute general obligations or indebtedness of the City of Jacksonville, Florida or JEA as "bonds" within the meaning of the Constitution of the State of Florida. No Holder of any 2017A Bonds will ever have the right to compel the exercise of the ad valorem taxing power of the City or taxation in any form of any real property in the City to pay the 2017A Bonds or the interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Electric System Resolution and the Subordinated Electric System Resolution, respectively. JEA has no power to levy taxes for any purpose.

MATURITY SCHEDULE – See Inside Cover Page

The 2017A Bonds are offered when, as and if issued [and accepted by the Underwriters, subject to the approval of legality by _____, _____, _____, Bond Counsel to JEA. Certain legal matters in connection with the 2017A Bonds will be passed upon by the Office of General Counsel of the City of Jacksonville, Florida, as counsel to JEA, and by _____, _____, _____, counsel to the Underwriters. It is expected that the 2017A Bonds in definitive form will be available for delivery to DTC in New York, New York on or about _____, 20__.

[UNDERWRITERS]

_____, 20__

* Preliminary, subject to change.

MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS^{††}

\$000,000,000*

Electric System Revenue Bonds, Series Three 2017A

<u>Maturity</u> <u>(October 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> *
	\$	%	%	

\$0,000,000* ____% Term Bonds due October 1, 20__ - Price ____ CUSIP No.* ____

\$0,000,000* ____% Term Bonds due October 1, 20__ - Price ____ CUSIP No.* ____

\$000,000,000*

Electric System Subordinated Revenue Bonds, 2017 Series A

<u>Maturity</u> <u>(October 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> *
	\$	%	%	

\$0,000,000* ____% Term Bonds due October 1, 20__ - Price ____ CUSIP No.* ____

\$0,000,000* ____% Term Bonds due October 1, 20__ - Price ____ CUSIP No.* ____

(The bonds offered hereby will be sold initially without accrued interest.)

* Preliminary, subject to change.

† The CUSIP numbers listed herein are provided for the convenience of bondholders. JEA is not responsible for the accuracy or completeness of such numbers.

JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(www.jea.com)

JEA OFFICIALS

BOARD MEMBERSHIP¹

Chair
Vice Chair
Secretary

Tom F. Petway III
Edward E. Burr
Dolores P. Kesler
Husein A. Cumber
Kelly Flanagan
G. Alan Howard

MANAGEMENT

Managing Director and Chief Executive Officer
Vice President and General Manager, Electric Systems
Vice President and General Manager, Water and Wastewater Systems
Chief Financial Officer
Chief Audit, Risk and Compliance Officer
Chief Customer Officer
Chief Human Resources Officer
Chief Information Officer
Chief Legal Officer
Chief Public Affairs Officer
Treasurer

Paul E. McElroy
Michael I. Brost
Brian J. Roche
Melissa H. Dykes
Ted E. Hobson
Monica Whiting
Angelia R. Hiers
Paul J. Cosgrave
Jody Brooks
Michael Hightower
Joseph E. Orfano

GENERAL COUNSEL

Jason R. Gabriel
General Counsel of the City of Jacksonville
Jacksonville, Florida

INDEPENDENT AUDITORS

Ernst & Young, LLP
Jacksonville, Florida

BOND COUNSEL

Nixon Peabody LLP
New York, New York

FINANCIAL ADVISOR

Public Financial Management, Inc.
Philadelphia, Pennsylvania

REGISTRAR AND PAYING AGENT/

SUBORDINATED BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Jacksonville, Florida

¹ There is currently one vacancy on the JEA Board due to the resignation of Warren A. Jones.

No dealer, broker, salesman or any other person has been authorized by JEA to give any information or to make any representations, other than as contained in this Official Statement or included herein by specific reference, and if given or made, such other information or representations must not be relied upon as having been authorized by JEA or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2017A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale in such jurisdiction.

THE 2017A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE ELECTRIC SYSTEM RESOLUTION OR THE SUBORDINATED ELECTRIC SYSTEM RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion set forth herein or included herein by specific reference are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of JEA since the date hereof.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intent," "believe" and similar expressions are intended to identify forward-looking statements. A number of factors affecting JEA's business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

IN CONNECTION WITH THIS OFFERING OF THE 2017A BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Except as specifically provided herein, none of the information on JEA's website is included by reference herein.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY JEA FOR PURPOSES OF RULE 15c2-12 ISSUED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(b)(1).

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OFFICIAL STATEMENT

Relating to



\$000,000,000* Electric System Revenue Bonds, Series Three 2017A
\$000,000,000* Electric System Subordinated Revenue Bonds, 2017 Series A

_____, 20__

INTRODUCTION

General

The purpose of this Official Statement, including the cover page and inside cover page hereof, the appendices hereto, and the information included by reference herein, is to provide information concerning the proposed issuance by JEA of (a) \$000,000,000* aggregate principal amount of JEA's Electric System Revenue Bonds, Series Three 2017A (the "Series Three 2017A Bonds") and (b) \$000,000,000* aggregate principal amount of JEA's Electric System Subordinated Revenue Bonds, 2017 Series A (the "2017 Series A Subordinated Bonds" and, together with the Series Three 2017A Bonds, the "2017A Bonds").

The Series Three 2017A Bonds are being issued to (a) refund certain of JEA's outstanding Electric System Bonds (as defined herein), (b) provide funds to make a deposit in the Initial Subaccount in the Debt Service Reserve Account, and (c) pay costs of issuance of the Series Three 2017A Bonds.

The 2017 Series A Subordinated Bonds are being issued to (a) refund certain of JEA's outstanding Subordinated Electric System Bonds (as defined herein), and (b) pay costs of issuance of the 2017 Series A Subordinated Bonds.

The descriptions herein of the 2017A Bonds and the descriptions herein and in the Annual Disclosure Report referred to below of the documents authorizing and securing the same and of the other debt of JEA and of the documents authorizing, securing and relating to the same do not purport to be comprehensive or definitive. All references herein and in the Annual Disclosure Report to such documents are qualified in their entirety by reference to such documents.

Unless otherwise defined herein, all capitalized terms in this Official Statement shall have the same meanings as given to them in the Electric System Resolution and the

* Preliminary, subject to change.

Subordinated Electric System Resolution referred to below or, if not defined therein, in the Annual Disclosure Report.

JEA

General. JEA is a body politic and corporate organized and existing under the laws of the State of Florida and is an independent agency of the City of Jacksonville, Florida (the "City"). JEA was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (as more particularly defined in the Annual Disclosure Report, included by reference herein, the "Electric System"). In 1997, the City transferred to JEA the City's combined water and wastewater (sewer) utilities system (the "Water and Sewer System"). In 2004, the City authorized JEA to create a local district energy system; and JEA established such a system (the "District Energy System") and transferred to it the chilled water production and distribution assets formerly held as part of the Electric System.

Electric System. In 2015, 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 its Fiscal Year ended September 30, 2016, the Electric System served an average of 451,788 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. JEA's total energy sales in its Fiscal Year ended September 30, 2016, net of off-system sales and the energy sold by JEA to Florida Power & Light Company, a Florida corporation ("FPL"), pursuant to the FPL-Power Park Sale (see "ELECTRIC UTILITY SYSTEM – FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS – Debt Relating to Electric Utility Functions – Power Park Issue Two Bonds" and "ELECTRIC UTILITY SYSTEM – ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – Ownership" in the Annual Disclosure Report), were approximately 12.6 billion kilowatt-hours ("kWh"). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2016, net of the revenues received by JEA from the FPL-Power Park Sale, were approximately \$1,243,966,000.

Bulk Power Supply System. 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 of Florida. In accordance with the Bulk Power Act, JEA has acquired 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 megawatts ("MW"), net, located near Forsyth, Georgia, and proportionate ownership interests in associated common facilities and an associated coal stockpile (such ownership interests are referred to herein as the "Scherer 4 Project"). See "ELECTRIC UTILITY SYSTEM – ELECTRIC UTILITY FUNCTIONS – The Scherer 4 Project" in the Annual Disclosure Report.

St. Johns River Power Park System. Pursuant to the Bulk Power Act, JEA has also acquired and constructed, and operates, an 80 percent undivided ownership interest in the St. Johns River Power Park (the “Power Park”), a two-unit, coal- and pet coke-fired, steam electric generating station currently rated at 1,276 MW, net, located in the northeast section of the City that is jointly-owned by JEA and FPL. See “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. Johns River Power Park” in the Annual Disclosure Report.

Water and Sewer System. The Water and Sewer System is owned and operated by JEA as a combined utilities system, separate and apart from the Electric System. Accordingly, information relating to the Water and Sewer System is not relevant to the debt of JEA relating to the Electric System.

District Energy System. The District Energy System is owned and operated by JEA as a distinct utilities system, separate and apart from the Electric System and the Water and Sewer System. Accordingly, information relating to the District Energy System is not relevant to the debt of JEA relating to the Electric System.

Inclusion of Information. JEA previously has prepared a document entitled “Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2015” dated as of April 19, 2016 (the “Annual Disclosure Report”). The Annual Disclosure Report sets forth certain information concerning JEA, its outstanding debt, the Electric System, its interest in the Power Park and the Scherer 4 Project. *As more fully described under the caption “Inclusion of Information” below, certain information contained in the Annual Disclosure Report is included by reference in this Official Statement.* Copies of the Annual Disclosure Report may be obtained in the manner and from the sources described under the caption “Inclusion of Information” below.

The Series Three 2017A Bonds

The Series Three 2017A Bonds are being issued under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Article 21 of the Charter of the City, as amended (the “Charter”), and other applicable provisions of law (collectively, the “Act”), and under and pursuant to a resolution adopted by JEA on March 30, 1982 (as supplemented, amended and restated, the “Electric System Resolution”) authorizing the issuance of JEA’s Electric System Revenue Bonds, Series One (the “Electric System Series One Bonds”) and, subject to the satisfaction of the conditions set forth therein, Additional Parity Obligations (as defined therein). A summary of certain provisions of the Electric System Resolution is attached as APPENDIX B to the Annual Disclosure Report. The Electric System Resolution is available for viewing and downloading on JEA’s website (<http://www.jea.com>) by selecting “Investor Relations,” at the bottom of the home page, then selecting “Bonds” and then selecting “Electric System Senior Lien Bond Resolution” under the heading “JEA Bond Resolutions.” *See, however, “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS – Proposed Amendments to Electric System Resolution” herein for a description of certain amendments to the Electric System Resolution that are not yet effective.*

No Electric System Series One or Series Two Bonds remain outstanding under the Electric System Resolution. As of the date of this Official Statement, there is outstanding under the Electric System Resolution \$1,163,765,000 in aggregate principal amount of Electric System Revenue Bonds, Series Three (the "Prior Series Electric System Series Three Bonds"), consisting of (a) \$465,250,000 in aggregate principal amount of Variable Rate Electric System Revenue Bonds of various series (the "Prior Series Variable Rate Electric System Bonds"), which include the Refunded Series Three Bonds (as defined herein) to be refunded through the issuance of the Series Three 2017A Bonds, and (b) \$698,515,000 in aggregate principal amount of fixed rate Electric System Revenue Bonds of various series (the "Prior Series Fixed Rate Electric System Bonds").

Principal of and interest on the Series Three 2017A Bonds will rank equally and be on a parity, as to security and source of payment, with the Prior Series Electric System Series Three Bonds that will remain Outstanding following the issuance of the Series Three 2017A Bonds and all Additional Parity Obligations hereafter issued pursuant to the Electric System Resolution. All Bonds issued under (and as defined in) the Electric System Resolution, including the Prior Series Electric System Series Three Bonds and all additional Bonds issued under the Electric System Resolution, are referred to herein collectively as the "Electric System Bonds." Pursuant to the Electric System Resolution and the laws of Florida, the amount of Electric System Bonds that may be issued by JEA is not limited and is subject only to approval by the City Council of the City (the "Council") and satisfaction of the conditions set forth in the Electric System Resolution. *See "ELECTRIC UTILITY SYSTEM – FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS – Debt Relating to Electric Utility Functions – Electric System Bonds" in the Annual Disclosure Report and "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS – Additional Bonds – Additional Electric System Bonds" herein.*

JEA has entered into certain floating-to-fixed rate interest rate swap transactions in order to synthetically fix the rates of interest on certain of the Prior Series Variable Rate Electric System Bonds. See the table under the caption "OTHER FINANCIAL INFORMATION – Interest Rate Swap Transactions" in the Annual Disclosure Report for information regarding those interest rate swap transactions. For purposes of estimating its debt service requirements, as shown in APPENDIX B hereto, on the Prior Series Variable Rate Electric System Bonds, JEA has assumed that such bonds will bear interest at a rate of 2.00 percent per annum for 2017, 3.00 percent per annum for 2018 and 4.00 percent per annum thereafter.

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 Prior Series Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Senior Liquidity Supported Electric System Prior Series 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 System Prior Series 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 System Prior Series 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 – Liquidity Support for JEA’s Variable Rate Bonds” in the Annual Disclosure Report. The standby bond purchase agreements are subject to periodic renewal (see Note 6 to the financial statements of JEA attached hereto as APPENDIX C).

On July 27, 2010, the bank previously providing liquidity support for JEA’s 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 currently outstanding in the principal amounts of \$60,395,000, \$111,420,000 and \$49,810,000, respectively. Upon such purchases, the letter of credit and standby bond purchase agreement previously in effect for the respective Bank Purchased Bonds were terminated. 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 such tender for payment, the Bank Purchased Bond so tendered would be due and payable immediately. The three direct purchase agreements were amended September 17, 2015, and the current expiration date of each is September 17, 2018. 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 will occur 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.

The 2017 Series A Subordinated Bonds

The 2017 Series A Subordinated Bonds are being issued under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly the Act, and under and pursuant to a resolution adopted by JEA on August 16, 1988 (as supplemented, amended and restated, the “Subordinated Electric System Resolution”) authorizing the issuance by JEA of Subordinated Bonds (as defined therein). The Subordinated Electric System Resolution was adopted in accordance with, and supplements, the Electric System Resolution. A summary of certain provisions of the Subordinated Electric System Resolution is attached as

APPENDIX C to the Annual Disclosure Report. The Subordinated Electric System Resolution is available for viewing and downloading on JEA's website (<http://www.jea.com>) by selecting "Investor Relations," at the bottom of the home page, then selecting "Bonds" and then selecting "Electric System Subordinated Bond Resolution" under the heading "JEA Bond Resolutions."

As of the date of this Official Statement, there is outstanding under the Subordinated Electric System Resolution \$1,099,525,000 in aggregate principal amount of Subordinated Bonds, consisting of (a) \$132,420,000 in aggregate principal amount of Variable Rate Electric System Subordinated Revenue Bonds of various series (the "Prior Series Variable Rate Subordinated Bonds"), including the Refunded Subordinated Bonds to be refunded through the issuance of the 2017 Series A Subordinated Bonds and (b) \$967,105,000 in aggregate principal amount of fixed rate Electric System Subordinated Revenue Bonds of various series (the "Prior Series Fixed Rate Subordinated Bonds"). JEA has entered into a floating-to-fixed rate interest rate swap transaction in order to synthetically fix the rate of interest on certain of the Prior Series Variable Rate Subordinated Bonds. See the table under the caption "OTHER FINANCIAL INFORMATION – Interest Rate Swap Transactions" in the Annual Disclosure Report for information regarding that interest rate swap transaction. For purposes of estimating its debt service requirements, as shown in APPENDIX B hereto, on the Prior Series Variable Rate Subordinated Bonds, JEA has assumed that such bonds will bear interest at a rate of 2.00 percent per annum for 2017, 3.00 percent per annum for 2018 and 4.00 percent per annum thereafter.

Liquidity support in connection with tenders for purchase of JEA's Variable Rate Electric System Subordinated Revenue Bonds, 2000 Series A, 2000 Series F-1, 2000 Series F-2, and 2008 Series D (collectively, the "Subordinated Liquidity Supported Electric System Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Subordinated Liquidity Supported Electric System 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 Subordinated Liquidity Supported Electric System 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 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 System 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 or such reimbursement agreements, as applicable giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION – Effect of JEA Credit Rating Changes" in the Annual Disclosure Report. Such standby bond purchase agreements are subject to periodic renewal (see Note 6 to the financial statements of JEA attached hereto as APPENDIX C).

Principal of and interest on the 2017 Series A Subordinated Bonds will rank equally and be on a parity, as to security and source of payment, with the Prior Series Variable Rate Subordinated Bonds and the Prior Series Fixed Rate Subordinated Bonds (collectively, the "Prior Series Subordinated Bonds"), the Outstanding Special Subordinated Bonds and all additional Subordinated Bonds hereafter issued pursuant to the Subordinated Electric System Resolution. All Subordinated Bonds issued pursuant to the Subordinated Electric System Resolution, including the Prior Series Subordinated Bonds, the Outstanding Special Subordinated Bonds and the 2017 Series A Subordinated Bonds, are referred to herein collectively as the "Subordinated Electric System Bonds." All Subordinated Electric System Bonds are junior and subordinate in all respects to the Electric System Bonds. Pursuant to the Subordinated Electric System Resolution and the laws of Florida, 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. *See "ELECTRIC UTILITY SYSTEM – FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS – Debt Relating to Electric Utility Functions – Subordinated Electric System Bonds" in the Annual Disclosure Report and "SECURITY AND SOURCE OF PAYMENT FOR THE 2017 SERIES A SUBORDINATED BONDS – Additional Bonds – Additional Subordinated Electric System Bonds" herein.*

Inclusion of Information

In accordance with the provisions of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated by the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended, on April 19, 2016, JEA caused the document entitled "Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2015" to be filed with Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website, currently located at <http://emma.msrb.org>. The Annual Disclosure Report sets forth certain information concerning JEA, its outstanding debt, the Electric System, its interest in the Power Park and the Scherer 4 Project.

There is hereby included in this Official Statement by this reference the information contained in the Annual Disclosure Report, which information should be read in its entirety in conjunction with this Official Statement. In addition, reference is made to the information in this Official Statement under the caption "RECENT DEVELOPMENTS," which information updates and supplements certain of the information contained in the Annual Disclosure Report.

Included in the Annual Disclosure Report are JEA's financial statements as of September 30, 2015 and for the Fiscal Year then ended and the report thereon of Ernst & Young LLP, independent auditors. [APPENDIX C hereto contains JEA's financial statements as of September 30, 2016 and 2015 and for the Fiscal Years then ended, together with the report of Ernst & Young LLP, independent auditors, on such financial statements, providing more recent audited financial information than that included in the Annual Disclosure Report.] See "RECENT DEVELOPMENTS – Financial Information" herein.

Copies of the Annual Disclosure Report may be obtained from the MSRB's EMMA website (<http://emma.msrb.org>). Copies of the Annual Disclosure Report also may be obtained via the Internet from JEA's website as described below.

The Annual Disclosure Report is available for viewing and downloading from JEA's website (<http://www.jea.com>) by selecting "About," at the top of the home page, then selecting "Financial Reports," then selecting "Investor Relations" under "Company Info," and then selecting "2015 Annual Disclosure Report for Electric Utility System - as filed with the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA)" under the heading "Annual Disclosure Reports." (Please note that there also are available from JEA's website separate documents entitled "2015 Annual Report" under the heading "Annual Reports" and under the heading "Annual Disclosure Reports" entitled "2015 Annual Disclosure Report for Water and Sewer and District Energy System - as filed with the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA)"; these documents are not the Annual Disclosure Report included by reference herein, and are not included by reference herein.) *Furthermore, except for the Annual Disclosure Report (to the extent set forth herein), none of the other information contained on JEA's website is included by reference in this Official Statement.*

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Except as specifically provided herein, such web sites and the information or links contained therein, including specifically (but not limited to) the information on JEA's website, are not included by reference herein, and are not part of this final official statement for purposes of, and as that term is defined in, Rule 15c2-12.

Continuing Disclosure Undertaking

Pursuant to a Continuing Disclosure Agreement to be executed by JEA simultaneously with the issuance of the 2017A Bonds (the "Continuing Disclosure Agreement"), JEA will covenant for the benefit of the holders and beneficial owners of the 2017A Bonds to provide certain financial information and operating data relating to JEA by not later than the June 1 following the end of each of JEA's fiscal years, commencing with the report for the fiscal year ending September 30, [2016] (the "JEA Annual Information"), and to provide notices of the occurrence of certain enumerated events with respect to the 2017A Bonds, as required by Rule 15c2-12. The JEA Annual Information and the notices of such material events will be filed by or on behalf of JEA with the MSRB. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the MSRB's EMMA website, currently located at <http://emma.msrb.org>. The specific nature of the information to be contained in the JEA Annual Information or the notices of material events is set forth in the form of the Continuing Disclosure Agreement attached hereto as APPENDIX D.

The covenants described in the preceding paragraph have been made in order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12.

The failure by JEA to observe or perform any of its obligations under the Continuing Disclosure Agreement will not be deemed an “event of default” under the Electric System Resolution or the Subordinated Electric System Resolution. As provided in the Continuing Disclosure Agreement, if JEA fails to make a filing required under the Continuing Disclosure Agreement, any holder or beneficial owner of the 2017A Bonds may institute and maintain, or cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by JEA of such obligation. In addition, as provided in the Continuing Disclosure Agreement, if JEA fails to perform any other obligation under the Continuing Disclosure Agreement, the holders or beneficial owners of not less than 10 percent in principal amount of the applicable installment or series, as applicable, of the 2017A Bonds then outstanding or a trustee appointed by the holders or beneficial owners of not less than 25 percent in principal amount of the applicable installment or series, as applicable, of the 2017A Bonds then outstanding may institute and maintain, or cause to be instituted and maintained, such proceedings (including any proceedings that contest the sufficiency of any pertinent filing) as may be authorized at law or in equity to obtain the specific performance by JEA of such obligation. IF ANY PERSON SEEKS TO CAUSE JEA TO COMPLY WITH ITS OBLIGATIONS UNDER THE CONTINUING DISCLOSURE AGREEMENT, IT IS THE RESPONSIBILITY OF SUCH PERSON TO DEMONSTRATE THAT IT IS A BENEFICIAL OWNER WITHIN THE MEANING OF THE CONTINUING DISCLOSURE AGREEMENT.

As of the date of this Official Statement, JEA has not failed to comply, in any material respect, with any previous continuing disclosure undertakings made by it pursuant to the provisions of Rule 15c2-12 in connection with the issuance of its bonds. Nonetheless, issues have been discovered with regard to certain of JEA’s filings as described below. JEA inadvertently failed to timely file a notice relating to generally available information about the upgrade by S&P of the ratings of Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.) (“AGM”) from “AA-” to “AA” in March of 2014 as it relates to certain Electric System bonds insured by AGM. Such notice was filed on May 23, 2014.

As described in “BOOK-ENTRY ONLY SYSTEM” in APPENDIX A hereto, the 2017A Bonds will be available only in book-entry form through the facilities of The Depository Trust Company (“DTC”), and the ownership of one or more fully registered bonds for each installment or series and each maturity (and, if applicable, each interest rate within a maturity), in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. For a description of DTC’s procedures with respect to the enforcement of bondholders’ rights, see “BOOK-ENTRY ONLY SYSTEM” in APPENDIX A hereto.

PURPOSE OF ISSUE AND PLAN OF FINANCE

Series Three 2017A Bonds

The Series Three 2017A Bonds are being issued to (a) provide a portion of the funds required to redeem on [_____, 20__]* certain of JEA’s outstanding Electric System Bonds (collectively, the “Refunded Series Three Bonds”), (b) provide funds to make a deposit in the Initial Subaccount in the Debt Service Reserve Account and (c) pay costs of issuance of the Series Three 2017A Bonds.

JEA presently anticipates that the Refunded Series Three Bonds will consist of the Electric System Bonds listed in the following table.

<u>Series Three</u>	<u>Maturity Date (October 1)</u>	<u>Amount to be Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price (expressed as a percentage of principal amount)</u>
Total		\$ _____ ⁽¹⁾		[100]%

⁽¹⁾ The Electric System Revenue Bonds, Series Three _____ Bonds maturing on October 1, 20__ currently are Outstanding in the aggregate principal amount of \$_____.

JEA will select the particular Electric System Bonds to be refunded through the issuance of the Series Three 2017A Bonds at or about the time of the pricing of the Series Three 2017A Bonds and such selection will be based upon, among other things, market conditions existing at such time. No assurance can be given as to which Electric System Bonds will be finally selected for refunding, and the Electric System Bonds finally selected may not include all of the Electric System Bonds shown above and may include other Electric System Bonds.

Moneys sufficient to pay the redemption price of and interest on the Refunded Series Three Bonds on the redemption date therefor will be derived from a portion of the proceeds of the Series Three 2017A Bonds and certain amounts available under the Electric System Resolution.

Simultaneously with the issuance of the Series Three 2017A Bonds, JEA will enter into an Escrow Deposit Agreement (the “Escrow Deposit Agreement”) with [ESCROW AGENT], as escrow agent (the “Escrow Agent”). The moneys on deposit in the Escrow Account will be invested in certain direct obligations of the United States of America (“U.S. Treasury Securities”) which will be scheduled to mature and bear interest at the times and in the amounts required to pay the principal or redemption price, as applicable of and interest on the Refunded Series Three Bonds when due.

Upon deposit of [cash and] the U.S. Treasury Securities with the Escrow Agent pursuant to the Escrow Deposit Agreement and compliance with certain other provisions of the Electric

* Preliminary, subject to change.

System Resolution, the Refunded Series Three Bonds shall no longer be deemed “Outstanding” within the meaning of the Electric System Resolution.

2017 Series A Subordinated Bonds

The 2017 Series A Subordinated Bonds are being issued to (a) provide a portion of the funds required to redeem on [_____, 20__]* certain of JEA’s outstanding Subordinated Electric System Bonds (collectively, the “Refunded Subordinated Bonds”) and (b) pay costs of issuance of the 2017 Series A Subordinated Bonds.

JEA presently anticipates that the Refunded Subordinated Bonds will consist of the Subordinated Bonds listed in the following table.

Series Three	Maturity Date (October 1)	Amount to be Refunded	Redemption Date	Redemption Price (expressed as a percentage of principal amount)
		\$ _____ ⁽¹⁾		[100]%
Total		\$ _____		

⁽¹⁾ The Electric System Revenue Bonds, Series Three _____ Bonds maturing on October 1, 20__ currently are Outstanding in the aggregate principal amount of \$_____.

JEA will select the particular Subordinated Electric System Bonds to be refunded through the issuance of the 2017 Series A Subordinated Bonds at or about the time of the pricing of the 2017 Series A Subordinated Bonds and such selection will be based upon, among other things, market conditions existing at such time. No assurance can be given as to which Subordinated Electric System Bonds, or the principal amount thereof, will be finally selected for refunding, and the Subordinated Electric System Bonds finally selected may not be allocated to the Sinking Fund Installments indicated above and may include other Subordinated Electric System Bonds.

Moneys sufficient to pay the redemption price of and interest on the Refunded Subordinated Bonds on the redemption date therefor will be derived from a portion of the proceeds of the 2017 Series A Subordinated Bonds and certain amounts available under the Subordinated Electric System Resolution.

Simultaneously with the issuance of the 2017 Series A Subordinated Bonds, JEA will enter into an Escrow Deposit Agreement with the Escrow Agent. The moneys on deposit in the Escrow Account will be invested in U.S. Treasury Securities which will be scheduled to mature and bear interest at the times and in the amounts required to pay the principal or redemption price, as applicable of and interest on the Refunded Subordinated Bonds when due.

Upon deposit of [cash and] the U.S. Treasury Securities with the Escrow Agent pursuant to the Escrow Deposit Agreement and compliance with certain other provisions of the Electric

* Preliminary, subject to change.

System Resolution, the Refunded Series Three Bonds shall no longer be deemed "Outstanding" within the meaning of the Electric System Resolution.

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ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of the 2017A Bonds are estimated to be as follows:

	<u>Series Three 2013A Bonds</u>	<u>2017 Series A Subordinated Bonds</u>	<u>Total</u>
Sources:			
Principal Amount	\$	\$	\$
Plus: Original Issue Premium (net of Discount)			
Plus: Amount available from Sinking Fund.....			
[Plus: Amount released from Initial Subaccount in Debt Service Reserve Account			
Plus: Amount available from Subordinated Bond Fund.....			
[Plus: Contribution of JEA Revenues.....			
TOTAL	\$	\$	\$
Uses:			
Deposit with Escrow Agent for Refunded Series Three Bonds	\$	\$	\$
Deposit with Escrow Agent for Refunded Subordinated Bonds			
Underwriters' discount and costs of issuance			
TOTAL	\$	\$	\$

**SECURITY AND SOURCE OF PAYMENT FOR
THE SERIES THREE 2017A BONDS**

The information under this caption relates solely to the Series Three 2017A Bonds. For a description of the security and source of payment for the 2017 Series A Subordinated Bonds, see "SECURITY AND SOURCE OF PAYMENT FOR THE 2017 SERIES A SUBORDINATED BONDS" herein.

General

The Series Three 2017A Bonds will be issued pursuant to the Constitution and laws of the State of Florida, particularly Article 21 of the Charter, other applicable provisions of law and the Electric System Resolution. For a more extensive discussion of the terms and provisions of the Electric System Resolution, including the levels at which the funds and accounts established thereby are to be maintained, the flow of funds thereunder and the purposes to which moneys in such funds and accounts may be applied, see "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in APPENDIX B to the Annual Disclosure Report, as

supplemented herein under the caption “RECENT DEVELOPMENTS – March 2010 Amendments to Electric System Resolution.”

Source of Payment

The payment of the principal of and interest on all Electric System Bonds (including the Series Three 2017A Bonds) is secured equally and ratably by an irrevocable first lien on (a) the Net Revenues derived from the operation of the Electric System and (b) the amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such Net Revenues and amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, and such Net Revenues and such amounts are irrevocably pledged to the payment of the principal of and interest on the Electric System Bonds.

In addition, the payment of the principal of and interest on the Additionally Secured Bonds (as defined in the Electric System Resolution; see “SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Definitions” in APPENDIX B to the Annual Disclosure Report) of each series is additionally secured by the amounts on deposit in the separate subaccount in the Debt Service Reserve Account in the Sinking Fund designated therefor as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, and such amounts are irrevocably pledged to the payment of the principal of and interest on the Additionally Secured Bonds of such series. See “Debt Service Reserve Account” below.

The term “Net Revenues” is defined in the Electric System Resolution to mean the Revenues or Gross Revenues, as defined therein, after deduction of the Cost of Operation and Maintenance, as defined therein.

The term “Revenues” or “Gross Revenues” is defined in the Electric System Resolution to mean all income or earnings, including any income from the investment of funds which is deposited in the Revenue Fund as provided in the Electric System Resolution, derived by JEA from the ownership or operation of the Electric System. “Gross Revenues” or “Revenues” does not include customers’ deposits and any other deposits subject to refund unless such deposits have become property of JEA or any cash subsidy payments received by JEA from the U.S. Treasury in respect of the interest on any Build America Bonds. For any purpose of the Electric System Resolution that requires the computation of Gross Revenues or Revenues with respect to any period of time, “Gross Revenues” or “Revenues” includes such amounts derived by JEA from the ownership or operation of the Electric System during such period plus (x) the amounts, if any, paid from the Rate Stabilization Fund established pursuant to the Electric System Resolution into the Revenue Fund during such period (excluding from (x) amounts, if

any, included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the Electric System Resolution) and minus (y) the amounts, if any, paid from the Revenue Fund into the Rate Stabilization Fund during such period.

The term “Cost of Operation and Maintenance” is defined in the Electric System Resolution to mean the current expenses, paid or accrued, of operation, maintenance and repair of the Electric System, including administration costs, as calculated in accordance with generally accepted accounting principles, and includes all Contract Debts, but does not include any reserve for renewals and replacements or any allowance for depreciation or amortization and there is included in the Cost of Operation and Maintenance only that portion of the total administrative, general and other expenses of JEA which are properly allocable to the Electric System.

For the definition of the term “Contract Debts,” see “Contract Debts” below.

Debt Service Reserve Account

There is created within the Debt Service Reserve Account in the Sinking Fund established pursuant to the Electric System Resolution a subaccount designated as the “Initial Subaccount” for the benefit of (a) all Electric System Bonds Outstanding on February 29, 2000 and (b) all Additional Parity Obligations of any series issued after such date, but only to the extent that the resolution of JEA supplemental to the Electric System Resolution authorizing the Additional Parity Obligations of such series shall specify that such Additional Parity Obligations shall be additionally secured by amounts on deposit therein; *provided, however*, that no Capital Appreciation Bonds or Deferred Interest Bonds (as such terms are defined in the Electric System Resolution) may be additionally secured by amounts on deposit in the Initial Subaccount. Resolution No. 2016-17 adopted by JEA on November 15, 2016 supplemental to the Electric System Resolution authorizing the Series Three 2017A Bonds (“Resolution No. 2016-17”), specifies that the Series Three 2017A Bonds will be additionally secured by amounts on deposit in the Initial Subaccount.

If on any day on which the principal or sinking fund redemption price of or interest on the Electric System Bonds shall be due, the amount on deposit in the Debt Service Account in the Sinking Fund established pursuant to the Electric System Resolution shall be less than the amount required to pay such principal, redemption price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Bonds secured thereby.

Pursuant to the Electric System Resolution, JEA is required to maintain on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund an amount equal to the Debt Service Reserve Requirement related thereto. The term “Debt Service Reserve Requirement” is defined in the Electric System Resolution to mean, with respect to the Initial

Subaccount in the Debt Service Reserve Account in the Sinking Fund, as of any date of calculation, an amount equal to the maximum amount of interest to accrue on the Additionally Secured Bonds secured thereby (including the Series Three 2017A Bonds) during the then current, or any future, Fiscal Year (assuming, for this purpose, that in the case of any Additionally Secured Bonds secured thereby that bear interest at a variable or floating rate (i) if the interest rate(s) on all or any portion of such Bonds shall have been converted synthetically to a fixed interest rate pursuant to an interest rate swap transaction that has a term equal to, and the notional amount of which amortizes at the same times and in the same amounts as, such Bonds, such Bonds (or such portion thereof) shall be deemed to bear interest during such period at the greater of (A) the fixed rate payable by JEA under such interest rate swap transaction and (B) the Certified Interest Rate applicable to such Bonds and (ii) if the interest rate(s) on such Bonds (or portion thereof) shall not have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction, such Bonds shall be deemed to bear interest during such period at the greater of (x) the actual rate of interest then borne by such Bonds or (y) the Certified Interest Rate applicable thereto). In the event that any Additionally Secured Bonds secured by the Initial Subaccount shall bear interest at a variable or floating rate, if the amount of the Debt Service Reserve Requirement for the Initial Subaccount shall increase as a result of either (x) any termination of any interest rate swap transaction described in clause (i) above prior to the final maturity date of such Bonds or (y) the actual rate of interest borne by such Bonds (or such portion thereof) that shall not have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction at any time being in excess of the Certified Interest Rate applicable thereto, the amount of such increase shall be required to be funded in equal semiannual installments over a three-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six months following the date on which the event resulting in such increase shall have occurred. For the purpose of the calculation of the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund in the event that any Additionally Secured Bonds secured thereby shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Bonds shall be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that

remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six months following the date on which JEA does not receive the first such cash subsidy payment that it therefore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five year period. Notwithstanding any other provision of this Official Statement, any one or more installments of any increase in Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Additionally Secured Bonds secured thereby (including the Series Three 2017A Bonds) an irrevocable surety bond, an insurance policy or a letter of credit (referred to herein as a "reserve fund credit instrument") satisfying the requirements set forth in the Electric System Resolution in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sum of moneys or value of Authorized Investments then on deposit in the Initial Subaccount, if any, and amounts available under all reserve fund credit instruments credited to the Initial Subaccount. See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Establishment of Funds and Disposition of Revenues of the Electric System" in APPENDIX B to the Annual Disclosure Report.

As of the date of this Official Statement, the Debt Service Reserve Requirement for the Initial Subaccount in the Debt Service Reserve Account was \$_____, and the amount credited to the Initial Subaccount was \$_____. As a result of the issuance of the Series Three 2017A Bonds and the refunding of the Refunded Series Three Bonds refunded thereby, the Debt Service Reserve Requirement for the Initial Subaccount in the Debt Service Reserve Account will decrease by \$_____, to \$_____.

As discussed in “SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Establishment of Funds and Disposition of Revenues of the Electric System” in APPENDIX B to the Annual Disclosure Report, JEA has previously funded the Initial Subaccount with cash and reserve fund credit instruments (the “Surety Policies”) to satisfy the Debt Service Reserve Requirement therefor.

As a result of rating actions by Fitch Ratings, Moody’s Investors Service (“Moody’s”) and Standard & Poor’s, a business of Standard & Poor’s Financial Services LLC (“S&P”), pursuant to the Electric System Resolution, JEA has made deposits to the Initial Subaccount in an aggregate amount equal to the aggregate amount of the Surety Policies. See “SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Establishment of Funds and Disposition of Revenues of the Electric System” in APPENDIX B to the Annual Disclosure Report.

JEA may, by resolution supplemental to the Electric System Resolution, create within the Debt Service Reserve Account one or more additional subaccounts, for the benefit of such series of Electric System Bonds as may be specified in, or determined pursuant to, such supplemental resolution. In lieu of maintaining moneys or investments in any such subaccount, JEA at any time may cause to be deposited into such subaccount for the benefit of the Holders of the Additionally Secured Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit satisfying the requirements set forth in such supplemental resolution in an amount equal to the difference between the Debt Service Reserve Requirement for such subaccount and the sum of moneys or value of Authorized Investments then on deposit therein, if any. Any such additional subaccount hereafter established will not additionally secure the Series Three 2017A Bonds.

No Pledge of Credit or Taxing Power

The Electric System Bonds will not be or constitute general obligations or indebtedness of the City or JEA as “bonds” within the meaning of the Constitution of the State of Florida, but will be payable solely from and secured by a lien upon and a pledge of the Net Revenues and other amounts as provided in the Electric System Resolution. No Holder or Holders of any Electric System Bonds will ever have the right to compel the exercise of the ad valorem taxing power of the City or JEA, if any, or taxation in any form of any real property in the City to pay the Electric System Bonds or interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Electric System Resolution. JEA has no power to levy taxes for any purpose.

Contract Debts

Contract Debts, a component of the Electric System’s Cost of Operation and Maintenance, is defined in the Electric System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk electric power purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or

not the same are made available, furnished or received, but shall not include (a) payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to “debt service coverage” with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than (X) the Power Park and (Y) the Bulk Power Supply System Projects (as such term is defined in the Electric System Resolution)) and (b) payments required to be made in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale as may be determined by JEA to be payable on a parity with Subordinated Bonds that may be issued in accordance with the provisions of the Electric System Resolution. For a further discussion of Contract Debts, see “ELECTRIC UTILITY SYSTEM – FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS – Debt Relating to Electric Utility Functions – *Electric System Contract Debts*” in the Annual Disclosure Report.

For a description of certain proposed amendments to the foregoing provisions, see “Proposed Amendments to Electric System Resolution” below and “SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Proposed Amendments to Electric System Resolution - May 1998 Amending Resolution” in APPENDIX B to the Annual Disclosure Report.

Rate Covenants

Electric System Rate Covenant. For a description of the rate covenant made by JEA in the Electric System Resolution, see “SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Rate Covenant” in APPENDIX B to the Annual Disclosure Report. See also “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – Electric System – *Rates*” in the Annual Disclosure Report, [as updated in “RECENT DEVELOPMENTS – Rates” herein.]

Power Park Rate Covenants. For a description of the rate covenant made by JEA in the First Power Park Resolution and the Second Power Park Resolution (as defined in the Annual Disclosure Report), see “SUMMARY OF CERTAIN PROVISIONS OF THE FIRST POWER PARK RESOLUTION – Particular Covenants of JEA – *Rate Covenant*” in APPENDIX D to the Annual Disclosure Report and “SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION – Covenants as to Rates, Fees and Charges” in APPENDIX E to the Annual Disclosure Report.

Bulk Power Supply System Rate Covenant. For a description of the rate covenant made by JEA in the Restated and Amended Bulk Power Supply System Resolution (as defined in the Annual Disclosure Report), see “SUMMARY OF CERTAIN PROVISIONS OF THE RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM RESOLUTION – Covenant as to Rates, Fees and Charges” in APPENDIX F to the Annual Disclosure Report.

Additional Bonds

Additional Electric System Bonds. Except for Contract Debts, JEA has covenanted in the Electric System Resolution to issue no obligations payable from the Revenues of the Electric System, nor to create voluntarily or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Electric System Bonds except as provided in the Electric System Resolution. For a description of the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds, see “SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Issuance of Additional Electric System Bonds” in APPENDIX B to the Annual Disclosure Report.

Additional Power Park Issue Two Bonds. JEA may issue one or more series of additional Power Park Issue Two Bonds for the purpose of providing funds to pay all or a portion of the Cost of Acquisition and Construction of any Additional Facilities (as such terms are defined in the First Power Park Resolution). JEA may also issue refunding Power Park Issue Two Bonds to refund outstanding Power Park Issue Two Bonds from time to time as it deems economical or advantageous. Any additional Power Park Issue Two Bonds or refunding Power Park Issue Two Bonds will be entitled to a lien on the Revenues (as defined in the First Power Park Resolution) and other funds pledged pursuant to the First Power Park Resolution equal to the lien of the outstanding Power Park Issue Two Bonds. For a description of the provisions of the First Power Park Resolution relating to the issuance of additional Power Park Issue Two Bonds, see “SUMMARY OF CERTAIN PROVISIONS OF THE FIRST POWER PARK RESOLUTION – Additional Power Park Bonds” in APPENDIX D to the Annual Disclosure Report.

Additional Power Park Issue Three Bonds. JEA may issue one or more series of additional Power Park Issue Three Bonds for any lawful purpose of JEA relating to the Power Park. JEA may also issue refunding Power Park Issue Three Bonds to refund outstanding Power Park Issue Two Bonds or outstanding Power Park Issue Three Bonds from time to time as it deems economical or advantageous. Any additional Power Park Issue Three Bonds or refunding Power Park Issue Three Bonds will be entitled to a lien on the Revenues (as defined in the Second Power Park Resolution) and other funds pledged pursuant to the Second Power Park Resolution equal to the lien of the outstanding Power Park Issue Three Bonds. For a description of the provisions of the Second Power Park Resolution relating to the issuance of additional Power Park Issue Three Bonds, see “SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION – Additional Power Park Issue Three Bonds” in APPENDIX E to the Annual Disclosure Report.

Additional Bulk Power Supply System Bonds. JEA may issue one or more series of Additional Bulk Power Supply System Bonds (as defined in the Annual Disclosure Report) for any lawful purpose of JEA relating to any Project (as defined in the Restated and Amended Bulk Power Supply System Resolution). JEA may also issue refunding Additional Bulk Power Supply System Bonds to refund outstanding Additional Bulk Power Supply System Bonds from

time to time as it deems economical or advantageous. Any Additional Bulk Power Supply System Bonds or refunding Additional Bulk Power Supply System Bonds will be entitled to a lien on the Revenues (as defined in the Restated and Amended Bulk Power Supply System Resolution) and other funds pledged pursuant to the Restated and Amended Bulk Power Supply System Resolution equal to the lien of the outstanding Additional Bulk Power Supply System Bonds. For a description of the provisions of the Restated and Amended Bulk Power Supply System Resolution relating to the issuance of Additional Bulk Power Supply System Bonds, see “SUMMARY OF CERTAIN PROVISIONS OF THE RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM RESOLUTION – Additional Bonds” in APPENDIX F to the Annual Disclosure Report.

Proposed Amendments to 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, in a manner requiring (i) the consent of FPL, (ii) the consent of the holders of 60 percent or more in principal amount of the Power Park Issue Two Bonds outstanding and (iii) the consent of the holders of a majority in principal amount of the Power Park Issue Three Bonds outstanding.

If and when they become effective, these amendments will amend the provisions of the Electric System Resolution relating to the priority of payments with respect to the Power Park to provide that payments with respect to (i) debt service on obligations issued by JEA with respect to the Power Park (including the Power Park Issue Two Bonds and the Power Park Issue Three Bonds) and any additional amounts relating to “debt service coverage” with respect thereto and (ii) deposits into any renewal and replacement or similar fund with respect to the Power Park will no longer constitute a portion of the Cost of Operation and Maintenance, but will be payable on a parity with Subordinated Bonds (as defined in the Electric System Resolution) that may be issued in accordance with the provisions of the Electric System Resolution, including the Subordinated Electric System Bonds. The amendments to the Electric System Resolution described in this paragraph will become effective upon the satisfaction of the conditions to the effectiveness thereof described above. As of the date of this Official Statement, JEA has not solicited any consents to such amendments and has no intention of soliciting any such consents in the future.

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.

Additional Provisions Relating to the Series Three 2017A Bonds

With respect to the requirements relating to the Internal Revenue Code of 1986, as amended, (the "Code"), JEA has covenanted in Resolution No. 2016-17 authorizing the Series Three 2017A Bonds as follows:

"Tax Covenants. 1. JEA covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series Three 2017A Bonds under Section 103 of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the date of issuance of the Series Three 2017A Bonds concerning certain matters pertaining to the use of proceeds of the Series Three 2017A Bonds, including any and all exhibits attached thereto (the 'Tax Certificate'). This covenant shall survive payment in full or defeasance of the Series Three 2017A Bonds.

2. Notwithstanding any provisions of this Section, if JEA shall obtain an opinion of nationally recognized municipal bond attorneys to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Series Three 2017A Bonds, JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

3. Notwithstanding any other provision of the Electric System Resolution to the contrary, (a) upon JEA's failure to observe or refusal to comply with the above covenants with respect to the Series Three 2017A Bonds, the Holders of the Series Three 2017A Bonds shall be entitled to the rights and remedies provided to Bondholders under the Electric System Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all Series Three 2017A Bonds then outstanding, and the interest accrued thereon, to be due and payable and (b) the holders of any [Electric System] Bonds other than the Series Three 2017A Bonds shall not be entitled to exercise any right or remedy provided to Bondholders under the Electric System

Resolution based upon JEA's failure to observe, or refusal to comply with, the above covenants with respect to the Series Three 2017A Bonds."

DESCRIPTION OF THE SERIES THREE 2017A BONDS

General

The Series Three 2017A Bonds will be issued in the aggregate principal amount of \$500,000,000*. The Series Three 2017A Bonds will be dated the date of delivery thereof and bear interest at the rates and mature on the dates, as set forth on the inside cover page of this Official Statement. Interest on the Series Three 2017A Bonds will be payable commencing on [April/October] 1, 20__ and semiannually on each April 1 and October 1 thereafter. The Series Three 2017A Bonds will be issuable only in fully registered form in the principal amount of \$5,000 or any integral multiple thereof. The Series Three 2017A Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the Series Three 2017A Bonds, and the ownership of one or more fully registered Series Three 2017A Bonds for each maturity (and, if applicable, each interest rate and CUSIP number within a maturity) as set forth on the inside cover page of this Official Statement, in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto. U.S. Bank National Association, Jacksonville, Florida, is Registrar and Paying Agent for the Series Three 2017A Bonds.

Registration and Transfer

Payment of the semiannual interest on the Series Three 2017A Bonds shall be made by check or draft mailed to the persons in whose names the Series Three 2017A Bonds are registered at the persons' addresses as they appear on the registration books maintained by the Registrar on behalf of JEA at 5:00 p.m. (local time in the city in which the principal office of the Registrar is located) on the 15th day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of such Series Three 2017A Bonds subsequent to the Record Date and prior to such interest payment date, unless JEA shall default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the persons in whose names such Series Three 2017A Bonds are registered at 5:00 p.m. (local time in the city in which the principal office of the Registrar is located) on a special record date for the payment of such defaulted interest established by notice mailed by the Registrar on behalf of JEA to the registered owners of the Series Three 2017A Bonds not less than 15 calendar days preceding such special record date. For so long as a book-entry system is used for determining beneficial ownership of the Series Three 2017A Bonds, such interest shall be payable to DTC or its nominee. Disbursement of such payments to the Direct Participants (as defined in APPENDIX A hereto) is the responsibility of DTC, and disbursement of such payments to the

* Preliminary, subject to change.

Beneficial Owners (as defined in APPENDIX A hereto) of the Series Three 2017A Bonds is the responsibility of the Direct Participants or the Indirect Participants (as defined in APPENDIX A hereto).

JEA and the Registrar may charge the registered owner or the transferee or transferees, as the case may be, a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer of Series Three 2017A Bonds. The Registrar or JEA may also require payment from the registered owner or transferee of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Series Three 2017A Bond shall be delivered.

Redemption Provisions

Optional Redemption. The Series Three 2017A Bonds maturing on or before October 1, 20__ will not be subject to optional redemption prior to maturity. The Series Three 2017A Bonds maturing on October 1, 20__ and thereafter will be subject to redemption at the election of JEA on or after _____ 1, 20__, at any time, as a whole or in part, at a redemption price (plus accrued interest to the redemption date) equal to 100 percent of the principal amount thereof.

Mandatory Redemption. The Series Three 2017A Bonds maturing on October 1, 20__ will be subject to redemption from Amortization Installments on October 1 in the years and in the amounts shown below, at a redemption price of 100 percent of the principal amount thereof, together with accrued interest, if any, to the redemption date:

Series Three 2017A Bonds	
<u>Maturing October 1, 20__</u>	
<u>Year</u>	<u>Amount</u>
	\$
*	

* Final Maturity

Taking into consideration the Amortization Installments set forth above, the average life of the Series Three 2017A Bonds maturing on October 1, 20__, calculated from the date of delivery of such Bonds, is approximately ____ years.

In determining the amount of the Series Three 2017A Bonds maturing on October 1, 20__ or 20__ to be redeemed with any Amortization Installments, there will be deducted the principal amount of any Series Three 2017A Bonds of such maturity which have been purchased or redeemed, to the extent permitted by the Electric System Resolution, with amounts on deposit in the Debt Service Account (exclusive of amounts deposited from proceeds of Bonds). In addition, in the event that any Series Three 2017A Bonds are purchased or redeemed other than with moneys in the Debt Service Account, the Series Three 2017A Bonds so purchased or redeemed will be credited against the Amortization Installments for the Series 2017A Bonds thereafter to become due as follows: there will be credited toward each Amortization Installment thereafter to become due an amount bearing the same ratio to such

Amortization Installment as the total principal amount of such Series Three 2017A Bonds so purchased or redeemed bears to the total amount of all such Amortization Installments to be credited, subject to authorized denominations for the Series Three 2017A Bonds.

Selection of Series Three 2017A Bonds to be Redeemed. For so long as the Series Three 2017A Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX A hereto, in the event that less than all of the Series Three 2017A Bonds of a particular maturity (and, if applicable, each interest rate within a maturity) are to be redeemed, the particular Beneficial Owner(s) to receive payment of the redemption price with respect to beneficial ownership interests in such Bonds shall be selected by DTC and the Direct Participants and/or Indirect Participants. See “BOOK-ENTRY ONLY SYSTEM” in APPENDIX A hereto.

Notice of Redemption

The Registrar shall mail a copy of the notice of redemption, at least 30 days prior to the redemption date, to each registered owner of any Series Three 2017A Bond to be redeemed in whole or in part at the address as it appears on the registration books as of 45 days prior to the date fixed for redemption. Failure to give such notice by mailing to any registered owner of Series Three 2017A Bonds, or any defect therein, shall not affect the validity of any proceedings for the redemption of other Series Three 2017A Bonds. Any notice mailed as provided in the Electric System Resolution shall be conclusively presumed to have been given, whether or not the registered owner of such Series Three 2017A Bonds receives the notice. Notice having been given in the manner provided in the Electric System Resolution, on the redemption date so designated, (a) unless such notice has been revoked or ceases to be in effect in accordance with the terms thereof and (b) if there are sufficient moneys available therefor, then the Series Three 2017A Bonds or portions thereof so called for redemption will become due and payable on such redemption date at the redemption price, plus interest accrued and unpaid to the redemption date. For so long as a book-entry only system of registration is in effect with respect to the Series Three 2017A Bonds, the Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants, any failure of Direct Participants to convey such notice to any Indirect Participants or any failure of Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency or the validity of the redemption of Series Three 2017A Bonds. See “BOOK-ENTRY ONLY SYSTEM” in APPENDIX A hereto.

SECURITY AND SOURCE OF PAYMENT FOR THE 2017 SERIES A SUBORDINATED BONDS

The information under this caption relates solely to the 2017 Series A Subordinated Bonds. For a description of the security and source of payment for the Series Three 2017A Bonds, see “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS” herein.

General

The 2017 Series A Subordinated Bonds will be issued pursuant to the Constitution and laws of the State of Florida, particularly Article 21 of the Charter, other applicable provisions of law and the Electric System Resolution and the Subordinated Electric System Resolution. For a more extensive discussion of the terms and provisions of the Subordinated Electric System Resolution, including the levels at which the funds and accounts established thereby are to be maintained, the flow of funds thereunder and the purposes to which moneys in such funds and accounts may be applied, see "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED ELECTRIC SYSTEM RESOLUTION" in APPENDIX C to the Annual Disclosure Report.

Source of Payment

The payment of the principal of, premium, if any, and interest on all Subordinated Electric System Bonds (including the 2017 Series A Subordinated Bonds) is secured equally and ratably by a lien upon and a pledge of (i) the amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, including the investments, if any, thereof and (ii) the amounts on deposit in the Funds established under the Subordinated Electric System Resolution, including the investments, if any, thereof, subject only to the provisions of the Electric System Resolution and the Subordinated Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Electric System Resolution; *provided, however*, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund established pursuant to the Subordinated Electric System Resolution) shall be junior and subordinate in all respects to the Electric System Bonds as to lien on and source and security for payment from the Revenues (as defined in the Electric System Resolution).

The Subordinated Electric System Resolution establishes a Subordinated Bond Construction Fund, a Subordinated Bond Fund and a Subordinated Bond Rate Stabilization Fund.

In the Subordinated Electric System Resolution, JEA has covenanted (a) until such time, if any, as the Electric System Resolution shall be discharged and no longer shall be in effect, that JEA will comply with the provisions of the Electric System Resolution relating to the receipt, deposit and application of the Revenues (see "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Establishment of Funds and Disposition of Revenues of the Electric System" in APPENDIX B to the Annual Disclosure Report), and (b) in the event that the Electric System Resolution shall be discharged and no longer in effect, that it will make the deposits into the Subordinated Bond Fund and the Subordinated Bond Rate Stabilization Fund required to be made pursuant to the Subordinated Electric System Resolution from Revenues.

Amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution are required to be applied (a) to the payment of the Electric System's Cost of Operation and Maintenance, including the payment of Contract Debts (as such terms are defined in the Electric System Resolution), and (b) to make certain required deposits to the Sinking Fund established pursuant to the Electric System Resolution in respect of debt service on, and required reserves for, the Electric System Bonds, in each such case, prior to any payment from such amounts of amounts in respect of debt service on the Subordinated Electric System Bonds.

No Subordinated Debt Service Reserve Account

No debt service reserve or similar account has been established under the Subordinated Electric System Resolution with respect to any outstanding Subordinated Electric System Bonds and no such account will be established with respect to the 2017 Series A Subordinated Bonds.

No Pledge of Credit or Taxing Power

The Subordinated Electric System Bonds will not be or constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of the State of Florida, but will be payable solely from and secured by a lien upon and a pledge of the amounts as provided in the Subordinated Electric System Resolution. No Holder or Holders of any Subordinated Electric System Bonds will ever have the right to compel the exercise of the ad valorem taxing power of the City or taxation in any form of any real property in the City to pay the Subordinated Electric System Bonds or interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds created by the Electric System Resolution and the Subordinated Electric System Resolution in the manner provided therein. JEA has no power to levy taxes for any purpose.

Contract Debts

For a discussion of Contract Debts, see "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS – Contract Debts" herein.

Rate Covenants

Rate Covenant Under the Subordinated Electric System Resolution. For a description of the rate covenant made by JEA in the Subordinated Electric System Resolution, see "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED ELECTRIC SYSTEM RESOLUTION – Rate Covenant" in APPENDIX C to the Annual Disclosure Report.

Electric System Rate Covenant. For a description of the rate covenant made by JEA in the Electric System Resolution, see "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS – Rate Covenants – *Electric System Rate Covenant*" herein.

Power Park Rate Covenants. For a description of the rate covenant made by JEA in the First Power Park Resolution and the Second Power Park Resolution, see “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS – Rate Covenants – *Power Park Rate Covenants*” herein.

Bulk Power Supply System Rate Covenant. For a description of the rate covenant made by JEA in the Restated and Amended Bulk Power Supply System Resolution, see “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS - Rate Covenants - *Bulk Power Supply System Rate Covenant*” herein.

Additional Bonds

Additional Subordinated Electric System Bonds. JEA may issue one or more Series of additional Subordinated Electric System Bonds for the purpose of (i) providing a portion of the funds necessary for the construction or acquisition of additions, extensions and improvements to the Electric System, and purposes incidental thereto, (ii) providing funds for the refunding of outstanding Electric System Bonds or Outstanding Subordinated Electric System Bonds and (iii) providing funds for any other lawful purpose of JEA relating to the Electric System. All additional Subordinated Electric System Bonds will rank equally and be on a parity, as to security and source of payment, with the 2017 Series A Subordinated Bonds and the Outstanding Subordinated Electric System Bonds. For a description of the provisions of the Subordinated Electric System Resolution relating to the issuance of additional Subordinated Electric System Bonds, see “SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED ELECTRIC SYSTEM RESOLUTION – Additional Subordinated Bonds; Conditions to Issuance” in APPENDIX C to the Annual Disclosure Report.

Additional Electric System Bonds. For a description of the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds, see “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS - Additional Bonds - *Additional Electric System Bonds*” herein.

Additional Power Park Issue Two Bonds. For a description of the provisions of the First Power Park Resolution relating to the issuance of additional Power Park Issue Two Bonds, see “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS - Additional Bonds - *Additional Power Park Issue Two Bonds*” herein.

Additional Power Park Issue Three Bonds. For a description of the provisions of the Second Power Park Resolution relating to the issuance of additional Power Park Issue Three Bonds, see “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS - Additional Bonds - *Additional Power Park Issue Three Bonds*” herein.

Additional Bulk Power Supply System Bonds. For a description of the provisions of the Restated and Amended Bulk Power Supply System Resolution relating to the issuance of Additional Bulk Power Supply System Bonds, see “SECURITY AND SOURCE OF PAYMENT

FOR THE SERIES THREE 2017A BONDS - Additional Bonds - *Additional Bulk Power Supply System Bonds*” herein.

Proposed Amendments to Electric System Resolution

For a description of certain amendments to the Electric System Resolution that have not yet become effective, see “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE 2017A BONDS – Proposed Amendments to Electric System Resolution” herein.

Additional Provisions Relating to the 2017 Series A Subordinated Bonds

With respect to the requirements relating to the Code, JEA has covenanted in Resolution No. 2016-18 adopted by JEA on November 15, 2016, entitled “Fifty-Fourth Supplemental Subordinated Electric System Resolution” authorizing the 2017 Series A Subordinated Bonds (the “Fifty-Fourth Supplemental Subordinated Resolution”) as follows:

“Tax Covenants. 1. JEA covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2017 Series A Subordinated Bonds under Section 103 of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the date of issuance of the 2017 Series A Subordinated Bonds concerning certain matters pertaining to the use of proceeds of the 2017 Series A Subordinated Bonds, including any and all exhibits attached thereto (the ‘Tax Certificate’). This covenant shall survive payment in full or defeasance of the 2017 Series A Subordinated Bonds.

2. Notwithstanding any provisions of this Section, if JEA shall obtain an Opinion of Counsel of an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the 2017 Series A Subordinated Bonds, JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

3. Notwithstanding any other provision of the Subordinated [Electric System] Resolution to the contrary, (a) upon JEA’s failure to observe or refusal to comply with the above covenants, the Holders of the 2017 Series A

Subordinated Bonds shall be entitled to the rights and remedies provided to Holders of Subordinated [Electric System] Bonds under the Subordinated [Electric System] Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all 2017 Series A Subordinated Bonds then outstanding, and the interest accrued thereon, to be due and payable and (b) the Holders of the Subordinated [Electric System] Bonds of any Series other than the 2017 Series A Subordinated Bonds shall not be entitled to exercise any right or remedy provided to Holders of Subordinated [Electric System] Bonds under the Subordinated [Electric System] Resolution based upon JEA's failure to observe, or refusal to comply with, the above covenants with respect to the 2017 Series A Subordinated Bonds."

DESCRIPTION OF THE 2017 SERIES A SUBORDINATED BONDS

General

The 2017 Series A Subordinated Bonds will be issued in the aggregate principal amount of \$000,000,000*. The 2017 Series A Subordinated Bonds will be dated the date of delivery thereof and bear interest at the rates and mature on the dates, as set forth on the inside cover page of this Official Statement. Interest on the 2017 Series A Subordinated Bonds will be payable commencing on [April/October] 1, 20__ and semiannually on each April 1 and October 1 thereafter. The 2017 Series A Subordinated Bonds will be issuable only in fully registered form in the principal amount of \$5,000 or any integral multiple thereof. The 2017 Series A Subordinated Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the 2017 Series A Subordinated Bonds, and the ownership of one or more fully registered 2017 Series A Subordinated Bonds for each maturity (and, if applicable, each interest rate within a maturity) as set forth on the inside cover page of this Official Statement, in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto. U.S. Bank National Association, Jacksonville, Florida is Subordinated Bond Registrar and Paying Agent for the 2017 Series A Subordinated Bonds.

Registration and Transfer

Payment of the semiannual interest on the 2017 Series A Subordinated Bonds shall be made by check or draft mailed to the persons in whose names such 2017 Series A Subordinated Bonds are registered at such persons' addresses as they appear on the registration books maintained by the Subordinated Bond Registrar for the 2017 Series A Subordinated Bonds on behalf of JEA at the close of business on the day which is the 15th day of the calendar month next preceding each interest payment date (the "Record Date"), irrespective of any transfer or

* Preliminary, subject to change.

exchange of such 2017 Series A Subordinated Bonds subsequent to the Record Date and prior to such interest payment date unless JEA shall default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the persons in whose names such 2017 Series A Subordinated Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Subordinated Bond Registrar on behalf of JEA to the registered owners of the 2017 Series A Subordinated Bonds not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after receipt by such Subordinated Bond Registrar of the notice from JEA of the proposed payment. For so long as a book-entry system is used for determining beneficial ownership of the 2017 Series A Subordinated Bonds, such interest shall be payable to DTC or its nominee. Disbursement of such payments to the Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners of the 2017 Series A Subordinated Bonds is the responsibility of the Direct Participants or the Indirect Participants.

JEA or the Subordinated Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Redemption Provisions

Optional Redemption. The 2017 Series A Subordinated Bonds maturing on or before October 1, 20__ will not be subject to redemption prior to maturity. The 2017 Series A Subordinated Bonds maturing on October 1, 20__ and thereafter will be subject to redemption at the election of JEA on or after _____ 1, 20__, at any time, as a whole or in part, at a redemption price (plus accrued interest to the redemption date) equal to 100 percent of the principal amount thereof.

Mandatory Redemption. The 2017 Series A Subordinated Bonds maturing on October 1, 20__ will be subject to redemption through mandatory Sinking Fund Installments by lot prior to maturity on October 1 in the years and in the amounts shown below, at a redemption price of 100 percent of the principal amount thereof, together with accrued interest, if any, to the redemption date:

2017 Series A Subordinated Bonds	
<u>Maturing October 1, 20__</u>	
<u>Year</u>	<u>Amount</u>
	\$
*	

* Final Maturity

Giving effect solely to the Sinking Fund Installment schedule set forth above, the average life of the 2017 Series A Subordinated Bonds maturing on October 1, 20__, calculated from the date of delivery of such Bonds, is approximately ____ years.

In determining the amount of the 2017 Series A Subordinated Bonds maturing on October 1, 20__ or 20__ to be redeemed with any Sinking Fund Installment, there will be deducted the principal amount of any 2017 Series A Subordinated Bonds of such maturity which have been purchased or redeemed, to the extent permitted by the Subordinated Electric System Resolution, with amounts on deposit in the Subordinated Bond Fund with respect to such Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the 2017 Series A Subordinated Bonds of such maturity). In addition, if there is any redemption or purchase of any 2017 Series A Subordinated Bonds maturing on October 1, 20__ or 20__ other than with amounts on deposit in the Subordinated Bond Fund with respect to any such Sinking Fund Installment, such 2017 Series A Subordinated Bonds so purchased or redeemed will be credited against the Sinking Fund Installments for the 2017 Series A Subordinated Bonds of such maturity thereafter to become due as specified by JEA.

Selection of 2017 Series A Subordinated Bonds to be Redeemed. In the event that less than all of the 2017 Series A Subordinated Bonds of an entire maturity (and, if applicable, each interest rate within a maturity) are to be redeemed, the particular 2017 Series A Subordinated Bonds or portions thereof to be redeemed will be selected in such manner as JEA in its discretion deems fair and appropriate. For so long as the 2017 Series A Subordinated Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX A hereto, in the event that less than all of the 2017 Series A Subordinated Bonds of a particular maturity (and, if applicable, each interest rate within a maturity) are to be redeemed, the particular Beneficial Owner(s) to receive payment of the redemption price with respect to beneficial ownership interests in such Bonds shall be selected by DTC and the Direct Participants and/or Indirect Participants. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

Notice of Redemption

Notice of redemption will be given by first-class mail, postage prepaid, by or on behalf of JEA, not less than 30 days prior to the redemption date, in each such case, to each Holder of 2017 Series A Subordinated Bonds, or portions of the 2017 Series A Subordinated Bonds, which are to be redeemed, at its last address, if any, appearing upon the registration books. Failure of the Holder of any 2017 Series A Subordinated Bond to receive any such notice will not affect the validity of the proceedings for the redemption of any other Subordinated Electric System Bonds. Notice having been given in the manner provided in the Subordinated Electric System Resolution, on the redemption date so designated, (a) unless such notice has been revoked or ceases to be in effect in accordance with the terms thereof and (b) if there are sufficient moneys available therefor, then the 2017 Series A Subordinated Bonds or portions thereof so called for redemption will become due and payable on such redemption date at the redemption price, plus interest accrued and unpaid to the redemption date. For so long as a book-entry only system of registration is in effect with respect to the 2017 Series A Subordinated Bonds, notices of redemption will be mailed to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants, any failure of Direct Participants to convey such notice to any Indirect Participants or any failure of Direct Participants or Indirect Participants to convey such

notice to any Beneficial Owner will not affect the sufficiency or the validity of the redemption of 2017 Series A Subordinated Bonds. See “BOOK-ENTRY ONLY SYSTEM” in APPENDIX A hereto.

**DEBT SERVICE REQUIREMENTS FOR
THE ELECTRIC SYSTEM BONDS AND THE
SUBORDINATED ELECTRIC SYSTEM BONDS**

Set forth in APPENDIX B hereto are tables showing the debt service requirements for (a) the Electric System Bonds and (b) the Subordinated Electric System Bonds to be outstanding after the issuance of the 2017A Bonds and the refunding of the Refunded Series Three Bonds and the Refunded Subordinated Bonds to be refunded with the proceeds thereof.

RECENT DEVELOPMENTS

The following information updates and supplements certain of the information contained in the Annual Disclosure Report included by reference herein:

[Insert Updates to Annual Disclosure Report]

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

For a discussion of pension and other post-employment benefit matters, see “INTRODUCTION – Management and Employees” in the Annual Disclosure Report, as supplemented under the caption “RECENT DEVELOPMENTS – Management and Employees” herein and notes 11 and 13 to JEA’s Financial Statements set forth in APPENDIX C attached hereto.

LITIGATION

The Office of General Counsel of the City is not aware of any pending or threatened litigation contesting the validity of the 2017A Bonds or the right of JEA to issue the 2017A Bonds. 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 C hereto. For a discussion of certain pending proceedings relating to environmental matters, see “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – Electric System – *Environmental Matters*” in the Annual Disclosure Report.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the 2017A Bonds and certain other legal matters are subject to the approving opinions of _____, _____, _____, Bond Counsel to JEA (“Bond Counsel”). The proposed form of Bond Counsel opinion with respect to the Series Three 2017A Bonds is contained in APPENDIX E hereto, and the proposed form of Bond Counsel opinion

with respect to the 2017 Series A Subordinated Bonds is contained in APPENDIX F hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for JEA by the Office of General Counsel of the City, attorneys for JEA. Certain legal matters will be passed upon for the Underwriters by _____, _____, _____, counsel to the Underwriters.

[VERIFICATION OF MATHEMATICAL COMPUTATIONS]

TAX MATTERS

Federal Income Taxes

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the 2017A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2017A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2017A Bonds. Pursuant to Resolution No. 2016-17, adopted by JEA on November 15, 2016, authorizing the Series Three 2017A Bonds (“Resolution No. 2016-17”), Resolution No. 2016-18 adopted by JEA on November 15, 2016 authorizing the 2017 Series A Subordinated Bonds (“Resolution No. 2016-18” and together with Resolution No. 2016-17, the “Supplemental Resolution”) and the Tax Certificate executed in connection with the delivery of the 2017A Bonds (the “Tax Certificate”), JEA has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 2017A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, JEA has made certain representations and certifications in the Supplemental Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by JEA described above, interest on the 2017A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the 2017A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the 2017A Bonds over the price at which a substantial amount of such maturity of the 2017A Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount Bond" and collectively the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2017A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Series 2017A Bonds sold at prices in excess of their principal amounts are "Premium Bonds". An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such 2017A Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the 2017A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2017A

Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the 2017A Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the 2017A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those opinions described in the opinions attached as APPENDIX E and APPENDIX F hereto. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2017A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the 2017A Bonds for federal or state income tax purposes, and thus on the value or marketability of the 2017A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2017A Bonds from gross income for federal or state income tax purposes, or otherwise. We note that each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the 2017A Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the 2017A Bonds may occur. Prospective purchasers of the 2017A Bonds should consult their own tax advisors regarding the impact of any change in law on the 2017A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the 2017A Bonds may affect the tax status of interest on the 2017A Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the 2017A Bonds, or the interest thereon, if any action is taken with respect to the 2017A Bonds or the proceeds thereof upon the advice or approval of other counsel.

RATINGS

[The Series Three 2017A Bonds have been rated “___” by Fitch, “___” by Moody’s and “___” by S&P. The 2017 Series A Subordinated Bonds have been rated “___” by Fitch, “___” by Moody’s and “___” by S&P.]

An explanation of the significance of any ratings may be obtained only from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody’s Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and Standard & Poor’s, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will be in effect for any given period of time or that such ratings will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings may have an adverse effect on the market price of the Series Three 2017A Bonds or the 2017 Series A Subordinated Bonds.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain customary conditions to closing, to purchase the 2017A Bonds from JEA at the aggregate underwriting discount (a) in the case of the Series Three 2017A Bonds, of \$_____ from the initial public offering prices of the Series Three 2017A Bonds set forth on the inside cover page of this Official Statement, and (b) in the case of the 2017 Series A Subordinated Bonds, of \$_____ from the initial public offering prices of the 2017 Series A Subordinated Bonds set forth on the inside cover page of this Official Statement. The Underwriters will be obligated to purchase all the 2017A Bonds if any such 2017A Bonds are purchased. The public offering prices may be changed, from time to time, by the Underwriters. The Underwriters are _____.

[Insert specific disclosures]

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, commercial and investment banking services for JEA, for which they received or will receive customary fees and expenses. JEA intends to use a portion of the proceeds from this offering to refund the Refunded Bonds. Certain of the Underwriters for this offering or their affiliates may hold certain of the Refunded Bonds and, as a result, may receive a portion of the proceeds of this offering in connection with the redemption of the Refunded Bonds by JEA.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and

equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of JEA.

MISCELLANEOUS

Legal Investments

The 2017A Bonds are legal investments for savings banks, trust companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency or instrumentality of the State of Florida, or of any county, municipality, or other political subdivisions of the State of Florida. The 2017A Bonds are also eligible as security for deposits of state, county, municipal and other public funds.

References to Documents

The summaries of or references to the Electric System Resolution and certain proposed amendments thereto, the Subordinated Electric System Resolution and certain proposed amendments thereto, the First Power Park Resolution, the Second Power Park Resolution and certain proposed amendments thereto, the Restated and Amended Bulk Power Supply System Resolution and certain proposed amendments thereto and certain statutes and other ordinances and documents included in this Official Statement or in the document included by specific reference herein 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, law and document. Copies of all such documents may be obtained from JEA, provided that a reasonable charge may be imposed for the cost of reproduction.

Authorization of Official Statement

The dissemination and use of this Official Statement have been duly authorized by the JEA Board.

JEA

By: _____
Managing Director and Chief Executive Officer

BOOK-ENTRY ONLY SYSTEM

The 2017A Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the 2017A Bonds. The 2017A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered bond certificates will be issued for the 2017A Bonds of each series and of each maturity (and, if applicable, each interest rate within a maturity), in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2017A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 2017A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2013 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants

acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2017A Bonds, except in the event that use of the book-entry system for the 2017A Bonds is discontinued.

SO LONG AS CEDE & CO. (OR ANY OTHER NOMINEE REQUESTED BY DTC) IS THE REGISTERED OWNER OF THE 2017A BONDS, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OR OWNERS OF THE 2017A BONDS, SHALL MEAN CEDE & CO. (OR SUCH OTHER NOMINEE), AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

To facilitate subsequent transfers, all 2017A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2017A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

JEA and the Registrar and Paying Agent and the Subordinated Bond Registrar and Paying Agent, as applicable, may treat DTC (or its nominee) as the sole and exclusive owner of the 2017A Bonds registered in its name for the purpose of: payment of the principal or redemption price of or interest on the 2017A Bonds; selecting 2017A Bonds and portions thereof to be redeemed; giving any notice permitted or required to be given to Holders under the Electric System Resolution or the Subordinated Electric System Resolution, as the case may be, including any notice of redemption; registering the transfer of 2017A Bonds; obtaining any consent or other action to be taken by Holders; and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. JEA, the Registrar and Paying Agent, the Subordinated Bond Registrar and Paying Agent, as applicable, and the Underwriters (other than in their capacity, if any, as Direct Participants or Indirect Participants) shall not have any responsibility or obligation to any Direct Participant, any person claiming a beneficial ownership interest in the 2017A Bonds under or through DTC or any Direct Participant, or any other person which is not shown on the registration books of JEA (kept by the Registrar or the Subordinated Bond Registrar, as applicable) as being a Holder, with respect to: the accuracy of any records maintained by DTC or any Direct or Indirect Participant regarding ownership interests in the 2017A Bonds; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal or redemption price of or interest on the 2017A Bonds; the delivery to any Direct or Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to Holders under the Electric System Resolution or the Subordinated Electric System Resolution, as applicable, including any notice of redemption; the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the 2017A Bonds or any consent given or other action taken by DTC as a Holder of the 2017A Bonds.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2017A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the "record date." The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts securities, such as the 2017A Bonds, are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Except as described below, neither DTC nor Cede & Co. nor any other nominee of DTC will take any action to enforce covenants with respect to any security registered in the name of Cede & Co. or any other nominee of DTC. Under its current procedures, on the written instructions of a Direct Participant given in accordance with DTC's Procedures, DTC will cause Cede & Co. to sign a demand to exercise certain bondholder rights. In accordance with DTC's current procedures, Cede & Co. will sign such document only as record holder of the quantity of securities referred to therein (which is to be specified in the Direct Participant's request to DTC for such document) and not as record holder of all the securities of that issue registered in the name of Cede & Co. Also, in accordance with DTC's current procedures, all factual representations to the issuer, the trustee or any other party to be made by Cede & Co. in such document must be made to DTC and Cede & Co. by the Direct Participant in its request to DTC.

For so long as the 2017A Bonds are issued in book-entry form through the facilities of DTC, any Beneficial Owner desiring to cause JEA to comply with any of its obligations with respect to the 2017A Bonds must make arrangements with the Direct Participant or Indirect Participant through whom such Beneficial Owner's ownership interest in the 2017A Bonds is recorded in order for the Direct Participant in whose DTC account such ownership interest is recorded to make the request of DTC described above.

NEITHER JEA NOR THE REGISTRAR AND PAYING AGENT NOR THE SUBORDINATED BOND REGISTRAR AND PAYING AGENT NOR THE UNDERWRITERS (OTHER THAN IN THEIR CAPACITY, IF ANY, AS DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS) WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND THE PERSONS FOR WHOM THEY ACT RELATING TO THE MAKING OF ANY DEMAND BY CEDE & CO. AS THE REGISTERED OWNER OF THE 2017A BONDS, THE ADHERENCE TO SUCH PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

Principal or redemption price of and interest on the 2017A Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from JEA or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with

securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, JEA or the Paying Agent for the 2017A Bonds, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent for the 2017A Bonds, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

As long as the book-entry system is used for the 2017A Bonds, JEA or the Registrar or the Subordinated Bond Registrar, as the case may be, will give or cause to be given any notice of redemption or any other notices required to be given to Holders of 2017A Bonds only to DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant, or of any Direct or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2017A Bonds called for such redemption, or of any other action premised on such notice.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2017A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Electric System Resolution or the Subordinated Electric System Resolution, as the case may be. For example, Beneficial Owners of 2017A Bonds may wish to ascertain that the nominee holding the 2017A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

As long as the book-entry system is used for the 2017A Bonds, redemption notices shall be sent only to DTC. If less than all of the 2017A Bonds of a particular series and maturity (and, if applicable, each interest rate within a maturity) are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such 2017A Bonds to be redeemed.

NEITHER JEA NOR THE REGISTRAR AND PAYING AGENT FOR THE SERIES THREE 2017A BONDS NOR THE SUBORDINATED BOND REGISTRAR AND PAYING AGENT FOR THE 2017 SERIES A SUBORDINATED BONDS NOR THE UNDERWRITERS (OTHER THAN IN THEIR CAPACITY, IF ANY, AS DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS) WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

For every transfer and exchange of a beneficial ownership interest in the 2017A Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Discontinuation of the Book-Entry-Only System. DTC may discontinue providing its services as depository with respect to the 2017A Bonds, or either series thereof at any time by giving reasonable notice to JEA or the Registrar and Paying Agent or the Subordinated Bond Registrar and Paying Agent, as applicable. In addition, if JEA determines that (i) DTC is unable to discharge its responsibilities with respect to the 2017A Bonds, or either series thereof, or (ii) continuation of the system of book-entry-only transfers through DTC is not in the best interests of the Beneficial Owners of the 2017A Bonds, or either series thereof or of JEA, JEA may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to such 2017A Bonds. Upon the resignation of DTC or determination by JEA that DTC is unable to discharge its responsibilities, JEA may, within 90 days, appoint a successor depository. If no such successor is appointed or JEA determines to discontinue the book-entry-only system, 2017A Bond certificates for the applicable series will be printed and delivered. Transfers and exchanges of 2017A Bonds of the applicable series, shall thereafter be made as provided in the Electric System Resolution or the Subordinated Electric System Resolution, as applicable.

If the book-entry-only system is discontinued with respect to a series of the 2017A Bonds, the persons to whom 2017A Bonds are delivered will be treated as “Bondholders” for all purposes of the Electric System Resolution or the Subordinated Electric System Resolution, as the case may be, including giving by JEA, including without limitation the payment of principal, premium, if any, and interest on such 2017A Bonds, the redemption of such 2017A Bonds and the giving to JEA, the Registrar or Paying Agent or the Subordinated Registrar or Paying Agent, as applicable, for such 2017A Bonds of any notice, consent, request or demand pursuant to the Electric System Resolution or the Subordinated Electric System Resolution, as applicable, for any purpose whatsoever. In such event, interest on such 2017A Bonds will be payable by check or draft of the Paying Agent therefor mailed to such Bondholders at the addresses shown on the registration books maintained on behalf of JEA, and the principal and redemption price of such 2017A Bonds will be payable at the principal corporate trust office of the Paying Agent for such 2017A Bonds as described under the heading “DESCRIPTION OF THE SERIES THREE 2017A BONDS – Registration and Transfer” or the heading “DESCRIPTION OF THE 2017 SERIES A SUBORDINATED BONDS – Registration and Transfer” in the Official Statement to which this APPENDIX A is attached.

Portions of the foregoing concerning DTC and DTC’s book-entry system are based on information furnished by DTC to JEA. No representation is made herein by JEA or the Underwriters as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date of the Official Statement to which this APPENDIX A is attached.

DEBT SERVICE REQUIREMENTS

**TABLE I
DEBT SERVICE REQUIREMENTS
FOR THE ELECTRIC SYSTEM BONDS⁽¹⁾⁽²⁾**

Fiscal Year Ending September 30,	Debt Service on Outstanding Electric System Bonds ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Less: Debt Service on Refunded Series Three Bonds			Plus: Debt Service on Series Three 2017A Bonds			Debt Service on Electric System Bonds to be Outstanding After Issuance of Series Three 2017A Bonds
		Principal	Interest	Total	Principal	Interest	Total	
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								
2037								
2038								
2039								
2040								
2041								
2042								
2043								
2044								
Total	\$							

(footnotes on following page)

(footnotes from previous page)

(1) In addition to the Electric System Bonds, JEA also has outstanding (a) \$[255,020,000] aggregate principal amount of Power Park Issue Two Bonds, (b) \$[324,090,000] aggregate principal amount of Power Park Issue Three Bonds and (c) \$[116,920,000] aggregate principal amount of Additional Bulk Power Supply System Bonds. Payments with respect to (i) JEA's share of the debt service on the Power Park Issue Two Bonds and (ii) debt service on the Power Park Issue Three Bonds and the Additional Bulk Power Supply System Bonds constitute Contract Debts, payable as a Cost of Operation and Maintenance of the Electric System, and are payable prior to the payment of debt service on the Electric System Bonds.

(2) Row and column totals may not add due to rounding.

(3) Prior to refunding of the Refunded Series Three Bonds.

(4) Interest on the variable rate debt is calculated at an assumed rate of 4.00%.

(5) JEA's Electric System Revenue Bonds, Series Three 2009A (the "Series Three 2009A Bonds") maturing on October 1, 2020 in the principal amount of \$[23,445,000] initially constitute "Refundable Bonds," as such term is defined in the Electric System Resolution. As such, there is no scheduled amortization of the principal of such Series Three 2009A Bonds. However, for purposes of the "additional bonds" test contained in the Electric System Resolution, such Series Three 2009A Bonds are deemed to be payable in the manner provided in the definition of "Adjusted Debt Service Requirement" contained in the Electric System Resolution, calculated assuming that such Series Three 2009A Bonds bear interest at an estimated interest rate of 5.60 percent following its stated maturity date.

(6) JEA's Electric System Revenue Bonds, Series Three 2009D (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "Series Three 2009D Bonds") and Electric System Revenue Bonds, Series Three 2010E (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "Series Three 2010E Bonds") were issued as taxable Build America Bonds. Total Debt Service shown above includes interest on the Series Three 2009D Bond and Series Three 2010E Bonds net of the direct subsidy payments expected to be received on such Bonds.]

TABLE II
DEBT SERVICE REQUIREMENTS
FOR THE SUBORDINATED ELECTRIC SYSTEM BONDS⁽¹⁾

Fiscal Year Ending September 30,	Debt Service on Outstanding Subordinated Electric System Bonds ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Less: Debt Service on Refunded Subordinated Bonds			Plus: Debt Service on 2017 Series A Subordinated Bonds			Debt Service on Electric System Bonds to be Outstanding After Issuance of 2017 Series A Subordinated Bonds
		Principal	Interest	Total	Principal	Interest	Total	
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								
2037								
2038								
2039								
2040								
Total	\$							

(footnotes on following page)

(footnotes from previous page)

(1) Row and column totals may not add due to rounding.

(2) Prior to refunding of Refunded Subordinated Bonds.

(3) Interest on the variable rate debt is calculated at an assumed rate of 4.00%.

(4) Projected principal amortization of the Commercial Paper Notes is based upon the assumptions set forth in JEA's current Commercial Paper Payment Plan for the Commercial Paper Notes of each Series.

(5) JEA's Electric System Subordinated Revenue Bonds, 2009 Series B (the "2009 Series B Bonds") maturing on October 1 in the years 2015 through 2019, inclusive, in the respective principal amounts of \$[14,415,000], \$[16,890,000], \$[16,890,000], \$[16,890,000], \$[16,890,000] and \$[12,005,000] and JEA's Electric System Subordinated Revenue Bonds, 2009 Series C (the "2009 Series C Bonds") maturing on October 1 in the years 2015 and 2020 (CUSIP Nos. 46613C UB9 and 46613C UD5 only), in the respective principal amounts of \$[15,400,000] and \$[19,400,000], initially constitute "Refundable Principal Installments," as such term is defined in the Subordinated Electric System Resolution. As such, there is no scheduled amortization of the principal of such 2008 Series C Bonds, such 2009 Series B bonds or such 2009 Series C Bonds. However, for purposes of the "additional bonds" test contained in the Subordinated Electric System Resolution, such 2008 Series C Bonds, such 2009 Series B Bonds and such 2009 Series C Bonds are deemed to be payable in the manner provided in the definition of "Adjusted Aggregate Subordinated Debt Service" contained in the Subordinated Electric System Resolution, calculated assuming that such 2008 Series C Bonds bear interest at an estimated interest rate of 5.55 percent following their respective maturity dates, such 2009 Series B Bonds bear interest at an estimated interest rate of 5.95 percent following their respective stated maturity dates and such 2009 Series C Bonds bear interest at an estimated interest rate of 6.05 percent following their respective stated maturity dates.

(6) JEA's Electric System Subordinated Revenue Bonds, 2009 Series F (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "2009 Series F Subordinated Bonds") and Electric System Subordinated Revenue Bonds, 2010 Series D (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "2010 Series D Subordinated Bonds") were issued as taxable Build America Bonds. Total Debt Service shown above includes interest on the 2009 Series F Subordinated Bonds and 2010 Series D Subordinated Bonds that is net of the direct subsidy payments expected to be received on such Bonds.

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APPENDIX C

**FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND
COMPLIANCE INFORMATION**

**[FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015]
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

Upon the delivery of the 2017A Bonds, JEA proposes to enter into a Continuing Disclosure Agreement with respect to the 2017A Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") dated _____, 20__, is made by JEA, an independent agency of the City of Jacksonville, Florida duly organized and existing under the Constitution and laws of the State of Florida ("JEA"), for the benefit of the holders and beneficial owners from time to time of JEA's Electric System Revenue Bonds, Series Three 2017A, dated the date hereof (the "Series Three 2017A Bonds") and JEA's Electric System Subordinated Revenue Bonds, 2017 Series A, dated the date hereof (the "2017 Series A Subordinated Bonds" and, together with the Series Three 2017A Bonds, the "Bonds"), under the circumstances summarized in the following recitals (with each capitalized term used but not defined in this Agreement having the meaning assigned to it in Resolution No. 2016-17 of JEA adopted on November 15, 2016 authorizing the Series Three 2017A Bonds and Resolution No. 2016-18, entitled the Fifty-Fourth Supplemental Subordinated Electric System Resolution, of JEA adopted on November 15, 2016 authorizing the issuance of the 2017 Series A Subordinated Bonds (collectively, the "Supplemental Resolution")):

- A. JEA, by passage of the Supplemental Resolution, has determined to issue the Bonds to provide funds for JEA purposes, and the Underwriters have agreed to provide those funds to JEA by purchasing the Bonds.
- B. JEA understands that the Underwriters will sell and deliver Bonds to other holders and beneficial owners; that the Underwriters would not purchase the Bonds from JEA, and JEA would not be assured of the availability of funds required for its purposes, if the Underwriters were not able to so sell and deliver the Bonds; and that the Bonds will be transferred from time to time from holders and beneficial owners to other holders and beneficial owners who may rely upon the continuing disclosure agreement made by JEA in the Supplemental Resolution and the Agreement.
- C. As a condition to the purchase of the Bonds from JEA and the sale of Bonds to holders and beneficial owners, the Underwriters are required to reasonably determine that JEA has made an agreement for the benefit of holders and beneficial owners of the Bonds in accordance with paragraph (b)(5)(i) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC").
- D. As provided in the Supplemental Resolution JEA agreed to provide or cause to be provided such financial information and operating data, financial statements

and notices, in such manner, as may be required for purposes of paragraph (b)(5)(i) of the Rule.

NOW, THEREFORE, in consideration of the purchase of the Bonds from JEA by the Underwriters and the contemplated sale of the Bonds to, and transfer of Bonds between, holders and beneficial owners from time to time, JEA hereby sets forth, pursuant to the Supplemental Resolution authorizing the Bonds, certain terms of its continuing disclosure agreement made for purposes of the Rule and formed, collectively, by the Supplemental Resolution and the Agreement for the benefit of the holders and beneficial owners from time to time of the Bonds, as follows:

Section 1. Provision of Annual Information; Audited Financial Statements; and Notices of Events. JEA shall provide or cause to be provided:

(a) to the Municipal Securities Rulemaking Board (the “MSRB”), (i) not later than the June 1 following the end of each JEA fiscal year ending on or after September 30, 2015, annual financial information and operating data for such fiscal year of the type described in Section 2 (“Annual Information”), and (ii) when and if available, audited JEA financial statements for each such fiscal year; and

(b) to the MSRB, notice of (i) any Specified Event described in Section 2 in a timely manner not in excess of 10 business days after the occurrence of such Specified Event, (ii) JEA’s failure to provide the Annual Information on or prior to the date specified above, and (iii) any change in the accounting principles applied in the preparation of its annual financial statements, any change in its fiscal year, and of the Agreement’s termination.

Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made in electronic format through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>, accompanied by such identifying information as is prescribed by the MSRB.

JEA expects that audited annual JEA financial statements will be prepared and that such statements will be available together with the Annual Information. Each of the financial statements will be prepared in accordance with generally accepted accounting principles described in note 1 to the financial statements included in the Official Statement of JEA, dated _____, 20__ relating to the Bonds.

Section 2. Annual Information and Specified Events.

(a) “Annual Information” to be provided by JEA shall consist of the following information and data of the type included in the JEA’s Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2015 dated April 19, 2016 (the “Annual Disclosure Report”):

(1) The table under the caption “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – Electric System – Electric System Generating Facilities – *General*”;

(2) The table under the caption “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – Electric System – *Fuel Mix*”;

(3) The table under the caption “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – Electric System – *Largest Customers*”;

(4) The table under the caption “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. Johns River Power Park – *Operation*”;

(5) The table under the caption “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – The Scherer 4 Project – *Operation*”;

(6) The table under the caption “ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – Resource Requirements – *System Load*”;
and

(7) The financial information and operating data referred to under the caption “ELECTRIC UTILITY SYSTEM – *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS.*”

If the audited financial statements of JEA for the fiscal year are provided contemporaneously with the Annual Information, information and data set forth in such audited financial statements may be incorporated by reference.

(b) “Specified Events” shall include the occurrence of the following events, within the meaning of the Rule, with respect to the Bonds, as applicable: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of holders or beneficial owners, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of JEA; (xiii) the consummation of a merger, consolidation, or acquisition involving JEA or the sale of all or substantially all of the assets of JEA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other

than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the Specified Event identified in Section 2(b)(xii) above, the Specified Event is considered to occur when any of the following occur: (A) the appointment of a receiver, fiscal agent or similar officer for JEA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of JEA or (B) if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority or (C) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of JEA.

Except for certain debt service reserve account surety bonds previously obtained by JEA which apply to the Series Three 2017A Bonds, JEA has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit or liquidity providers for any of the Bonds.

Section 3. Amendments. JEA reserves the right to amend the Agreement, and noncompliance with any provision of the Agreement may be waived, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of JEA, or type of business conducted by JEA. Any such amendment or waiver shall not be effective unless the Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until JEA shall have received either (a) a written opinion of bond or other qualified independent special counsel selected by JEA that the amendment or waiver would not materially impair the interests of holders or beneficial owners, or (b) in the case of an amendment or waiver affecting (i) the Series Three 2017A Bonds, the written consent to the amendment or waiver of the holders of the same percentage in principal amount of the Series Three 2017A Bonds then outstanding that is required with respect to the approval of any material modification or amendment of the Electric System Resolution at such time, or (ii) the 2017 Series A Subordinated Bonds, the written consent to the amendment or waiver of the holders of the same percentage in principal amount of the 2017 Series A Subordinated Bonds then outstanding that is required with respect to the approval of any material modification or amendment of the Subordinated Electric System Resolution at such time. Annual Information containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided.

Section 4. Remedy for Breach. The Agreement shall be solely for the benefit of the holders and beneficial owners from time to time of the Bonds. A failure by JEA to comply with the provisions hereof does not constitute a default under the Electric System Resolution or the Subordinated Electric System Resolution. The exclusive remedy for any breach of the Agreement by JEA shall be limited, to the extent permitted by law, to a right of holders and beneficial owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by JEA of its obligations under the Agreement. Any individual holder or beneficial owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require JEA to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require JEA to perform any other obligation under the Agreement (including any proceedings that contest the sufficiency of any pertinent filing) shall be instituted and maintained only by a trustee appointed by the holders or beneficial owners of not less than 25 percent in principal amount of (i) the Series Three 2017A Bonds then outstanding, in the case of proceedings relating to the Series Three 2017A Bonds or (ii) the 2017 Series A Subordinated Bonds then outstanding, in the case of proceedings relating to the 2017 Series A Subordinated Bonds or by holders or beneficial owners of not less than 10 percent in principal amount of (x) the Series Three 2017A Bonds then outstanding, in the case of proceedings relating to the Series Three 2017A Bonds or (y) the 2017 Series A Subordinated Bonds then outstanding, in the case of proceedings relating to the 2017 Series A Subordinated Bonds.

Section 5. Termination. The obligations of JEA under the Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and JEA remains an obligated person with respect to the Bonds within the meaning of the Rule. The obligation of JEA to provide the Annual Information and notices of the events described above shall terminate, if and when JEA no longer remains such an obligated person.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, JEA has caused the Agreement to be duly signed and delivered to the Underwriters, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Underwriters, on its behalf by its official signing below, all as of the date set forth above, and the holders and beneficial owners from time to time of the Bonds shall be deemed to have accepted JEA's continuing disclosure undertaking, as contained in the Supplemental Resolution authorizing the Bonds and further described and specified herein, made in accordance with the Rule.

JEA

By: _____
Managing Director and Chief Executive
Officer

**PROPOSED FORM OF OPINION OF BOND COUNSEL
RELATING TO THE SERIES THREE 2017A BONDS**

**PROPOSED FORM OF OPINION OF BOND COUNSEL
RELATING TO THE 2017 SERIES A SUBORDINATED BONDS**

ESCROW DEPOSIT AGREEMENT

relating to

JEA ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE 2017A

THIS ESCROW DEPOSIT AGREEMENT, dated as of _____, 20__ by and between JEA, a public body corporate and politic organized under the laws of the State of Florida and _____, as Escrow Agent;

WITNESSETH:

WHEREAS, JEA has previously authorized and issued obligations of JEA as hereinafter set forth and defined as the "Refunded Obligations," as to which the Aggregate Debt Service (as hereinafter defined) is set forth on Schedule A attached hereto; and

WHEREAS, JEA has determined to provide for refunding of the Aggregate Debt Service of the Refunded Obligations by depositing with the Escrow Agent cash, which will be sufficient to pay the Aggregate Debt Service on the Refunded Obligations; and

WHEREAS, in order to obtain a portion of the funds needed for such purpose JEA has authorized and is, concurrently with the delivery of this Agreement, issuing its Electric System Revenue Bonds, Series Three 2017A; and

WHEREAS, JEA has determined that the amount to be on deposit, from time to time, in the Escrow Account, as defined herein, will be sufficient to pay the Aggregate Debt Service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, JEA and the Escrow Agent agree as follows:

SECTION 1. Definitions. As used herein, the following terms shall have the following meanings:

(a) "Aggregate Debt Service" means the sum of all present and future Annual Debt Service payments then remaining unpaid with respect to the Refunded Obligations through the Redemption Date, as set forth on Schedule A attached hereto.

(b) "Agreement" means this Escrow Deposit Agreement.

(c) "Annual Debt Service" means, in any year, the redemption price of, and interest on, the Refunded Obligations coming due or being redeemed on the respective Redemption Date, as set forth on Schedule A attached hereto.

(d) "Defeasance Securities" means securities permitted by Section 17 of the Resolution.

(e) "Escrow Account" means the Escrow Account identified in Section 2 herein and established and held by the Escrow Agent pursuant to this Agreement in which a portion of the proceeds from the sale of the Bonds and certain other funds will be held for payment of the Refunded Obligations.

(f) "Escrow Agent" means The Bank of New York Mellon Trust Company, N.A. with the power to accept trusts in the State of Florida.

(g) "Escrow Deposit Requirement" means, as of any date of calculation, the principal amount of cash and any Defeasance Securities in the Escrow Account which will be sufficient to pay, as the installments thereof become due, the Aggregate Debt Service.

(h) "Paying Agent" means _____ in its capacity as the paying agent for the Refunded Obligations.

(i) "Redemption Date" means the redemption date for the Refunded Obligations, as set forth in Schedule B hereto.

(j) "Refunded Obligations" means the Electric System Revenue Bonds, Series Three listed in Schedule B hereto.

(k) "Resolution" means the resolution duly adopted by JEA on March 30, 1982, as amended and supplemented, and particularly as supplemented by resolutions adopted by JEA authorizing the issuance of the Refunded Obligations.

(l) "2017A Bonds" means the Electric System Revenue Bonds, Series Three 2017A of JEA.

SECTION 2. Deposit of Funds. With respect to the Refunded Obligations, JEA hereby deposits \$_____ with the Escrow Agent in immediately available funds (the "Escrow Deposit Amount"), to be held in irrevocable escrow by the Escrow Agent in a separate escrow trust fund (the "Escrow Account") and applied solely as provided in this Agreement. JEA represents that (i) \$_____ of such funds are derived by JEA from a portion of the proceeds of the 2017A Bonds and (ii) \$_____ of such funds are derived by JEA from amounts on deposit in the Debt Service Account established pursuant to the Resolution.

JEA represents, that such funds, when applied pursuant to Section 3 below, will at least equal the Escrow Deposit Requirement as of the date hereof.

SECTION 3. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the sum described in Section 2 and agrees:

(a) hold such sum uninvested in cash unless it receives from JEA written directions to effect settlement of the purchase of Defeasance Securities which mature no later than the Redemption Date or such earlier time as amounts will be needed as described in Schedule A hereto and which are in the aggregate amount of no more than the balance in the Escrow Account;

(b) there will be no investment of funds except as set forth in this Section 3;

(c) to hold the proceeds of all investments in the Escrow Account in such Account in trust (separate from all other funds of the Escrow Agent) for the benefit of the owners of the Refunded Obligations from the date of receipt thereof to the date on which such proceeds are scheduled to be paid out of the Escrow Account and applied only for the purposes thereof, as set forth on Schedule A attached hereto; and

(d) to hold the funds and securities in the Escrow Account in irrevocable escrow during the term of this Agreement;

SECTION 4. Payment of Refunded Obligations.

(a) *Payment of Refunded Obligations.* The Escrow Agent shall pay the Paying Agent for the Refunded Obligations, from the cash on hand in the Escrow Account, a sum sufficient to pay the Annual Debt Service coming due on such date with respect to the Refunded Obligations, as shown on Schedule A attached hereto.

(b) *Surplus.* On the Redemption Date, after making the payment from the Escrow Account described in Subsection 4(a), the Escrow Agent shall pay to JEA the remaining cash, if any, in the Escrow Account. JEA shall apply the payment made to it hereunder to the payment of the principal of and interest on the 2017A Bonds or for other uses permitted under the Resolution, but the Escrow Agent shall have no duty or responsibility to ensure that JEA does so.

(c) *Payments Due on Saturdays, Sundays and Holidays.* If any payment date shall be a legal holiday or a day on which banking institutions in the city in which is located the designated office of the Paying Agent are authorized by law to remain closed, then the Escrow Agent may make the payments required by Subsections 4(a) and 4(b) to the Paying Agent or JEA, as the case may be, on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed.

SECTION 5. Reinvestment.

(a) Except as provided in Section 3 and this Section, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the Defeasance Securities held hereunder.

(b) At the written request of JEA and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer or otherwise dispose of any of the Defeasance Securities acquired hereunder and shall substitute other Defeasance Securities and reinvest any excess receipts in Defeasance Securities. JEA will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which, will cause interest on the 2017A Bonds to be included in the gross income of the registered owners thereof for purposes of federal income taxation. Such substitutions and reinvestments may be effected only if (i) an independent certified public accountant selected by JEA shall certify or opine in writing to JEA and the Escrow Agent that the cash and principal amount of Defeasance Securities remaining on hand after the transactions are completed will be not less than the Escrow Deposit Requirement, and (ii) the Escrow Agent shall receive an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to JEA to the effect that the transactions, in and by themselves, will not cause interest on the 2017A Bonds to be included in the gross income of the registered owners thereof for purposes of federal income taxation and such substitution is in compliance with this Agreement. Subsection 4(b) above notwithstanding, cash in excess of the Escrow Deposit Requirement caused by substitution of Defeasance Securities shall, as soon as practicable, be paid to JEA.

SECTION 6. Redemption of Refunded Obligations. JEA has exercised its option to redeem the Refunded Obligations prior to the maturity thereof on the Redemption Date as shown on Schedule B attached hereto.

SECTION 7. Redemption Notice. The Bond Registrar for the Refunded Obligations has given notice of redemption of the Refunded Obligations to be redeemed on the Redemption Date, as provided in Section 9 of the Resolution as supplemented by the applicable supplemental resolutions relating to the respective Refunded Obligations on behalf of JEA and the Escrow Agent.

SECTION 8. Indemnity. To the extent permitted by applicable law, including but not limited to Section 768.28, Florida Statutes, JEA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by JEA or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds and securities deposited therein, the purchase of the Defeasance Securities, the retention of the Defeasance Securities or the proceeds thereof and any payment, transfer or other application of funds or

securities by the Escrow Agent in accordance with the provisions of this Agreement; *provided, however,* that JEA shall not be required to indemnify the Escrow Agent, its successors, assigns, agents and servants against the negligence or willful misconduct of the Escrow Agent or its successors, assigns, agents and servants. In no event shall JEA or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement. Nothing in this Section contained shall give rise to any liability on the part of JEA in favor or any person other than the Escrow Agent.

SECTION 9. Responsibilities of Escrow Agent; Fees. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the retention of the Defeasance Securities or the proceeds thereof or any investment, payment, transfer, or other application of money or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties or non-willful misconduct. The Escrow Agent shall, however, be liable to JEA for its negligent acts, omissions or errors or willful misconduct which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of JEA. The fees of the Escrow Agent shall be paid by JEA at the time this Agreement is executed and delivered, such fees to be as set forth on Schedule C attached hereto. The Escrow Agent shall have no lien whatsoever upon any of the moneys or investments in the Escrow Account for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Obligations have been paid and discharged in accordance with the proceedings authorizing the Refunded Obligations.

SECTION 11. Amendments. This Agreement is made for the benefit of JEA and the holders from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and JEA; *provided, however,* that JEA and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Obligations, any additional rights, remedies, power or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject additional funds, securities or properties to this Agreement.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of JEA or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement herein contained shall be null and void and shall be severed from the remaining covenants and agreements and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as duplicate originals and shall constitute and be one and the same instrument.

SECTION 14. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Deposit Agreement to be executed by their duly authorized officers and JEA's official seal to be hereunto affixed and attested as of the date first above written.



JEA

By: _____
Managing Director and
Chief Executive Officer

Form Approved:

Office of General Counsel

as Escrow Agent

By: _____
Its: _____

**SCHEDULE A
REFUNDED OBLIGATIONS**

The Aggregate Debt Service for the Refunded Obligations is shown in the following table:

<u>Date</u>	<u>Interest</u>	<u>Principal Redeemed</u>	<u>Redemption Premium</u>	<u>Total</u>
	\$	\$		\$

SCHEDULE B
LIST OF REFUNDED OBLIGATIONS

The Refunded Bonds will consist of the Electric System Revenue Bonds, Series Three listed in the following table.

<u>Series Three</u>	<u>Maturity Date (October 1)</u>	<u>Amount to be Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price (expressed as a percentage of principal amount)</u>	<u>CUSIP*</u>
		\$		%	

Total.....

* The CUSIP numbers listed here are provided for the convenience of readers. JEA is not responsible for the accuracy or completeness of such numbers.

SCHEDULE C
FEES OF ESCROW AGENT

The fee of the Escrow Agent for its services hereunder shall be \$____; provided, JEA agrees to reimburse the Escrow Agent for its reasonable out-of-pocket expenses at cost.

ESCROW DEPOSIT AGREEMENT

relating to

**JEA
ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS,
2017 SERIES A**

THIS ESCROW DEPOSIT AGREEMENT, dated as of _____, 20__ by and between JEA, a public body corporate and politic organized under the laws of the State of Florida and _____, as Escrow Agent;

WITNESSETH:

WHEREAS, JEA has previously authorized and issued obligations of JEA as hereinafter set forth and defined as the "Refunded Obligations," as to which the Aggregate Debt Service (as hereinafter defined) is set forth on Schedule A attached hereto; and

WHEREAS, JEA has determined to provide for refunding of the Aggregate Debt Service of the Refunded Obligations by depositing with the Escrow Agent cash, which will be sufficient to pay the Aggregate Debt Service on the Refunded Obligations; and

WHEREAS, in order to obtain a portion of the funds needed for such purpose JEA has authorized and is, concurrently with the delivery of this Agreement, issuing its Electric System Subordinated Revenue Bonds, 2017 Series A; and

WHEREAS, JEA has determined that the amount to be on deposit, from time to time, in the Escrow Account, as defined herein, will be sufficient to pay the Aggregate Debt Service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, JEA and the Escrow Agent agree as follows:

SECTION 1. Definitions. As used herein, the following terms shall have the following meanings:

(a) "Aggregate Debt Service" means the sum of all present and future Annual Debt Service payments then remaining unpaid with respect to the Refunded Obligations through the Redemption Date, as set forth on Schedule A attached hereto.

(b) "Agreement" means this Escrow Deposit Agreement.

(c) "Annual Debt Service" means, in any year, the redemption price of, and interest on, the Refunded Obligations coming due or being redeemed on the respective Redemption Date, as set forth on Schedule A attached hereto.

(d) "Defeasance Securities" has the meaning ascribed to such term in the Resolution.

(e) "Escrow Account" means the Escrow Account identified in Section 2 herein and established and held by the Escrow Agent pursuant to this Agreement in which a portion of the proceeds from the sale of the Bonds and certain other funds will be held for payment of the Refunded Obligations.

(f) "Escrow Agent" means _____ with the power to accept trusts in the State of Florida.

(g) "Escrow Deposit Requirement" means, as of any date of calculation, the principal amount of cash and any Defeasance Securities in the Escrow Account which will be sufficient to pay, as the installments thereof become due, the Aggregate Debt Service.

(h) "Paying Agent" means _____ in its capacity as the paying agent for the Refunded Obligations.

(i) "Redemption Date" means the redemption date for the Refunded Obligations, as set forth in Schedule B hereto.

(j) "Refunded Obligations" means the Electric System Subordinated Revenue Bonds listed in Schedule B hereto.

(k) "Resolution" means the resolution duly adopted by JEA on August 16, 1988, as amended, restated and supplemented, and particularly as supplemented by resolutions adopted by JEA authorizing the issuance of the Refunded Obligations.

(l) "2017 Subordinated Bonds" means the Electric System Subordinated Revenue Bonds, 2017 Series A of JEA.

SECTION 2. Deposit of Funds. With respect to the Refunded Obligations, JEA hereby deposits \$_____ with the Escrow Agent in immediately available funds (the "Escrow Deposit Amount"), to be held in irrevocable escrow by the Escrow Agent in a separate escrow trust fund (the "Escrow Account") and applied solely as provided in this Agreement. JEA represents that (i) \$_____ of such funds are derived by JEA

from a portion of the proceeds of the 2017 Subordinated Bonds and (ii) \$_____ of such funds are derived by JEA from amounts on deposit in the Subordinated Bond Fund established pursuant to the Resolution.

JEA represents, that such funds, when applied pursuant to Section 3 below, will at least equal the Escrow Deposit Requirement as of the date hereof.

SECTION 3. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the sum described in Section 2 and agrees:

(a) hold such sum uninvested in cash unless it receives from JEA written directions to effect settlement of the purchase of Defeasance Securities which mature no later than the Redemption Date or such earlier time as amounts will be needed as described in Schedule A hereto and which are in the aggregate amount of no more than the balance in the Escrow Account;

(b) there will be no investment of funds except as set forth in this Section 3;

(c) to hold the proceeds of all investments in the Escrow Account in such Account in trust (separate from all other funds of the Escrow Agent) for the benefit of the owners of the Refunded Obligations from the date of receipt thereof to the date on which such proceeds are scheduled to be paid out of the Escrow Account and applied only for the purposes thereof, as set forth on Schedule A attached hereto; and

(d) to hold the funds and securities in the Escrow Account in irrevocable escrow during the term of this Agreement;

SECTION 4. Payment of Refunded Obligations.

(a) *Payment of Refunded Obligations.* The Escrow Agent shall pay the Paying Agent for the Refunded Obligations, from the cash on hand in the Escrow Account, a sum sufficient to pay the Annual Debt Service coming due on such date with respect to the Refunded Obligations, as shown on Schedule A attached hereto.

(b) *Surplus.* On the Redemption Date, after making the payment from the Escrow Account described in Subsection 4(a), the Escrow Agent shall pay to JEA the remaining cash, if any, in the Escrow Account. JEA shall apply the payment made to it hereunder to the payment of the principal of and interest on the 2017 Subordinated

Bonds or for other uses permitted under the Resolution, but the Escrow Agent shall have no duty or responsibility to ensure that JEA does so.

(c) *Payments Due on Saturdays, Sundays and Holidays.* If any payment date shall be a legal holiday or a day on which banking institutions in the city in which is located the designated office of the Paying Agent are authorized by law to remain closed, then the Escrow Agent may make the payments required by Subsections 4(a) and 4(b) to the Paying Agent or JEA, as the case may be, on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed.

SECTION 5. Reinvestment.

(a) Except as provided in Section 3 and this Section, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the Defeasance Securities held hereunder.

(b) At the written request of JEA and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer or otherwise dispose of any of the Defeasance Securities acquired hereunder and shall substitute other Defeasance Securities and reinvest any excess receipts in Defeasance Securities. JEA will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which, will cause interest on the 2017 Subordinated Bonds to be included in the gross income of the registered owners thereof for purposes of federal income taxation. Such substitutions and reinvestments may be effected only if (i) an independent certified public accountant selected by JEA shall certify or opine in writing to JEA and the Escrow Agent that the cash and principal amount of Defeasance Securities remaining on hand after the transactions are completed will be not less than the Escrow Deposit Requirement, and (ii) the Escrow Agent shall receive an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to JEA to the effect that the transactions, in and by themselves, will not cause interest on the 2017 Subordinated Bonds to be included in the gross income of the registered owners thereof for purposes of federal income taxation and such substitution is in compliance with this Agreement. Subsection 4(b) above notwithstanding, cash in excess of the Escrow Deposit Requirement caused by substitution of Defeasance Securities shall, as soon as practicable, be paid to JEA.

SECTION 6. Redemption of Refunded Obligations. JEA has exercised its option to redeem the Refunded Obligations prior to the maturity thereof on the Redemption Date as shown on Schedule B attached hereto.

SECTION 7. Redemption Notice. The Subordinated Bond Registrar for the Refunded Obligations has given notice of redemption of the Refunded Obligations to be redeemed on the Redemption Date, as provided in Section 4.04 of the Resolution as supplemented by the applicable supplemental resolutions relating to the respective Refunded Obligations on behalf of JEA and the Escrow Agent.

SECTION 8. Indemnity. To the extent permitted by applicable law, including but not limited to Section 768.28, Florida Statutes, JEA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by JEA or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds and securities deposited therein, the purchase of the Defeasance Securities, the retention of the Defeasance Securities or the proceeds thereof and any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; *provided, however,* that JEA shall not be required to indemnify the Escrow Agent, its successors, assigns, agents and servants against the negligence or willful misconduct of the Escrow Agent or its successors, assigns, agents and servants. In no event shall JEA or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement. Nothing in this Section contained shall give rise to any liability on the part of JEA in favor of any person other than the Escrow Agent.

SECTION 9. Responsibilities of Escrow Agent; Fees. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the retention of the Defeasance Securities or the proceeds thereof or any investment, payment, transfer, or other application of money or securities by the Escrow Agent in accordance with the

provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties or non-willful misconduct. The Escrow Agent shall, however, be liable to JEA for its negligent acts, omissions or errors or willful misconduct which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of JEA. The fees of the Escrow Agent shall be paid by JEA at the time this Agreement is executed and delivered, such fees to be as set forth on Schedule C attached hereto. The Escrow Agent shall have no lien whatsoever upon any of the moneys or investments in the Escrow Account for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Obligations have been paid and discharged in accordance with the proceedings authorizing the Refunded Obligations.

SECTION 11. Amendments. This Agreement is made for the benefit of JEA and the holders from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and JEA; *provided, however,* that JEA and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Obligations, any additional rights, remedies, power or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to subject additional funds, securities or properties to this Agreement.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with

respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of JEA or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement herein contained shall be null and void and shall be severed from the remaining covenants and agreements and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as duplicate originals and shall constitute and be one and the same instrument.

SECTION 14. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Deposit Agreement to be executed by their duly authorized officers and JEA's official seal to be hereunto affixed and attested as of the date first above written.



JEA

ATTEST:

By: _____
Title:

By: _____
Secretary

Form Approved:

Office of General Counsel

as Escrow Agent

By: _____
Its: _____

*[Signature page to Escrow Deposit Agreement relating to
JEA Electric System Subordinated Revenue Bonds, 2017 Series A]*

**SCHEDULE A
REFUNDED OBLIGATIONS**

The Aggregate Debt Service for the Refunded Obligations is shown in the following table:

<u>Date</u>	<u>Interest</u>	<u>Principal Redeemed</u>	<u>Redemption Premium</u>	<u>Total</u>
	\$	\$		\$

**SCHEDULE B
LIST OF REFUNDED OBLIGATIONS**

The Refunded Bonds will consist of the Electric System Subordinated Revenue Bonds listed in the following table.

Series Three	Maturity Date (October 1)	Amount to be Refunded	Redemption Date	Redemption Price (expressed as a percentage of principal amount)	CUSIP*
		\$		%	

Total

* The CUSIP numbers listed here are provided for the convenience of readers. JEA is not responsible for the accuracy or completeness of such numbers.

**SCHEDULE C
FEES OF ESCROW AGENT**

The fee of the Escrow Agent for its services hereunder shall be \$____; provided, JEA agrees to reimburse the Escrow Agent for its reasonable out-of-pocket expenses at cost.

V. A. 5.
Fiscal Year 2016 Operating Budget Line Item Transfers



Building Community

AGENDA ITEM SUMMARY

October 30, 2016

SUBJECT:	FISCAL YEAR 2016 OPERATING BUDGET LINE ITEM TRANSFERS
-----------------	--

Purpose:	<input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Action Required <input type="checkbox"/> Advice/Direction
-----------------	---

Issue: By ordinance, JEA is required to have a balanced budget and ensure at year-end actual individual expenditure line items do not exceed their respective budgeted line item amounts. Under the delegated authority guidelines, the Managing Director/CEO is authorized to make transfers up to \$5.0 million per transfer, and has the authority to approve budget transfers exceeding \$5.0 million, in the event of an emergency, or year-end adjustments, which are then brought to the Board for ratification.

Significance: High. The dollar amounts and the corresponding budget line item funding transferred at year-end exceeded the Board delegated \$5.0 million amount, requiring Board ratification.

Effect: The transfers will provide balanced budgets in FY2016 for the Electric System and Water and Sewer Systems, as required by city ordinance.

Cost or Benefit: N/A

Recommended Board action: Staff recommends that the Board ratify the FY2016 year-end budget line item transfers of:

- \$54 million to Operating Capital Outlay from Non-fuel Purchased Power, Operations and Maintenance, Natural Gas Pass Through Expense, Emergency Reserve, and Debt Service in the Electric System Operating Budget; and
- \$10 million to Operating Capital Outlay and \$5 million to Capacity Fees expense from Debt Service, Operations & Maintenance, Emergency Reserve, and Non-Fuel Uncollectibles & PSC Tax budget lines in the Water and Sewer Operating Budget.

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ DRJ

<div style="background-color: #4a4a9a; color: white; padding: 5px; writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold;">MISSION</div> <p style="font-size: small;">Energizing our community through high-value energy and water solutions.</p>	<div style="background-color: #4a9a4a; color: white; padding: 5px; writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold;">VISION</div> <p style="font-size: small;">JEA is a premier service provider, valued asset and vital partner in advancing our community.</p>	<div style="background-color: #004a9a; color: white; padding: 5px; writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold;">VALUES</div> <ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity
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Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team



INTER-OFFICE MEMORANDUM

October 30, 2016

SUBJECT: FISCAL YEAR 2016 OPERATING BUDGET LINE ITEM TRANSFERS

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND

JEA provides the Council Auditor a final end-of-year revised budget by November 30th of each year. The revised budget includes budget transfers necessary to ensure JEA maintains a balanced budget and that line item expenditures do not exceed their respective budget. Under the delegated authority guidelines, the Managing Director/CEO is authorized to make budget line item transfers up to \$5.0 million per transfer, and has the authority to approve budget line item transfers exceeding \$5.0 million in the event of an emergency, or year-end adjustments. Budget line item transfers exceeding \$5.0 million are brought to the Board for ratification.

DISCUSSION

Opportunities existed in FY2016 to transfer funds to budget line items to support JEA's financial objectives, to reduce debt outstanding and to reduce the need for additional debt by funding current year capital requirements with current year revenues on both the Electric and Water and Sewer Systems. The following end-of-year budget line item transfers for FY2016 support JEA's financial objectives and maintains a balanced budget.

Electric System

The FY2016 Electric System budget for Operating Capital Outlay was \$84 million. However, lower than budget Non-Fuel Purchased Power, Operations & Maintenance, and Debt Service expenses coupled with lower Natural Gas Pass Through Expenses and an unused Emergency Reserve generated the ability to deposit an additional \$54 million to the Operating Capital Outlay. This budget transfer brings the total Electric Operating Capital Outlay budget up to \$138 million and will allow JEA to reduce Electric System debt in FY2017.

Electric System			
<u>Transfer From</u>		<u>Transfer To</u>	
Non-Fuel Purchased Power	\$ 25.6	Operating Capital Outlay	\$ 54.0
Operations & Maintenance	16.2		
Natural Gas Pass Through Expense	5.4		
Emergency Reserve	5.0		
Debt Service	1.8		
	<u>\$ 54.0</u>		<u>\$ 54.0</u>

Water and Sewer System

The FY2016 Water and Sewer System budget for Operating Capital Outlay was \$115 million. However, lower than budget Operations & Maintenance, Non-Fuel Uncollectibles & PSC Tax and Debt Service expenses coupled with an unused Emergency Reserve generated the ability to deposit an additional \$10 million into Operating Capital Outlay. This transfer supports JEA’s objective to reduce the need for additional debt by funding current year capital requirements with current year revenues.

The FY2016 Water and Sewer System budget for Capacity Fees was \$17 million. However, Capacity Fee revenue was \$22 million, which required additional funds be transferred to the Capacity Fee budget line item.

Water and Sewer System			
Transfer From		Transfer To	
Debt Service	\$ 7.1	Operating Capital Outlay	\$ 10.0
Operations & Maintenance	6.4	Capacity Fees	5.0
Emergency Reserve	1.0		
Non-Fuel Uncollectibles & PSC Tax	0.5		
	<u>\$ 15.0</u>		<u>\$ 15.0</u>

RECOMMENDATION

Staff recommends that the Board ratify the FY2016 year-end budget line item transfers of:

- \$54 million to Operating Capital Outlay from Non-fuel Purchased Power, Operations and Maintenance, Natural Gas Pass Through Expense, Emergency Reserve, and Debt Service in the Electric System Operating Budget; and
- \$10 million to Operating Capital Outlay and \$5 million to Capacity Fees expense from Debt Service, Operations & Maintenance, Emergency Reserve, and Non-Fuel Uncollectibles & PSC Tax budget lines in the Water and Sewer Operating Budget.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/DRJ

JEA
FY 15/16 FUNDS TRANSFER

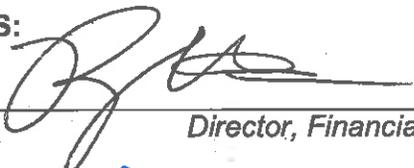
**Water and Sewer System
Operating Budget**

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit		
071-Z0000-(1201 and 2001)	Operating & Maintenance	\$ 6,428,030
071-Z0000-5102	Debt Service - Interest	7,092,058
071-10002-2001	Environmental	90,932
071-Z0000-3001	Emergency Reserve	1,000,000
071-Z0000-5302	Non- Fuel Uncollectibles & PSC Tax	366,404
	Total	\$ 14,977,424

TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit		
071-Z0000-5501	Operating Capital Outlay	\$ 9,957,176
071-Z0000-5503	Capacity Fees	5,020,248
	Total	\$ 14,977,424

JUSTIFICATION: Year-end budget adjustments to utilizing savings in Operating & Maintenance Expenses, Emergency Reserve, Uncollectibles, Public Service tax, and Environmental. In addition, Capacity Fees were adjusted to match Capacity Fee revenues maintaining a balanced budget.

APPROVALS:

APPROVED:  10/27/16
Director, Financial Planning and Analysis DATE

APPROVED:  10/31/16
Chief Financial Officer DATE

APPROVED:  11/06/16
Chief Executive Officer DATE

Forwarded to Council Auditor: Date: _____

JEA
FY 16/17 FUNDS TRANSFER

Water and Sewer System
Operating Budget

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit		
071-Z0000-5501	Operating Capital Outlay	\$ 1,442,485
		Total \$ 1,442,485

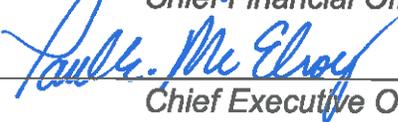
TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit		
071-Z0000-5201	Renewal and Replacement	\$ 1,442,485
		Total \$ 1,442,485

JUSTIFICATION: Adjustment of Renewal and Replacement deposit based on FY16 actual revenues.

APPROVALS:

APPROVED:  Director, Financial Planning and Analysis 10/27/16
DATE

APPROVED:  Chief Financial Officer 10/31/16
DATE

APPROVED:  Chief Executive Officer 11/06/16
DATE

Forwarded to Council Auditor: Date: _____

JEA
FY 16/17 FUNDS TRANSFER

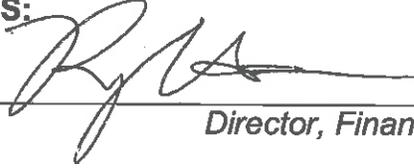
**Electric System
Operating Budget**

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit		
021-Z0000-5501	Operating Capital Outlay	\$ 1,938,535
	Total	\$ 1,938,535

TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit		
021-Z0000-5201	Renewal and Replacement	\$ 1,938,535
	Total	\$ 1,938,535

JUSTIFICATION: Adjustment of Renewal and Replacement deposit based on FY16 actual revenues.

APPROVALS:

APPROVED:  10/27/16
DATE
Director, Financial Planning and Analysis

APPROVED:  10/31/16
DATE
Chief Financial Officer

APPROVED:  11/06/16
DATE
Chief Executive Officer

Forwarded to Council Auditor: Date: _____

V. B. 6.
Fiscal Year 2016 Year-End Financial Results



Building Community

AGENDA ITEM SUMMARY

November 2, 2016

SUBJECT:	FISCAL YEAR 2016 YEAR-END FINANCIAL RESULTS
-----------------	--

Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
-----------------	--	--	---

Issue: Staff providing FY2016 year-end financial results to Board members for informational purposes only.

Significance: N/A

Effect: N/A

Cost or Benefit: N/A

Recommended Board action: Providing for information only; no action required.

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ DRJ

MISSION		VISION		VALUES	
Energizing our community through high-value energy and water solutions.		JEA is a premier service provider, valued asset and vital partner in advancing our community.		<ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity 	

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team



JEA Monthly Financial Summary

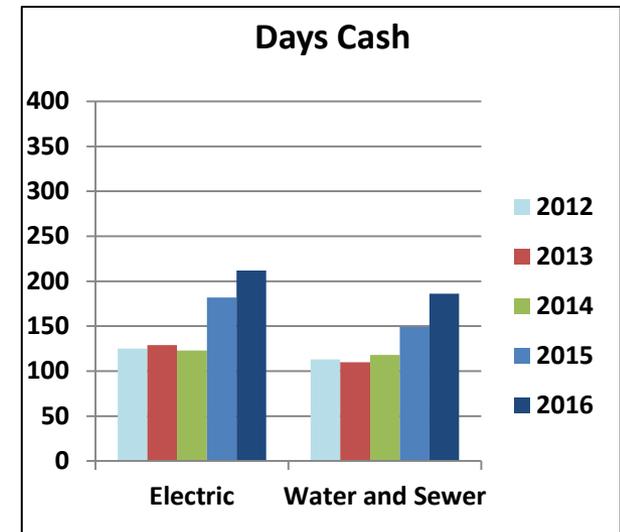
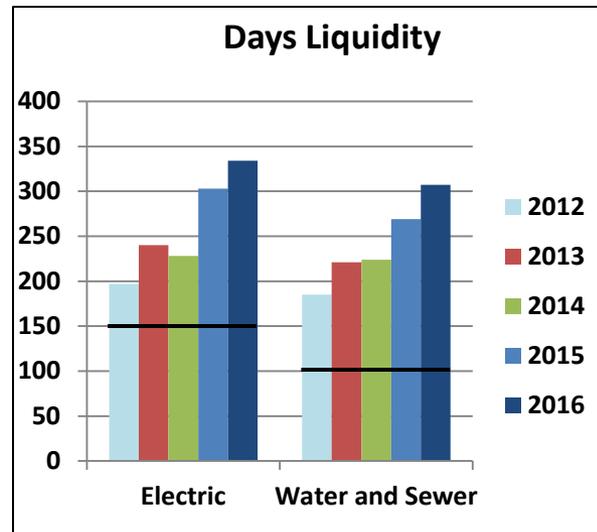
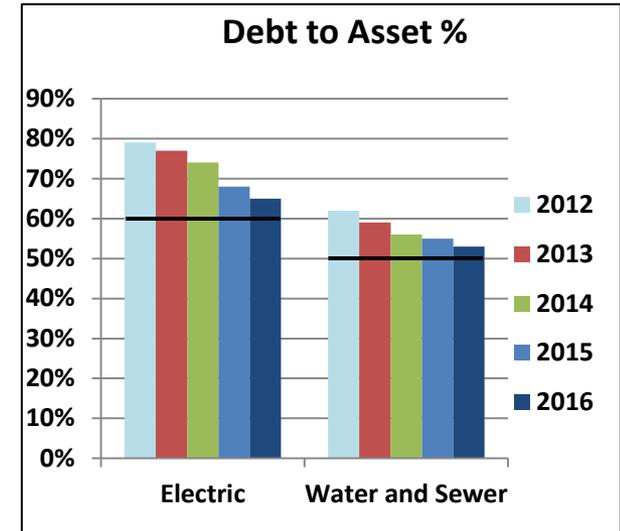
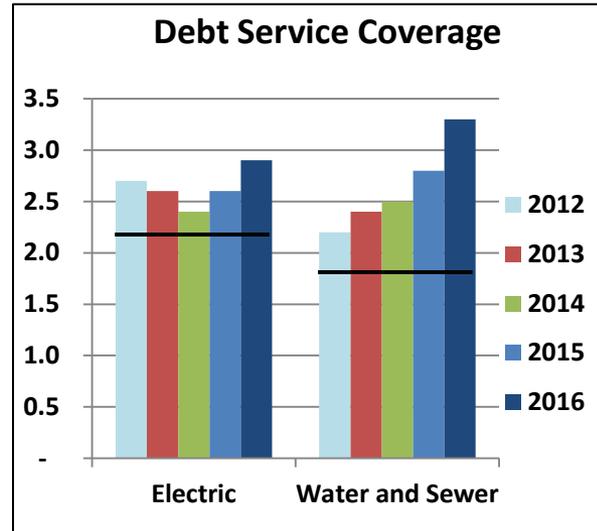
as of September 30, 2016

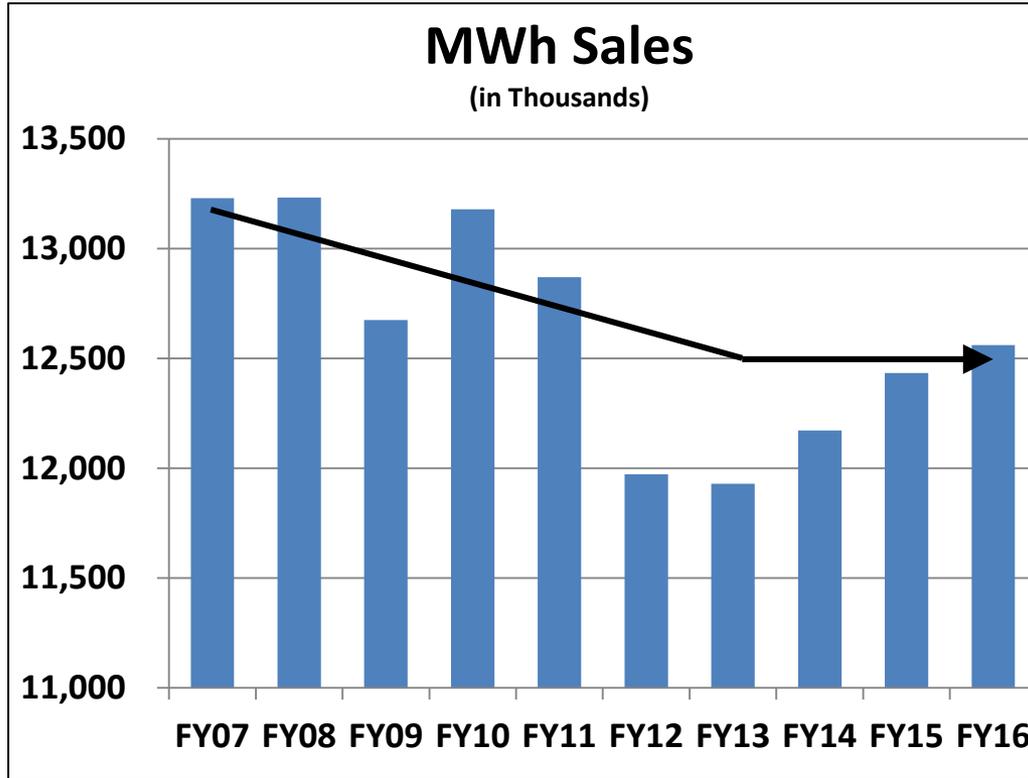
V. B. 6.
11/15/2016

Board of Directors
November 15, 2016

FY2016 results demonstrated strong performance across all key financial metrics

- FY2016 Debt Service Coverage remains strong and provides financial flexibility to respond to industry challenges
- Debt-to-Asset % continues to improve and approach long-term targets
- Days Liquidity and Days Cash metrics continue to be strong and provide the ability to invest in infrastructure in both systems without the need for additional debt





Month	FY15	FY16	%
Oct	971,595	952,515	(2.0%)
Nov	895,617	923,705	3.1%
Dec	943,753	922,956	(2.2%)
Jan	1,035,621	1,049,897	1.4%
Feb	934,102	894,563	(4.2%)
Mar	898,524	893,954	(0.1%)
Apr	954,803	900,013	(5.7%)
May	1,062,459	1,089,555	2.6%
Jun	1,187,741	1,231,251	3.7%
Jul	1,254,252	1,336,836	6.6%
Aug	1,212,295	1,254,240	3.5%
Sep	1,083,446	1,111,769	2.6%
Total	12,434,208	12,561,251	1.0%

Unit Sales Driver: Degree days 1% lower than last year.

Degree Days		
30-yr. Avg.	FY15	FY16
4,014	4,159	4,117

Customer Accounts		
FY15	FY16	%
447,484	455,373	1.8%

Total System	1.0%
Residential	1.6%
Comm./Industrial	1.9%
Interruptible	(4.2%)
Wholesale (FPU)	(8.6%)

JEA Electric System

Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY16 Actual	FY15 Actual	FY16 Budget	FY16 vs FY15 (\$)	Variance (%)
Fuel Revenue	\$ 426,653 ¹	\$ 486,362 ²	\$ 485,631	\$ (59,709)	-12.3%
Base Revenue	750,038	741,411	711,502	8,627	1.2%
Other Revenue	37,904	38,183	51,716	(279)	-0.7%
Total Revenues	\$ 1,214,595	\$ 1,265,956	\$ 1,248,849	\$ (51,361)	-4.1%
		\$ (34M)			
Select Expenses	FY16 Actual	FY15 Actual	FY16 Budget	FY16 vs FY15 (\$)	Variance (%)
Fuel Expense	\$ 397,280	\$ 441,076	\$ 460,315	\$ 43,796	9.9%
Fuel Fund Transfers	29,373	45,286	25,255	15,913	
O & M Expense	192,527	191,764	222,827	(763)	-0.4%
Non-fuel Purchased Power	87,426	114,804	113,015	27,378	23.8%
Net Revenues	\$ 496,092	\$ 461,604	\$ 405,311	\$ 34,488	7.5%
		\$91M			
Capital Expenditures	\$ 150,926	\$ 116,728	\$ 153,200 ³	\$ (34,198)	-29.3%
Debt Service	\$ 171,506	\$ 175,778	\$ 185,614	\$ 4,272	2.4%

Electric Costs / MWh	Non-Fuel
Target	\$ 49.44
Actual ⁴	48.35
Difference	\$ 1.09

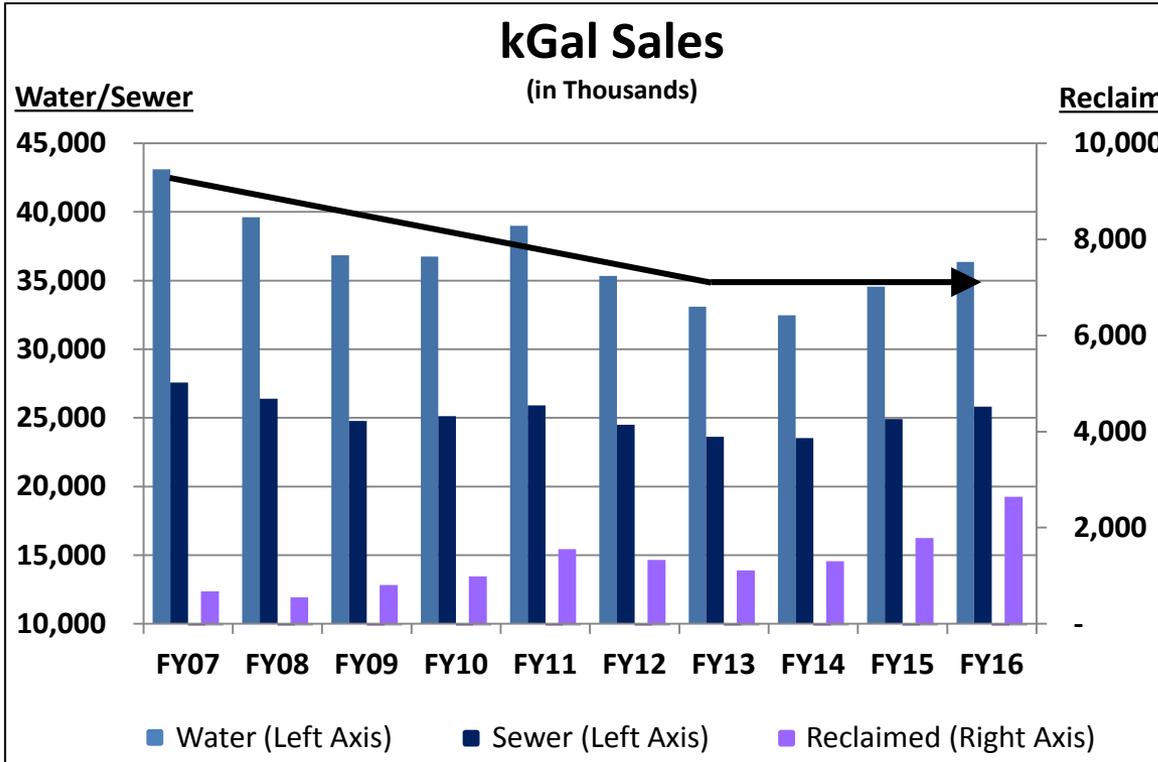
Fuel Fund (\$ in millions)	
Beginning Balance	\$ 151
Surplus/(Deficit)	86
Fuel Credit	(57)
Ending Balance	\$ 180

¹ Net of \$57 million fuel credit in October bill and fuel rate reduction in February

² Net of \$50 million fuel credit in FY15

³ Council approved limit for capital expenditures in FY16 is \$170 million

⁴ Preliminary numbers



Month	FY15	FY16	%
Oct	3,051	3,120	2.3%
Nov	2,597	2,641	1.7%
Dec	2,708	2,758	1.8%
Jan	2,502	2,527	1.0%
Feb	2,238	2,479	10.8%
Mar	2,732	2,825	3.4%
Apr	2,765	2,914	5.4%
May	3,509	3,523	0.4%
Jun	3,382	3,290	(2.7%)
Jul	3,300	3,736	13.2%
Aug	3,062	3,451	12.7%
Sep	2,712	3,094	14.1%
Total	34,558	36,358	5.2%

Unit Sales Driver: Rainfall down 18 inches; rain days down 16.

Irrigation for September 2016 up 70% versus September 2015.

Rain			
	30-Yr. Avg.	FY15	FY16
Inches	52	49	31
Days	114	114	98

Customer Accounts			
	FY15	FY16	%
Water	328,781	337,217	2.6%
Sewer	253,983	260,937	2.7%
Reclaimed	6,534	8,361	28.0%

Total System		5.2%
Residential		5.0%
Comm./Industrial		3.7%
Irrigation		9.5%



JEA Water and Sewer System

Financial Results and Cost Metrics

(\$ in thousands)

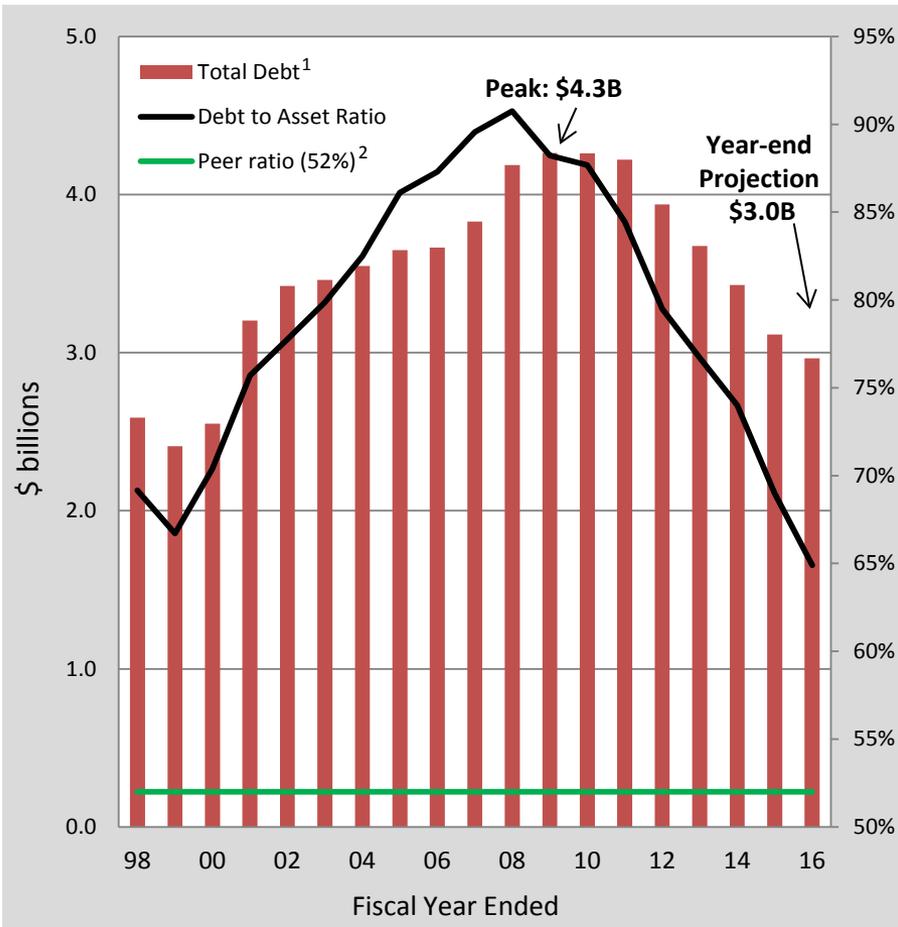
Revenues	FY16 Actual	FY15 Actual	FY16 Budget	FY16 vs FY15 (\$)	Variance (%)
Water & Sewer Revenues	\$ 409,889	\$ 393,167	\$ 383,162	\$ 16,722	4.3%
Other Revenue	40,070	43,750	34,529	(3,680)	-8.4%
Total Revenues	\$ 449,958	\$ 436,917	\$ 417,691	\$ 13,042	3.0%
Select Expenses					
O & M Expense	\$ 130,296	\$ 127,174	\$ 138,368	\$ (3,122)	-2.5%
Net Revenues	\$ 293,224	\$ 278,471	\$ 254,266	\$ 14,753	5.3%
Capital Expenditures	\$ 147,363 ¹	\$ 100,806	\$ 175,000	\$ (46,557)	-46.2%
Debt Service	\$ 95,418	\$ 101,108	\$ 105,371	\$ 5,690	5.6%

Cost / KGal	Water	Sewer
Target	\$ 3.98	\$ 7.25
Actual ²	<u>4.08</u>	<u>7.12</u>
Difference	\$ (0.10)	\$ 0.13

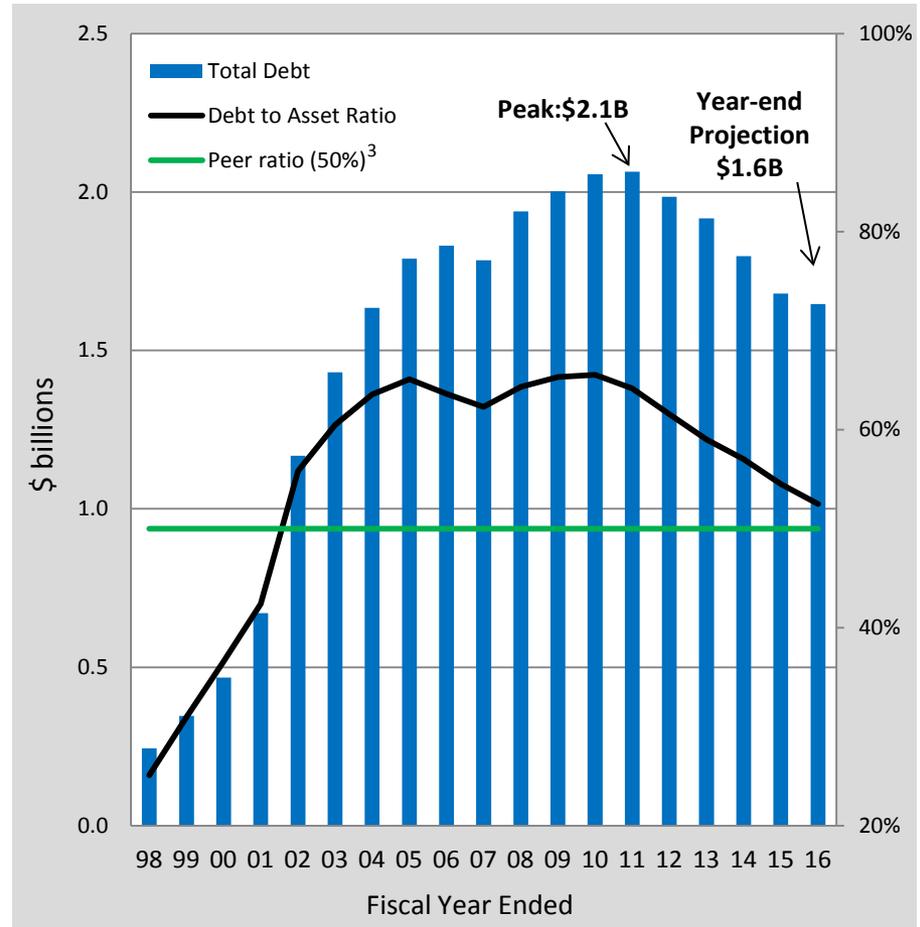
¹ Council approved limit for capital expenditures in FY16 is \$195 million

² Preliminary numbers

Electric System



Water and Sewer System

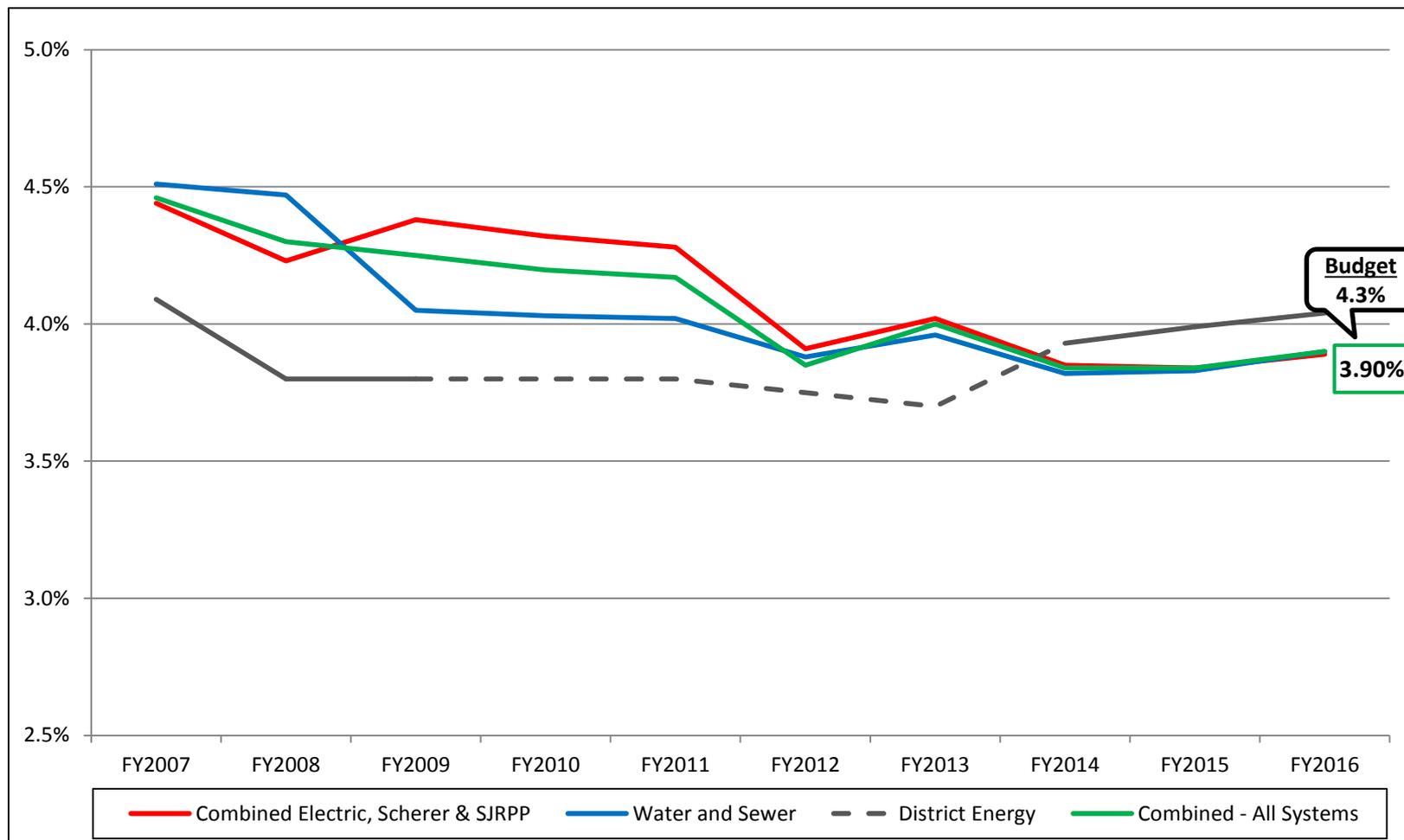


¹ Includes JEA, Scherer and SJRPP

² Per "Top 30 City Owned Utilities (By Debt Outstanding)" reported in Moody's Sector In-Depth Report, Sept. 8, 2015

³ Calculated from Moody's Municipal Financial Ratio Analysis database of 214 Aa rated public water-sewer utilities, Dec. 17, 2015

Combined Debt Outstanding Weighted Average Interest Rates*

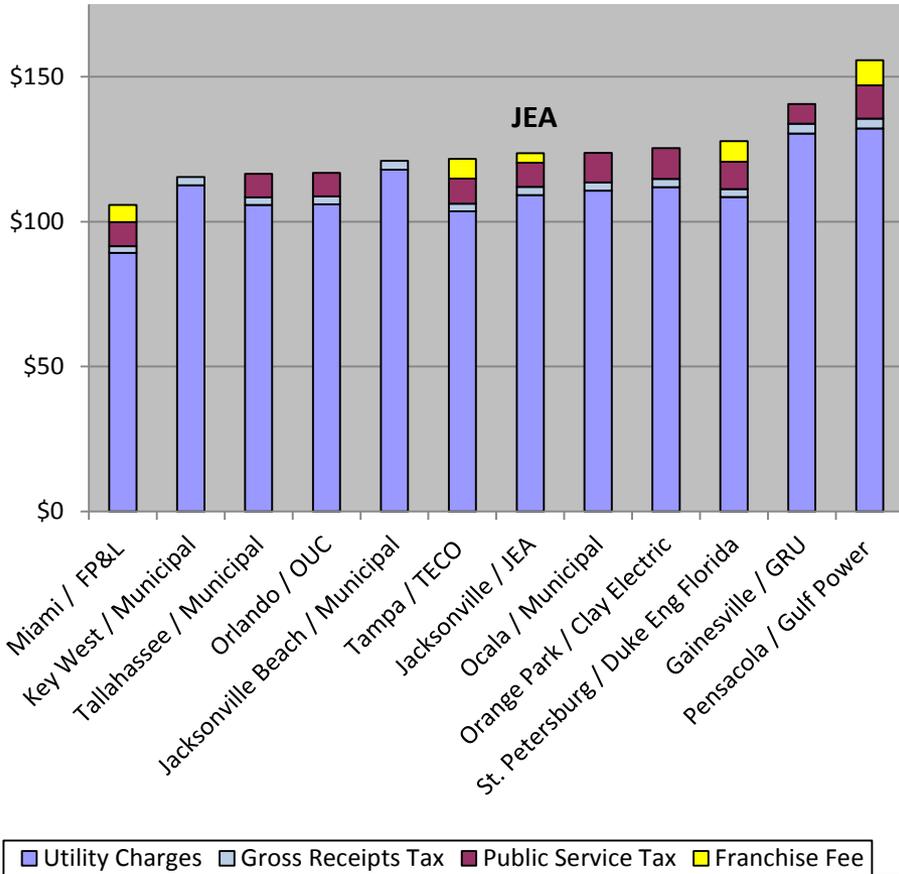


- Fiscal year end interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments.
- - - - During FY2008 – FY2013 DES was funded with variable rate debt at an average of 1 percent.

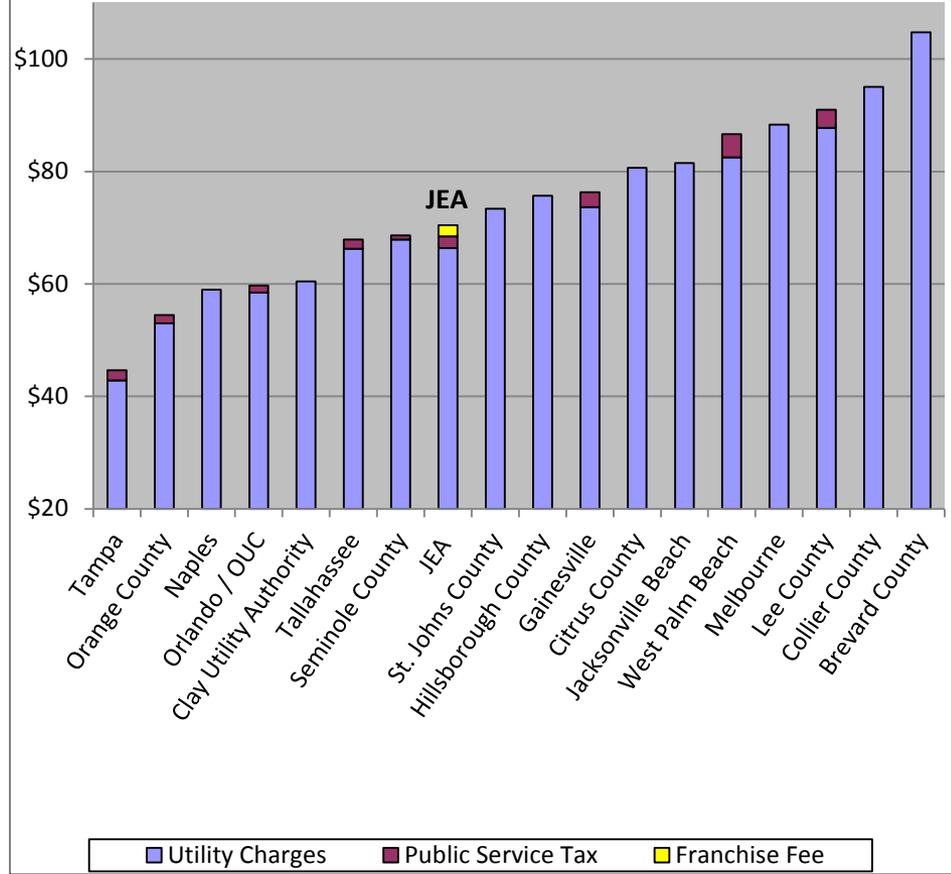


Florida Utilities Monthly Bill Comparison

Monthly Residential Electric Bills
Consumption @ 1,000 kWh



Monthly Residential Water Bills
5/8" meter and 6 kgals of Consumption



FY2016 KEY ELECTRIC FINANCIAL METRICS

What we said in December 2015

2.4x combined debt service coverage
Days of cash on hand - 189 days
Days of liquidity - 303 days
Debt to Asset Ratio - 66%
Decrease in system MWh sales of (3.5%)
Capital Expenditure - \$160 million
Base revenue decrease of (1.8%)

What we did in Fiscal Year 2016

2.9x combined debt service coverage
Days of cash on hand - 212 days
Days of liquidity - 334 days
Debt to Asset Ratio - 64.9%
System MWh sales increased 1.02%
Capital Expenditure - \$151 million
Base revenue growth of 1.2%

FY2016 KEY WATER AND SEWER FINANCIAL METRICS

What we said in December 2015

2.6x combined debt service coverage
Days of cash on hand - 140 days
Days of liquidity - 245 days
Debt to Asset Ratio - 52.5%
Decrease in Water Regal sales (4.5%)
Capital Expenditure - \$182 million
Base revenue decrease of (1.0%)

What we did in Fiscal Year 2016

3.3x combined debt service coverage
Days of cash on hand - 186 days
Days of liquidity - 307 days
Debt to Asset Ratio - 52.5%
Water Regal sales increased 5.2%
Capital Expenditure - \$147 million
Base revenue growth of 4.3%

VI. A.
Compensation Committee



Committee Members will meet on the 8th Floor
 Other Board Members may join via conference call
 by dialing 904-665-7100 - No password is needed.

COMPENSATION COMMITTEE AGENDA

DATE: November 8, 2016
TIME: 11:00 – 12:30 PM
PLACE: 21 W. Church Street
 8th Floor

	Responsible Person	Action (A) Info (I)	Total Time
I. OPENING CONSIDERATIONS	Delores Kesler		
A. Call to Order			
B. Adoption of Agenda		A	
C. Approval of Minutes – February 10, 2016	Cheryl Mock	A	
II. NEW BUSINESS			
A. Fiscal Year 2016 Pay for Performance Program	Angie Hiers	A	15 mins.
B. Fiscal Year 2017 Pay for Performance Program	Angie Hiers	A	15 mins.
C. Fiscal Year 2016 CEO Performance	Jody Brooks	A	15 mins.
D. Fiscal Year 2017 CEO Goals	Paul McElroy	A	15 mins.
E. Pension Discussion	Paul McElroy	I	10 mins.
F. Open Discussion			15 mins.
G. Announcements			
1. Schedule Next Meeting as Appropriate			
H. Adjournment			

VI. A. 1.
Fiscal Year 2016 Pay for Performance Program



Building Community

AGENDA ITEM SUMMARY

October 31, 2016

SUBJECT:	FISCAL YEAR 2016 PAY FOR PERFORMANCE PROGRAM
-----------------	---

Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
-----------------	---	---	---

Issue: The FY2016 Pay for Performance Program was approved by the Board of Directors at its January 19, 2016 meeting. FY2016 Pay for Performance results are final, pending the external auditors sign-off on JEA's FY2016 financial results.

Significance: The JEA Pay for Performance Program was introduced in 1990. JEA's program is modeled to combine both company and individual performance metrics that incent and recognize a highly engaged, high performing workforce.

Effect: The entire JEA workforce is eligible to qualify for this program.

Cost or Benefit: JEA's program delivers an incentive when goals are achieved and O&M cost savings are realized to pay for the program. This program is designed to incent employees to achieve and exceed established goals, as well as to focus on being "good stewards" of resources, which in turn maximizes value to customers. The FY2016 estimated O&M cost savings was \$22.5M. The earned incentive for FY2016 is currently projected to be \$3.1M or 2.2% of FY2016 salaries.

Recommended Board action: JEA achieved a total O&M savings for FY2016 of \$22.5 million, this item is submitted to the Board for consideration of approval of the payout for the FY2016 Pay for Performance Program of 2.2% of total base salaries totaling \$3.1 Million.

For additional information, contact: Angelia R. Hiers 665-4747

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team



INTER-OFFICE MEMORANDUM

October 31, 2016

SUBJECT: FISCAL YEAR 2016 PAY FOR PERFORMANCE PROGRAM

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Pay for Performance Programs were introduced at JEA in 1990. The program has successfully served to focus employees and managers on key corporate measures and objectives, as well as to push the organization toward a continuous improvement culture with resulting operational excellence. Due to the economic downturn and subsequent austerity measures taken, JEA's performance pay program was suspended in 2007 until 2012 when it was reinstated.

DISCUSSION:

JEA had an excellent performance year in 2016. At the January 2016 Board of Directors meeting, the Board approved a Pay for Performance Program for the 2016 fiscal year, including corporate-wide stretch goals for the company. The following is a review of 2016 performance related to each of these goals.

➤ **Customer Satisfaction**

JEA measures customer satisfaction using the JD Power survey. JEA has continued its company-wide focus on customer satisfaction, which has been a strategic goal since 2012. In 2012, JEA's customer satisfaction scores were among the lowest in the nation, and JEA has consistently had the highest year-over-year improvements in customer satisfaction scores since 2012. During FY2016, JEA ranked highest with business electric service in the south among midsize utilities, receiving the distinction and trophy for the first time in JEA's history. In fact, JEA received the highest business customer satisfaction score in the nation.

The Pay for Performance metric used company-wide for FY2016 is the JD Power residential survey. According to the survey, JEA improved in every single driver of residential customer satisfaction. In fact, JEA's total residential customer satisfaction score improved by 11 points, with a record high score of 703. The market, however, moved more than JEA's score and, as a result, JEA did not achieve its goals to remain in the first quartile and improve by at least one position.

➤ **Safety**

JEA believes that our employees are our greatest asset. We emphasize safety as a part of everything we do. This continued focus on safety has resulted in JEA maintaining an OSHA recordable incident rate (RIR) for FY2016 well below the average for Public Sector Utilities of 6.1 injuries per 100 employees. However, in setting corporate goals for the fiscal year – and most especially in the area of safety – “good” is not good enough. We set a best-in-class safety goal of a 1.2 RIR rate for the fiscal year. JEA achieved a final RIR for FY2016 of 1.82 RIR, which does not meet the corporate safety goal for the fiscal year.

➤ Cost Control

JEA is committed to holding firm on costs as the cornerstone of our ability to provide affordable service to our community. Cost control goals require each and every employee to manage our customers' money wisely, working more effectively and efficiently and using materials prudently. Many costs this year rose outside of our employees' direct control: pension and benefits costs, for example, increased by more \$6 million in FY2016 vs FY2015, and in order to meet aggressive cost targets JEA employees had to identify offsets to those expenses and achieve them within a single fiscal year – no small feat. JEA also experienced two major capital expense areas unanticipated at the beginning of the year: an extensive outage at the Brandy Branch generating facility and a ramp-up of the City of Jacksonville's LED street lights program, requiring further offsets during the year.

In the area of cost control, JEA delivered. We set extremely aggressive targets for the year – costs per unit sold approximately 10% lower than those in FY2012. We kept those targets equal to last year's per-unit actuals achieved in spite of known increases in pension and benefits costs and a capital plan budget more than \$100 million higher than last year's actuals.

JEA also reduced bills to customers during this fiscal year, and refunded \$56 million to customers in the form of a fuel credit. JEA's customers are benefitting from JEA's strategic focus on cost control, and will continue to do so in the future. JEA's cost goals were \$49.44/MWh for non-fuel electric cost, \$3.98/kgal for water cost, and \$7.26/kgal for sewer cost. JEA's FY2016 actual costs were \$48.35/MWh, \$4.08/kgal, and \$7.12/kgal, respectively, exceeding two of the three cost control goals for FY2016.

JEA staff worked diligently throughout the year to deliver excellence to our customers and community. The total possible payout to employees under the Pay for Performance Plan authorized by the Board in January 2016 was \$6.7 million, if all metrics were exceeded. Based on the performance described above, the actual payout to employees is \$3.1 million, or 2.2% of the total base salaries as of October 1, 2016. JEA total O&M savings for FY2016 was \$22.5 million.

RECOMMENDATION:

JEA achieved a total O&M savings for FY2016 of \$22.5 million, this item is submitted to the Board for consideration of approval of the payout for the FY2016 Pay for Performance Program of 2.2% of total base salaries totaling \$3.1 Million.

PEM/ARH

Paul E. McElroy, Managing Director/CEO



FY 2016 Performance Program Summary

Summary of Corporate Performance Factors

Safety

OSHA Recordable Incident Rate (RIR)

FY12 Results: 1.48 RIR

FY13 Results: 1.78 RIR

FY14 Results: 2.4 RIR

FY15 Results: 1.56 RIR

FY16 Goal: 1.2 ≥ RIR

FY 16 Results: 1.82 RIR

RIR		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
RIR > 1.2	Below	\$0	\$0	\$0	\$0	\$0	\$0
1.2 ≥ RIR > 1.1	Meets	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
1.1 ≥ RIR > 1.0	Exceeds	\$400	\$800	\$1,130	\$1,325	\$1,830	\$2,165
.99 ≥ RIR	Exemplary	\$500	\$1,000	\$1,410	\$1,700	\$2,290	\$2,705

Customer Satisfaction

JD Power Residential Electric Industry Customer Satisfaction Survey: Total Industry

FY12 Results: No Metric for Customer Satisfaction

FY13 Results: Top of the Third Quartile

FY14 Results: Top 25% of the Third Quartile

FY15 Results: Bottom 25% of First Quartile

FY16 Goal: Bottom 25% of First Quartile

FY16 Results: Top 25% of the Second Quartile

SURVEY RANKING		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Top 25% of second quartile	Below	\$0	\$0	\$0	\$0	\$0	\$0
Bottom 25% of first quartile > 2015	Meets	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
Bottom 26% - 49% of first quartile	Exceeds	\$400	\$800	\$1,130	\$1,325	\$1,830	\$2,165
Top 26% - 50% of first quartile	Exemplary	\$500	\$1,000	\$1,410	\$1,700	\$2,290	\$2,705

Cost Control: Electric Mwh

Cost per Mwh

FY12 Baseline: \$54.73

FY13 Results: \$53.92

FY14 Results: \$49.81

FY15 Results: \$49.44

FY16 Goal: \$49.44

FY16 Results: \$48.35

COST/Mwh		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
cost > \$49.44	Below	\$0	\$0	\$0	\$0	\$0	\$0
\$49.44 ≥ cost ≥ \$48.94	Meets	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
\$48.94 > cost ≥ \$48.44	Exceeds	\$400	\$800	\$1,130	\$1,325	\$1,830	\$2,165
\$48.43 > cost	Exemplary	\$500	\$1,000	\$1,410	\$1,700	\$2,290	\$2,705

Cost Control: Water Kgal

Cost per Kgal

FY12 Baseline: \$4.47

FY13 Results: \$4.49

FY14 Results: \$4.07

FY15 Results: \$3.98

FY16 Goal: \$3.98

FY16 Results: \$4.08

COST/KGL		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
cost > \$3.98	Below	\$0	\$0	\$0	\$0	\$0	\$0
\$3.98 ≥ cost ≥ \$3.91	Meets	\$150	\$300	\$425	\$500	\$690	\$815
\$3.91 > cost ≥ \$3.84	Exceeds	\$200	\$400	\$565	\$665	\$920	\$1,085
\$3.84 > cost	Exemplary	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Cost Control: Wastewater Kgal

Cost per Kgal

FY12 Baseline: \$7.96

FY13 Results: \$7.53

FY14 Results: \$7.34

FY15 Results: \$7.26

FY16 Goal: \$7.26

FY16 Results: \$7.12

COST/KGL		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
cost > \$7.26	Below	\$0					
\$7.26 ≥ cost ≥ \$7.16	Meets	\$150	\$300	\$425	\$500	\$690	\$815
\$7.16 > cost ≥ \$7.06	Exceeds	\$200	\$400	\$565	\$665	\$920	\$1,085
\$7.06 > cost	Exemplary	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Example Overall Payout Opportunity at Meets

Example of FY 16 Payout: Company Performance¹

JEA Actual Payout	All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Safety	\$0	\$0	\$0	\$0	\$0	\$0
Customer Satisfaction	\$0	\$0	\$0	\$0	\$0	\$0
Cost Control: Electric	\$500	\$1,000	\$1,410	\$1,700	\$2,290	\$2,705
Cost Control: Water	\$0	\$0	\$0	\$0	\$0	\$0
Cost Control: Wasterwater	\$200	\$400	\$565	\$665	\$920	\$1,085
Total Estimated Payout for Corporate Results	\$700	\$1,400	\$1,975	\$2,365	\$3,210	\$3,790

¹Corporate Results for Managerial / Appointed employees comprises 50% of overall incentive opportunity

Appointed / Managerial:

Example of FY 16 Appointed / Managerial Individual Performance Opportunity²

Employee Performance	Grade E	Grade F	Grade G	Grade H	Grade I	Grade J	Grade K
Below	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Meets	\$1,100	\$1,600	\$2,200	\$3,400	\$4,000	\$5,500	\$6,500
Exceeds	\$1,155	\$1,680	\$2,310	\$3,570	\$4,200	\$5,775	\$6,825
Exemplary	\$1,210	\$1,760	\$2,420	\$3,740	\$4,400	\$6,050	\$7,150

²Individual Performance Results for Appointed / Managerial employees comprises 50% of overall incentive opportunity

Total Estimated Cost for FY 2016 Pay for Performance Program

Corporate Results:

SLT:	No. Emp.	8	\$34,205
Appointed:	No. Emp.	364	\$741,331
Non appointed:	No. Emp.	1577	\$1,072,204
Total:		1949	\$1,847,740

Individual Performance Results:

SLT:	No. Emp.	8	\$91,214
Appointed:	No. Emp.	364	\$1,176,533
Total:	No. Emp.	372	\$1,267,747

Total FY16 Pay for Performance Payout:

SLT:	No. Emp.	8	\$125,419	The total amount represents 2.2% of salaries
Appointed:	No. Emp.	364	\$1,917,864	
Non appointed:	No. Emp.	1577	\$1,072,204	
Total:	No. Emp.	1949	\$3,115,487	

Total Actual Cost for FY2015 Pay for Performance:

SLT:	No. Emp.	7	\$159,442	The total amount represented 3% of salaries
Appointed:	No. Emp.	373	\$2,250,223	
Non appointed:	No. Emp.	1584	\$1,789,985	
Total:	No. Emp.	1964	\$4,199,650	

VI. A. 2.
Fiscal Year 2017 Pay for Performance Program



Building Community

AGENDA ITEM SUMMARY

October 31, 2016

SUBJECT:	FISCAL YEAR 2017 PAY FOR PERFORMANCE PROGRAM
-----------------	---

Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: Pay for Performance programs were introduced at JEA in 1990. The original program and successor programs have served to focus employees and managers on key enterprise-wide measures and objectives.

Significance: The current Pay for Performance program is supportive of JEA's strategic plan, with focus on Customer Satisfaction, Safety and Costs. The program is one way to engage and energize the entire workforce around JEA's strategic objectives.

Effect: The entire JEA workforce is eligible to qualify for the program.

Cost or Benefit: This program is designed to incent employees to achieve established goals, as well as to focus on being "good stewards" of resources, which in turn maximizes value to customers. A payout may only occur if the actual corporate savings minus the earned payout equals or exceeds the amount of any payout. If the organization achieves all company and individual goals, the targeted payout is between 3.4% and 5.0% of salaries.

Recommended Board action: It is recommended that the Board take action to approve the Pay for Performance Plan: Goals and Compensation for FY2017.

For additional information, contact: Angelia R. Hiers, Chief Human Resource Officer, 665-4747

Submitted by: PEM/ARH

MISSION
Energizing our community through high-value energy and water solutions.

VISION
JEA is a premier service provider, valued asset and vital partner in advancing our community.

VALUES

- Safety
- Service
- Growth?
- Accountability
- Integrity

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team



INTER-OFFICE MEMORANDUM

October 31, 2016

SUBJECT: FISCAL YEAR 2017 PAY FOR PERFORMANCE PROGRAM

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Pay for Performance Programs were introduced at JEA in 1990. The original program and successor programs have successfully served to focus employees and managers on key corporate measures and objectives, as well as to push the organization toward a continuous improvement culture with resulting operational excellence. Since its reinstatement in 2012, following a brief suspension of the program in 2007 due to the economic downturn, the program has continued to incent employees to pursue operational excellence.

As has always been the case at JEA, the program utilizes shared savings to fund the cost of the program. In other words, JEA shares a portion of the savings produced by employees' superior performance, with the employees who produced the savings.

DISCUSSION:

The primary purpose of the pay for performance program is to incent exceptional performance as measured against pre-established goals. These goals will serve to drive both individual and collective focus on important metrics. In FY2017, JEA will continue to focus on the company's strategic initiatives and areas of focus. It is, therefore, recommended that the company continue to focus on five key metrics: Customer Satisfaction (both Residential and Commercial), Safety, and Cost per unit of Electricity delivered (Kwh), Cost per unit of Water delivered (Kgal) and Cost per unit of Wastewater collected (Kgal). Exceptional performance in these five metrics clearly furthers JEA's business objectives: keeping employees safe, while delivering essential utility services to our customers in a cost effective and customer friendly manner.

The FY2017 program will again consist of two performance components, 50% company performance for all employees, and for appointed and managerial employees an additional 50% for individual performance. Pre-defined thresholds of performance for both components must be met in order to receive a payout. This type of pay for performance plan is commensurate with the market and the organization's ability to remain competitive with the local market as well as to attract and retain talent.

1. Customer Satisfaction

- JEA has elected to measure customer satisfaction using the JD Power Residential Electric and Commercial Industry Customer Satisfaction Survey, Total Industry.

- JEA FY17 customer satisfaction goal is to achieve the first quartile nationally in the JDP residential survey.

- The top decile nationally is the goal set for commercial electric customer satisfaction relative to JD Power.

2. Safety

- JEA believes that our employees are our greatest asset. We continue to emphasize safety as a part of everything we do. This continued focus on safety has resulted in JEA maintaining an OSHA recordable incident rate (RIR) for the year (FY16) well below the current average for Public Sector Utilities of 6.1 injuries per 100 employees (RIR of 6.1).
- The safety performance goal for FY17 is to improve to an RIR of 1.4. A significant stretch goal of an RIR less than 1.2 will be considered as a level of "exceeds". The company's Plan for Zero campaign will continue with other campaigns focused on JEA's safety commitment for FY2017.

3. Cost Control

- JEA is committed to holding firm on production costs, as well as, product and service delivery costs, for services delivered, recognizing its impact on our valued customers and their perception of JEA as a contributing community citizen. Wise budget management by each employee, working more effectively and efficiently, and using resources and materials prudently continues to better position JEA to control and reduce the cost of essential utility services.
- Cost per unit of Electricity delivered (Kwh): Target of Cost ≤\$53.94 meets, ≤\$52.72 exceeds
- Cost per unit of Water delivered (Kgal): Target of Cost ≤\$4.75 meets, ≤\$4.64 exceeds
- Cost per unit of Wastewater (Kgal): Target of Cost ≤\$10.27 meets, ≤\$9.87 exceeds

Attached are the recommended targets and commensurate payout levels for the FY17 Customer Satisfaction, Safety and Cost Control metrics. A payout may only occur if the actual corporate savings minus the earned payout equals or exceeds the amount of any payout.

Total Corporate Savings - Performance Payout ≥ Performance Payout.

Payouts will be awarded following an audit of FY17 year end results. If JEA goal thresholds are a "meets" in all five categories and employees' overall performance is "meets", the estimated payout would be approximately \$4,744,248 or 3.4% of base pay. If JEA's company performance is "exceeds" in all five goal categories and employees' overall performance is "meets", the maximum estimated payout would be \$6,906,341 or 5.0% of base pay.

RECOMMENDATION:

It is recommended that the Board take action to approve the Pay for Performance Plan: Goals and Compensation for FY2017.

Paul E. McElroy, Managing Director/CEO

PEM/ARH



FY 2017 Performance Program Summary

Summary of Corporate Performance Factors (Draft B)

Safety

OSHA Recordable Incident Rate (RIR)

FY12 Results: 1.48 RIR

FY13 Results: 1.78 RIR

FY14 Results: 2.4 RIR

FY15 Results: 1.56 RIR

FY16 Results: 1.82 RIR

FY17 Goal: 1.4 RIR

MEETS = 2016 MEETS

EXCEEDS = 2016 EXEMPLARY

RIR		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
RIR > 1.4	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
RIR < 1.4	Meets	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
RIR < 1.2	Exceeds	\$500	\$1,000	\$1,410	\$1,700	\$2,290	\$2,705

Customer Satisfaction

JD Power Residential Electric Industry Customer Satisfaction Survey: Total Industry

FY12 Results: No Metric for Customer Satisfaction

FY13 Results: Top of the Third Quartile

FY14 Results: Top 25% of the Third Quartile

FY15 Results: First Quartile

FY16 Results: Top 25% of Second Quartile/ Residential Score of 703

Customer Satisfaction - Residential Electric

FY17 Goal: 1st Quartile Nationally

SURVEY RANKING		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		CS CBUs	Grade E - G	Grade H	Grade I	Grade J	Grade K
	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
1st Quartile Nationally	Meets	\$150	\$300	\$425	\$500	\$690	\$815
1st Quartile Nationally & 10 Positions or Better than 2015 Performance	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Customer Satisfaction - Commercial Electric

FY17 Goal: Top Decile Nationally

SURVEY RANKING		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		CS CBUs	Grade E - G	Grade H	Grade I	Grade J	Grade K
	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Top Decile Nationally	Meets	\$150	\$300	\$425	\$500	\$690	\$815
# 3 Nationally or #1 South Midsize	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Cost Control: Electric Mwh

Cost per Mwh

Please see attached cost metrics for prior years

FY17 Goal: ≤ \$53.94

COST/Mwh		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Cost > \$53.94	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Cost ≤ \$53.94	Meets	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
Cost ≤ \$52.72	Exceeds	\$500	\$1,000	\$1,410	\$1,700	\$2,290	\$2,705

Cost Control: Water Kgal

Cost per Kgal

Please see attached cost metrics for prior years

FY17 Goal: ≤ \$4.75

COST/KGL		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Cost > \$4.75	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Cost < \$4.75	Meets	\$150	\$300	\$425	\$500	\$690	\$815
Cost < \$4.64	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Cost Control: Wastewater Kgal

Cost per Kgal

Please see attached cost metrics for prior years

FY17 Goal: ≤ \$10.27

COST/KGL		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Cost > \$10.27	Does Not Meet	\$0					
Cost ≤ \$10.27	Meets	\$150	\$300	\$425	\$500	\$690	\$815
Cost ≤ \$9.87	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Example Overall Payout Opportunity at Meets

Example of FY 17 Payout: Company Performance Meets

JEA Actual Payout	All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Safety	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
Customer Satisfaction - Residential Electric	\$150	\$300	\$425	\$500	\$690	\$815
Customer Satisfaction - Commercial Electric	\$150	\$300	\$425	\$500	\$690	\$815
Cost Control: Electric	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
Cost Control: Water	\$150	\$300	\$425	\$500	\$690	\$815
Cost Control: Wastewater	\$150	\$300	\$425	\$500	\$690	\$815
Total Estimated Payout for Corporate Results	\$1,200	\$2,400	\$3,400	\$4,000	\$5,510	\$6,510

Appointed / Managerial:

Example of FY 17 Appointed / Managerial Individual Performance Opportunity²

Employee Performance	All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Does Not Meet	N/A	\$0	\$0	\$0	\$0	\$0
Meets	N/A	\$2,400	\$3,400	\$4,000	\$5,510	\$6,510
Exceeds	N/A	\$4,000	\$5,640	\$6,740	\$9,180	\$10,830

²Individual Performance Results for Appointed / Managerial employees comprises 50% of overall incentive opportunity

Total Estimated Cost for FY 2017 Pay for Performance Program

Payout Potential - JEA Goal Thresholds Are Meets & Employee Performance is Meets

	No. Employees	Incentive Pay	
SLT*	8	\$182,428	The Total Incentive Pay amount represents 3.4% of salaries.
Appointed	365	\$2,711,420	
Non appointed	1542	\$1,850,400	
Total Estimated Cost for FY 2017 Pay for Performance Program	1915	\$4,744,248	

Payout Potential - JEA Goal Thresholds Are Exceeds & Employee Performance is Meets

	No. Employees	Incentive Pay	
SLT*	8	\$200,671	The Total Incentive Pay amount represents 5.0% of salaries.
Appointed	365	\$3,621,670	
Non appointed	1542	\$3,084,000	
Total Estimated Cost for FY 2017 Pay for Performance Program	1915	\$6,906,341	

*SLT Pay for Performance is based on the achievement of corporate and individual performance metrics. The payout opportunities are determined as a percent of base salary.

NOTE: All performance payouts are subject to JEA's ability to pay as determined by JEA's Board of Directors with input from JEA's Finance group, and minimum individual employee performance criteria (ex. length of service, etc)

Total Estimated Cost for FY2016 Pay for Performance Program

SLT:	No. Emp.	8	\$125,419	The total amount represents 2.2% of salaries
Appointed:	No. Emp.	364	\$1,917,864	
Non appointed:	No. Emp.	1577	\$1,072,204	
Total:	No. Emp.	1949	\$3,115,487	

Note: two of five metrics achieved

Cost Control/Cost Metric Explanation

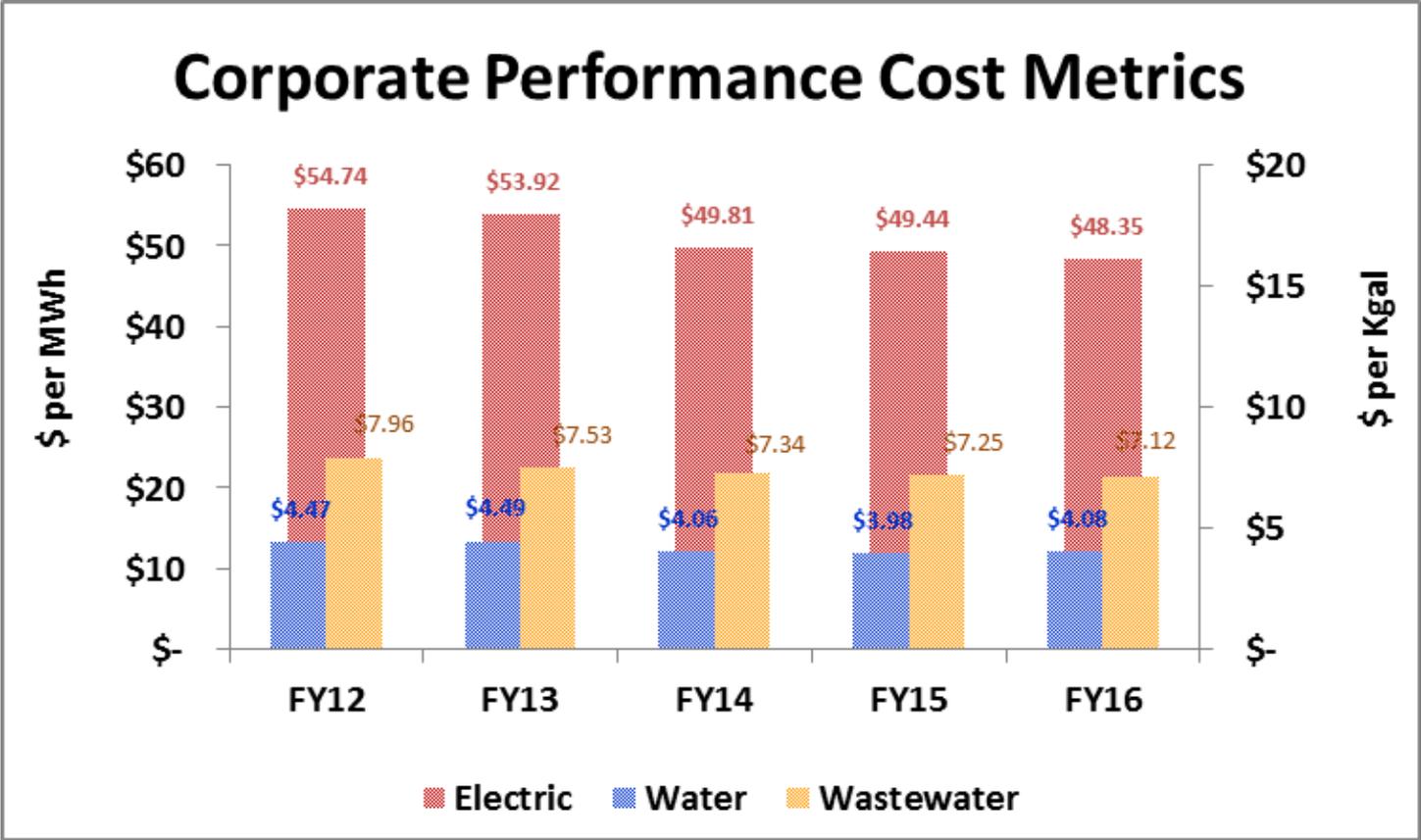
JEA is committed to holding firm on costs, recognizing the impact on our valued customers and our ability to keep rates low and stable for our community. Wise expense management by each employee, working more effectively and efficiently, and using resources and materials prudently continues to better position JEA to control and reduce the cost of essential utility services.

For FY17, staff is modifying the cost metric from prior years to make it simpler and easier to understand and to accommodate the expansion activity in each system. Specifically, the FY17 cost goal will be met if the actual costs are less than target metrics calculated using the following components:

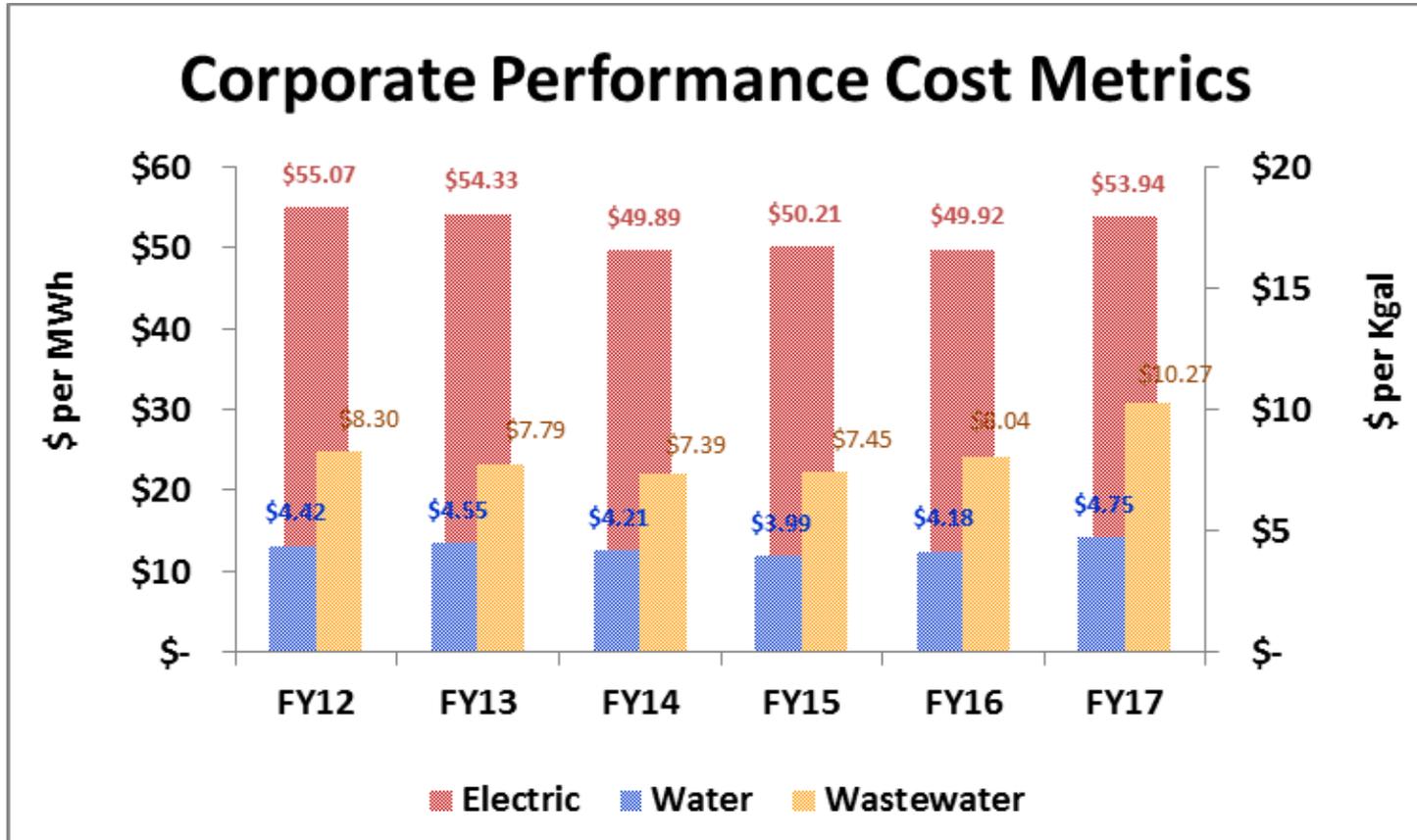
- Flat O&M expenses to FY16, which will be challenging given the increased pension and healthcare costs already included in our budget. In order to be successful in this component, staff will need to identify operating cost offsets elsewhere in the business.
- Projected FY17 debt service expenses, inclusive of proposed debt restructuring
- Projected uncollectible expenses
- Projected capital spend based on the internal target, including capacity expansion projects in both systems. Capital projects will continue to be funded without the issuance of new debt, even though some of these projects provide for new system capacity. This component of the cost metric in particular is calculated differently than the previous years' metrics. Previous cost metrics amortized capital spending on projects that could be qualified for bond funding over 20 years regardless of funding source. For simplicity and transparency, the cost metric will now realize 100% of capital spend for all projects, including capacity expansion, without amortization if projects are funded without the issuance of new debt.
- These expenses are divided by unit sales equal to weather normalized FY16 sales for Electric and FY17 budget for Water and Sewer.

To exceed our goal, an equivalent of an additional \$15 million in cost savings (or increased sales) must be achieved across the components listed above.

METRICS AS REPORTED



METRICS RESTATED



2016 - 2017 Major Variances

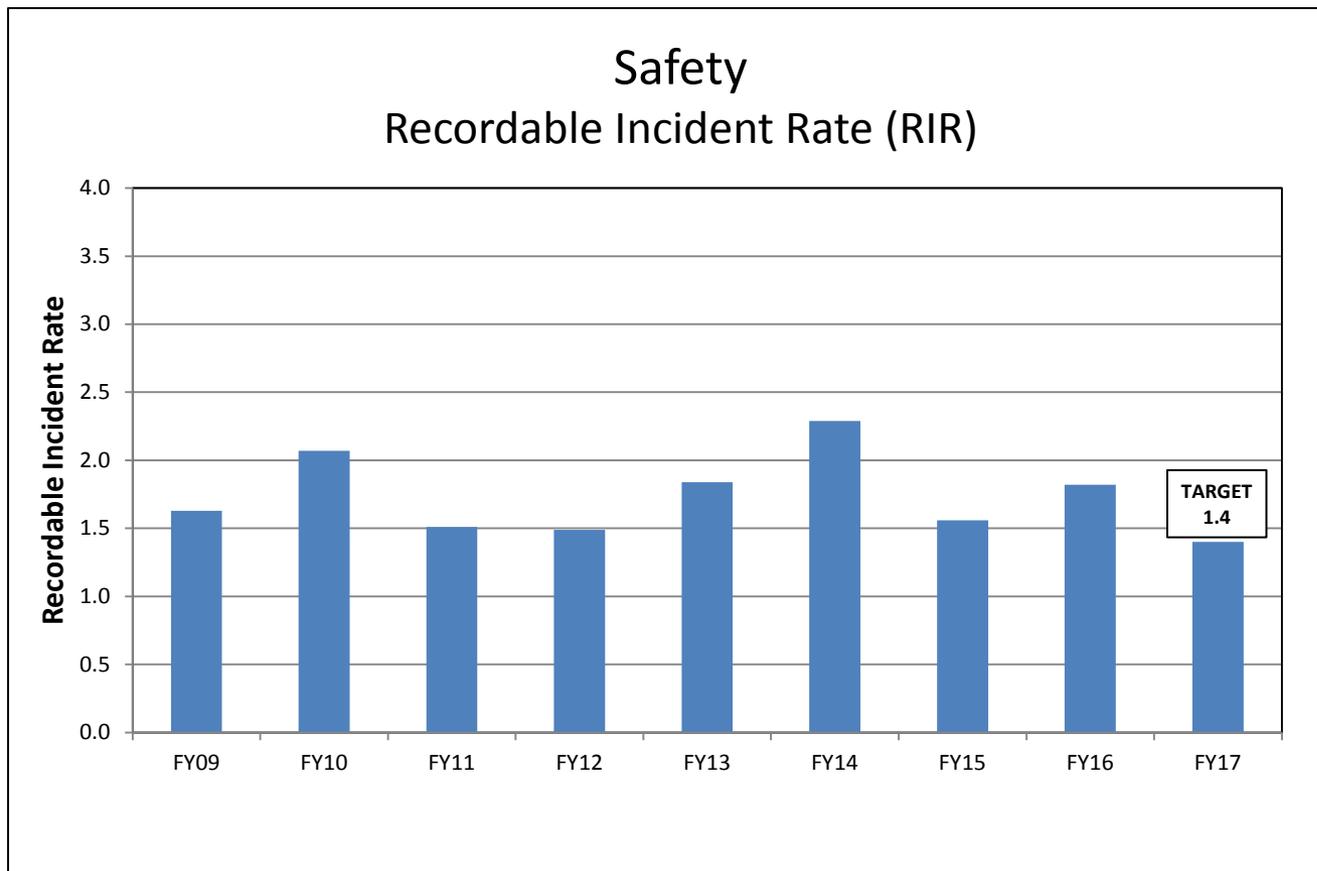
Electric – Higher debt service resulting from the proposed debt restructuring

Wastewater – Higher scheduled debt service and an increased capital plan

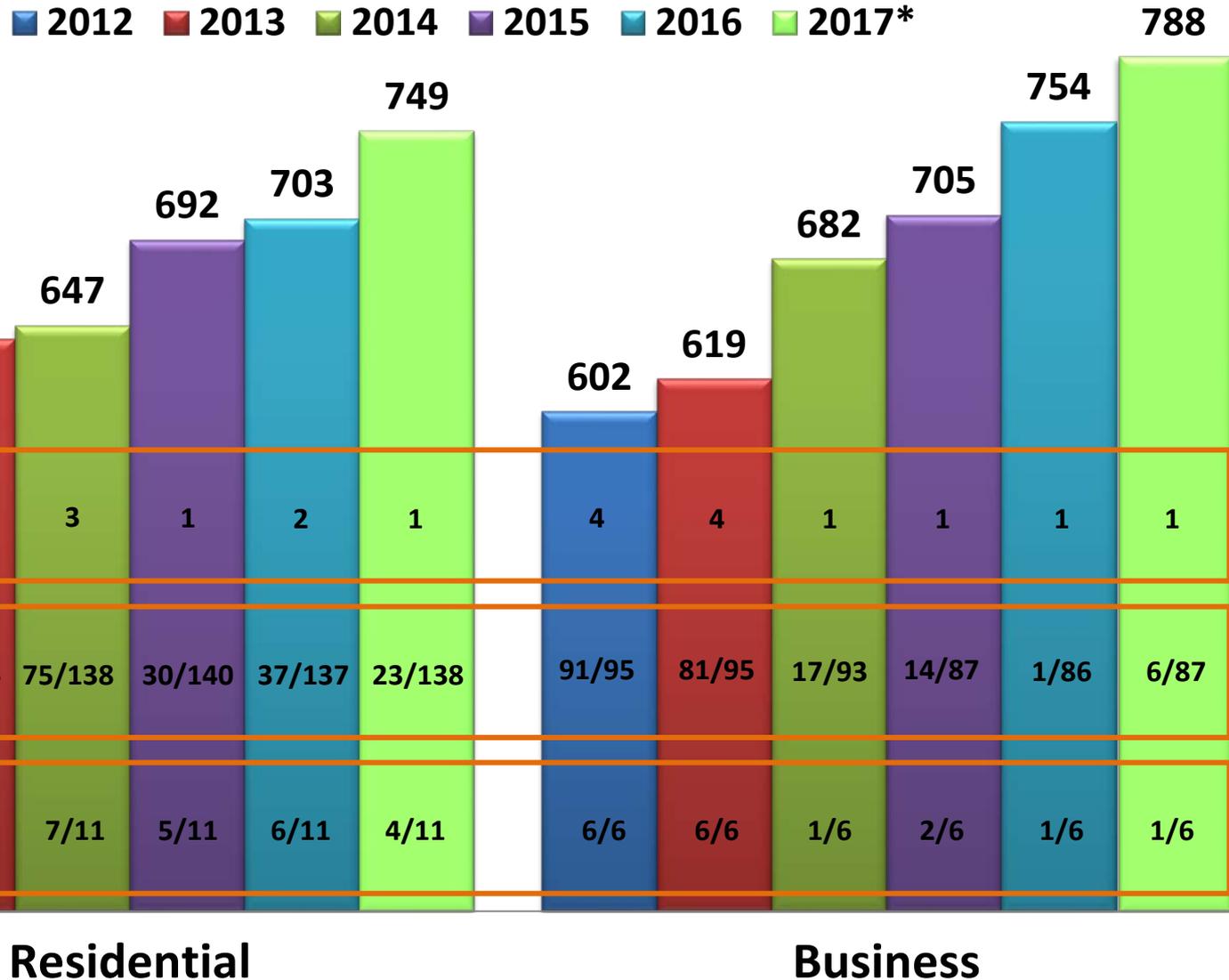
Water – Higher scheduled debt service and an increased capital plan

Units	FY2017 Target	FY2016	FY2015	FY2014	FY2013	FY2012
RIR	1.4	1.82	1.65	2.29	1.78	1.48

VI. A. 2.
11/15/2016



Customer Satisfaction Index Scores



* Note: 2017 Wave 1 only

VI. A. 3.
Fiscal Year 2016 CEO Performance



Building Community

AGENDA ITEM SUMMARY

November 3, 2016

SUBJECT:	FISCAL YEAR 2016 CEO PERFORMANCE
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: At the February 16, 2016 meeting, the Board approved the CEO's FY2016 goals. With Board direction and feedback, a prescriptive CEO scorecard was developed and approved (copy attached). The scorecard includes goals, performance metrics, objectives and results.

Significance: Consistent with prior years, the FY2016 CEO goals were primarily focused on executing JEA's strategic plan. In addition to providing leadership for JEA to achieve its mission, strive for its vision and adhere to its values, the CEO continued efforts to foster a cultural shift towards a more flexible organization.

Effect: The CEO leads the eighth largest community-owned electric utility in the U.S. and the largest in Florida, as well as the second largest water and sewer system in the State with total assets of \$8.8 billion, operating revenues of \$1.8 billion and 2,200 total JEA/SJRPP employees.

Cost or Benefit: By contract, "the CEO is eligible for performance compensation of up to 15% of base pay, which is based on (i) annual goals and objectives established by the Board of Directors, and (ii) an annual overall evaluation by the Board."

Recommended Board action: It is requested the Board evaluate and discuss the CEO's performance, provide feedback for improvement and consider appropriate action regarding performance compensation.

For additional information, contact: Melissa Charleroy 665-7313

Submitted by: PEM/JLB

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team



TO: JEA Board of Directors, Compensation Committee

FROM: Jody Brooks, Chief Legal Officer

DATE: October 28, 2016

SUBJECT: FY2016 CEO Scorecard

Pursuant to Section 2.2 of the three year Employment Agreement for Chief Executive Officer/Managing Director, executed on August 21, 2015, which states:

“Employee will be eligible to receive annual Performance Compensation of up to fifteen percent (15%) of his Base Salary based on (i) annual goals and objectives to be established by the Board, and (ii) an annual overall evaluation by the Board. The Board’s annual evaluation shall be based upon each fiscal year’s established goals and objectives. The evaluation period for the annual Performance Compensation shall begin with the fiscal year beginning October 1, 2015. The evaluation shall be completed and any Performance Compensation shall be paid within ninety (90) days of the end of the fiscal year.”

The following documents are for your review and consideration.

- FY2016 CEO Goals as of September 30, 2016 and supporting schedules for net revenue, capital investment plan, reliability and environmental metrics. These goals were accepted and approved by the Board at its December 2015 meeting.
- FY2016 CEO scorecard and self-evaluation which is summarized as follows:

Objective	Total Points/ Percentage Available	Total Points/ Percentage Awarded	Evaluation
Annual Net Revenues	2.14	2.14	Exceeds
Capital Investment Plan	2.14	2.14	Exceeds
Reliability and Environmental	2.16	0	Failed to Meet
Customer Satisfaction	2.14	1.07	Meets
Employee Satisfaction	2.14	0	Failed to Meet
Revenue Stabilization	2.14	2.14	Exceeds
Key Stakeholder Relationships	2.14	2.14	Exceeds
Total % Base Salary Performance Compensation	15%	9.63%	

JEA FY2016 -- CEO Scorecard

Goal 1: Exceed budgeted combined annual net revenues (excluding weather contingency), per the “Schedules of Debt Service Coverage”, this is a proxy for EBITDA. **Result:** As the schedule below shows, combined annual net revenues reached \$813.2 million, significantly surpassing the goal of \$708 million. This strong performance resulted from favorable weather conditions, tight expense control, as well as revenue optimization initiatives. **Evaluation: Exceeds Requirements, 2.14 of 2.14**

<u>FY2016 JEA Net Revenues Goal - Excluding Weather Contingency as of September 30, 2016</u>						
\$ in Millions	<u>Actual</u>	<u>Goal</u>	<u>Budget</u>	FY2015	FY2014	FY2013
				<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Electric System	\$496.1	\$415.6	\$405.3	\$461.6	\$389.6	\$397.0
Water and Sewer System	\$313.1	\$288.7	\$273.8	\$278.5	\$281.7	\$276.8
District Energy System	\$3.9	\$3.7	\$3.5	\$3.9	\$3.9	\$3.4
Total	\$813.2	\$708.0	\$682.6	\$744.0	\$675.2	\$677.2

Goal 2: Effectively execute the Capital Investment Plan or Capital Budget. **Result:** As the schedule below shows, capital budget were managed within budget and showed significant increases over the prior two years. **Evaluation: Meets Requirements, 2.14 of 2.14**

<u>FY2016 JEA Capital Investment Plan/Budget Execution as of September 30, 2016</u>				
\$ in Millions	<u>Actual</u>	<u>Budget</u>	FY2015	FY2014
			<u>Actual</u>	<u>Actual</u>
Electric System	\$150.9	\$153.2	\$116.7	\$86.2
Water and Sewer System	\$147.4	\$175.0	\$100.8	\$76.9
District Energy System	\$1.8	\$3.7	\$0.9	\$0.5
Total	\$300.1	\$331.9	\$218.4	\$163.6

JEA

FY2016 – CEO Scorecard

Goal 3: Improve key reliability and environmental metrics for the Electric, Water and Sewer Systems.

Results: As the schedule below shows, five of twelve metrics were missed and while on balance, FY2016 results were good, they fell short of the extraordinary performance in FY2015.

Evaluation: Failed to Meet Requirements, 0 of 2.16

FY2016 JEA Reliability and Environmental Metrics Goal as of September 30, 2016									
<u>Electric System</u>	<u>FY15</u>	<u>FY16</u>	<u>Improvement</u>		<u>Water and Sewer System</u>	<u>FY15</u>	<u>FY16</u>	<u>Improvement</u>	
			<u>Yes</u>	<u>No</u>				<u>Yes</u>	<u>No</u>
-									
Customer Outage Frequency	1.7	1.4	Yes		Unplanned Water Main Outages	5,629	12,735		No
Experiencing More than 5 Outages in the Previous Year (CEMIS)	2.1	1.4	Yes		Water Distribution System Pressure	2.83	2.11	Yes	
Customer Outage Duration	99	71	Yes		Customer Response Time	69	67	Yes	
Transmission Fault Frequency Index	1.7	0.7	Yes		Consumptive Use Permits	107	113		No
Fleet Forced Outage Rate	1.8	2.0		No	Total Nitrogen Discharge	553	524	Yes	
Reportable Environmental Events	2	4		No	Sanitary Sewer Overflows	23	32		No

Goal 4: Achieve first quartile rankings for Residual and Commercial J.D. Power Customer Satisfaction Ratings.

Results: FY2016 residential results fell short of first quartile by several positions, while FY2016 commercial results surpassed expectations ranking first in the nation.

Evaluation: Meets Requirements, 1.07 of 2.14

Goal 5: Improve employee satisfaction and engagement, as measured by an independent employee survey.

Results: FY2016 goal was to increase the percentage of employees rating they are favorably satisfied with their job at JEA. In FY2015 the actual number and FY2016 goal was 74.4%. In FY2016, of 1,938 eligible respondents, 1,086 actual survey respondents, 71.7% rated they were favorably satisfied with their job at JEA.

Evaluation: Failed to Meet Requirements, 0 of 2.14

JEA

FY2016 -- CEO Scorecard

Goal 6: Demonstrate significant progress on the Electric System revenue stabilization plan

Results: The primary objective supporting this goal was to have a pilot electric system residential demand rate structure in place by December 31, 2016. Early in the year the demand rate project team injected another major milestone in the project design and development stage: demand rate shadow billing for JEA employees. This will push the first phase pilot out to mid-year 2017, yet accomplish all of the objectives for this part of the project in a more controlled and less risky environment. Additionally, during the year, and concluded by September 2016, a formal plan was developed to modify the electric tariff, adjusting energy charges based on rate class resulting in project electric system rate stability for five years. Plan will be presented to the Board for consideration at the November 2016 meeting.

Evaluation: Exceeds Requirements, 2.14 of 2.14

Goal 7: Maintain positive and constructive relationships with all key stakeholders

Results: Relationships with all key stakeholders were strengthened in FY2016. Supporting this statement was the completion of the COJ/JEA five year contribution agreement, building good constructive relationships with the Mayor’s staff, continuing to develop and strengthen relations with regulators, especially at the state level. Finally, during the year we significantly upgraded the Public Affairs team.

Evaluation: Exceeds Requirements, 2.14 of 2.14

Summary

Objective	Total Points/Percentage Available	Total Points/Percentage Awarded	Evaluation
Annual Net Revenues	2.14	2.14	Exceeds
Capital Investment Plan	2.14	2.14	Exceeds
Reliability and Environmental	2.14	0	Failed to Meet
Customer Satisfaction	2.14	1.07	Meets
Employee Satisfaction	2.14	0	Failed to Meet
Revenue Stabilization	2.14	2.14	Exceeds
Key Stakeholder Relationships	2.14	2.14	Exceeds
Total % Base Salary Performance Compensation	15	9.63%	

FY2016 JEA Net Revenues Goal - Excluding Weather Contingency as of September 30, 2016

\$ in Millions				FY2015	FY2014	FY2013
	<u>Actual</u>	<u>Goal</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Electric System	\$496.1	\$415.6	\$405.3	\$461.6	\$389.6	\$397.0
Water and Sewer System	\$313.1	\$288.7	\$273.8	\$278.5	\$281.7	\$276.8
District Energy System	\$3.9	\$3.7	\$3.5	\$3.9	\$3.9	\$3.4
Total	\$813.2	\$708.0	\$682.6	\$744.0	\$675.2	\$677.2

FY2016 JEA Capital Investment Plan/Budget Execution as of September 30, 2016

\$ in Millions			FY2015	FY2014
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Electric System	\$150.9	\$153.2	\$116.7	\$86.2
Water and Sewer System	\$147.4	\$175.0	\$100.8	\$76.9
District Energy System	\$1.8	\$3.7	\$0.9	\$0.5
Total	\$300.1	\$331.9	\$218.4	\$163.6

FY2016 JEA Reliability and Environmental Metrics Goal as of September 30, 2016

<u>Electric System</u>	<u>FY15</u>	<u>FY16</u>	<u>Improvement</u>		<u>Water and Sewer System</u>	<u>FY15</u>	<u>FY16</u>	<u>Improvement</u>	
			<u>Yes</u>	<u>No</u>				<u>Yes</u>	<u>No</u>
Customer Outage Frequency	1.7	1.4	Yes		Unplanned Water Main Outages	5,629	12,735		No
Experiencing More than 5 Outages in the Previous Year (CEMIS)	2.1	1.4	Yes		Water Distribution System Pressure	2.83	2.11	Yes	
Customer Outage Duration	99	71	Yes		Customer Response Time	69	67	Yes	
Transmission Fault Frequency Index	1.7	0.7	Yes		Consumptive Use Permits	107	113		No
Fleet Forced Outage Rate	1.8	2.0		No	Total Nitrogen Discharge	553	524	Yes	
Reportable Environmental Events	2	4		No	Sanitary Sewer Overflows	23	32		No

Note: Assuming general reliability performance will remain consistent with the previous three years, CEMIS is perhaps the reliability index with the greatest impact on customer satisfaction.

Electric Systems Reliability

Customer Outage Frequency – The number of extended outages (one minute or longer) experienced by the average JEA customer per year.

Service Reliability – The cumulative number of outage minutes experienced by the average JEA customer per year.

CEMIS – The percentage of JEA’s customers experiencing more than 5 extended outages (one minute or longer) in the last 12 months.

Transmission Fault Frequency Index – The number of transmission line faults experienced per 100 line miles in the last 12 months.

Fleet Forced Outage Rate - The amount of hours as a percentage of total hours, fiscal year-to-date, that JEA generators are not available and running when needed.

Reportable Environmental Events REEs - The number of environmental events that have occurred at power plants, fiscal year-to-date, that are reportable permit violations to FDEP and the EPA.

Water and Sewer Systems Reliability

Unplanned Water Main Outages- # of Customers affected by unplanned water outages per year

Water Distribution System Pressure - Average minutes per month less than 30 psi across a total of 110 monitoring stations across the service area

Customer Response Time - Average annual minutes from a customer call to the ticket completion or transfer to a field crew for a more extensive repair

Consumptive Use Permit (CUP) - Meeting annual CY basis CUP requirements including Total System Limit and South Grid Wellfield Allocation Limits

Total Nitrogen Discharge - Amount of tons of Nitrogen discharged annually to the St. Johns River

Sanitary Sewer Overflow - # of annual sanitary sewer overflow events

**EMPLOYMENT AGREEMENT
FOR CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR**

THIS AGREEMENT is made and entered into in duplicate on this 21 day of August 2015, by and between JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville, hereinafter referred to as JEA, and Paul E. McElroy, an individual currently residing in Jacksonville, Florida, hereinafter referred to as Employee or CEO.

WITNESSETH:

WHEREAS, JEA is a community-owned, not-for-profit utility providing electricity to more than 438,000 customers in Jacksonville and the surrounding areas in northeastern Florida;

WHEREAS, JEA, founded in 1968, manages an electric system that dates back to 1895, and now owns and operates an electric system with five generating plants, transmission and distribution facilities, including 745 miles of transmission lines and 6,625 miles of distribution lines; is part owner and full operator of a sixth generating plant; produces energy from two methane-fueled generating facilities and owns a 12.6-megawatt solar project placing JEA's total generating capacity at approximately 3,757 megawatts;

WHEREAS, JEA also provides water and wastewater services to approximately 321,000 water customers and 247,000 wastewater customers;

WHEREAS, JEA's water system consists of 136 artesian wells tapping the Floridian aquifer, distributing water through 37 water treatment plants and 4,352 miles of water lines and with a sewer system of more than 3,760 miles of collection lines and seven regional and seven non-regional sewer treatment plants;

WHEREAS, JEA owns and operates the District Energy System a separate utility system that provides chilled water to 13 locations in Jacksonville;

WHEREAS, the JEA governing body is made up of a seven-member Board of Directors appointed by the Mayor and confirmed by the City Council;

WHEREAS, the JEA Board of Directors is tasked with appointing a CEO to operate the eighth largest community-owned electric utility company in the United States and the largest in Florida, with total assets of \$7.5 billion (2010), total equity of \$1.5 billion (2010), and approximately 2000 employees (2010);

WHEREAS, this Agreement is a three year extension of an existing employment agreement with Employee;

WHEREAS, after reviewing data concerning similarly situated public power industry chief executive officers, Employer, in an effort to move toward offering a comparable market salary range to the extent possible, has negotiated with Employee a revised salary, including a one-time five percent

market adjustment to the currently existing base salary as adjusted pursuant to the terms of Employee's existing agreement and a three percent increase to the adjusted base salary;

WHEREAS, JEA is desirous of employing Employee as Chief Executive Officer pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of entering into the employ of JEA pursuant to such terms and conditions and for consideration.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and obligations contained herein, JEA and Employee agree as follows:

SECTION I – EMPLOYMENT AND DUTIES:

- 1.1 **Engagement.** JEA agrees to employ Employee and Employee agrees to be employed by JEA, beginning as of October 1, 2015, and terminating, unless earlier terminated in accordance with this Agreement, as of September 30, 2018, subject to the terms and conditions of this Agreement.
- 1.2 **Terms and Duties.** Beginning October 1, 2015, Employee shall be employed as Chief Executive Officer and Managing Director of JEA (hereinafter collectively "CEO"). Employee agrees to serve in this position and to perform diligently and to the best of Employee's abilities the duties and services required by such a position as determined by JEA's Board of Directors (the "Board"), as well as such duties that may from time to time be directed by the Board. Such duties include, but are not limited to, exercising the full authority, responsibility and duties commensurate with the laws establishing JEA to manage the affairs of JEA and to manage and direct staff, business, and operations of JEA.
- 1.3 **Compliance with Policies and Procedures.** Employee shall at all times comply with and be subject to such policies and procedures as the Board may establish.
- 1.4 **Diligence to Position.** Employee shall devote his full business time, energy, and best efforts to the business of Employer; provided, however, that it is agreed that this obligation, shall not preclude Employee from engaging in appropriate civic, charitable or religious activities or, with the consent of the Board, from serving on the boards of directors of companies that are not competitors to JEA, as long as the activities do not materially interfere or conflict with your responsibilities to or your ability to perform your duties of employment at JEA, within the sole discretion of the Board. Subject to the foregoing, Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of his duties, is directly contrary to JEA's interests, or requires any significant portion of Employee's business time. His authority, responsibilities and duties are generally described in the Position Profile for Managing Director and Chief Executive Officer which may be amended from time to time and which is attached hereto as Exhibit A and by reference made a part hereof.
- 1.5 **Fiduciary Obligations.** Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of Employer, and

to do no act which would intentionally injure the direct or indirect interests in, in connection with, or benefit from any outside activities, which interests might conflict with JEA, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees to disclose to the Board Chairman, any facts which might involve a possible conflict of interest.

SECTION II - COMPENSATION AND BENEFITS:

- 2.1 **Annual Base Salary.** Employee shall be paid a salary of Four Hundred Thirty Seven Thousand One Hundred Seventy Two Dollars (\$437,172) per annum (Base Salary), which shall be paid in accordance with JEA's standard payroll practice, including deductions for all legally applicable taxes and withholdings, with accrual commencing with the pay period beginning October 1, 2015. The annual Base Salary shall increase by three (3%) per annum, effective on October 1 of 2016 and 2017.
- 2.2 **Performance Compensation.** Employee will be eligible to receive annual Performance Compensation of up to fifteen (15%) of his Base Salary based on (i) annual goals and objectives to be established by the Board, and (ii) an annual overall evaluation by the Board. The Board's annual evaluation shall be based upon each fiscal year's established goals and objectives. The evaluation period for the annual Performance Compensation shall begin with the fiscal year beginning October 1, 2015. The evaluation shall be completed and any Performance Compensation shall be paid within ninety (90) days of the end of the fiscal year.
- 2.3 **Vehicle.** Employee will have the use of an appropriately equipped JEA vehicle at the expense of JEA to supplement Employee's personal vehicle. In lieu of having use of a JEA vehicle, Employee may, at Employee's option, be provided a monthly automobile allowance of \$850, payable on the first bi-weekly pay period of each month subject to withholding. It is specifically intended and understood that this allowance shall be provided for unreimbursed expenses incurred by the Employee within the territorial limits of the JEA service territory and receipt of this allowance shall not prevent the Employee from claiming and being reimbursed for travel expenses resulting from travel by him outside the JEA service territory in the manner provided by the Ordinance Code the City of Jacksonville.
- 2.4 **Business Allowance.** Employee will be provided a monthly allowance in the amount of \$1,000 for telephone and other business expenses incurred in Employee's efforts to promote and represent JEA beyond those identified in JEA employee policies. The business allowance shall be payable on the first bi-weekly pay period of each month, subject to withholding.
- 2.5 **Annual Leave.** Employee will be provided annual leave in accordance with JEA's existing policies and procedures. Without limiting the generality of the foregoing, Employee shall be entitled to 280 hours of leave during each year of employment commencing on October 1, 2015.
- 2.6 **Fringe Benefits.** Employee shall be allowed to participate, on the same basis generally as other employees of JEA, in all general employee benefit plans and programs, including improvements or modifications of same, which on the effective date or thereafter are made

available by JEA to all or substantially all of JEA's executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and the pension plans including JEA's Supplemental Executive Retirement Plan including any amendments thereto. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to provide greater rights, participation, coverage, or benefits under the benefit plans or program than provided to executive employees pursuant to the terms and conditions of such benefit plans and programs. JEA shall not by reason of this Section II be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any incentive compensation or employee benefit program or plan, so long as such actions are similarly applicable to covered employees generally.

SECTION III – TERMINATION AND EXTENSION:

- 3.1 **Termination.** Employee's employment with JEA shall be terminated (i) on September 30, 2018 unless earlier terminated, extended pursuant to this Section III or otherwise by agreement between Employer and Employee, (ii) upon Employee's death, (iii) upon Employee's physical or mental incapacity to perform the usual duties as an employee (with such condition likely to remain continuously and permanently, (iv) by JEA, without cause, upon 30 days advance notice to Employee, or (v) immediately for cause as defined herein in Section 3.1.2.
- 3.1.1 If Employee's employment is terminated with or without cause, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.1.1. Upon termination without cause, JEA shall pay Employee a lump sum payment equal to one year of the current Annual Base Salary, less applicable taxes and deductions.
- 3.1.2 No severance shall be due to Employee if Employee resigns his employment or if Employee's employment is terminated by JEA for cause. For purposes of the Agreement, termination for "cause" shall include: (a) willful breach of material duties, obligations and policies of JEA; (b) gross negligence or gross neglect of duties and obligations required in performance of Employee's duties; or willful misconduct (c) continued violation of written rules and policies of the Board after written notice of same and opportunity to cure; (d) commission of any criminal act (felony); (e) commission of any dishonest act in a public or private capacity such as theft, fraud, misappropriation of embezzlement of funds; or (f) engagement in an act of disruption or violence or any other activity which would constitute grounds for immediate dismissal of any employee by JEA under JEA policies.
- 3.2 **Extension.** This Agreement may only be extended by action of the Board along with Employee's concurrence, with the legal formalities accompanying the execution of this Agreement. The Board Chairman shall notify Employee on or before March 1, 2018 of an intent to bring a request to the Employee and the Board to extend this Agreement. Such notification need not include terms, and need not be in writing. This provision requiring notice may be waived by agreement of the Chairman and Employee following March 1, 2018.

SECTION IV – MISCELLANEOUS:

- 4.1 **Eligibility to Work in the United States.** Employee has provided previously to JEA the appropriate documentation to verify his authorization to work in the United States.
- 4.2 **Governing Law; Binding Effect; Amendment.** This Agreement shall be interpreted and enforced in accordance with the laws of the State of Florida, with venue to lie in Duval County, and shall be binding on JEA's successors and assigns. No amendment or modification shall be effective unless in writing by the parties, including the approval of the Board.
- 4.3 **Savings Clause.** Employee's present benefits and rights are preserved, including but not limited to accrued service credits, accrued leave, and accrued incentive compensation carried forward in accordance with existing policies and procedures.
- 4.4 **Public Records and Open Meetings (Sunshine) Requirements.** Employee will familiarize himself generally with the assistance of JEA's staff and JEA's legal counsel with the unique obligations and parameters of the State of Florida's public records and sunshine act laws, in order that JEA maintain its record of compliance with such laws.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year above first written.

ATTEST:

Melissa W. Chardroy

JEA

[Signature]
Helen Heim Albee, Chairman
Date: 8/24/15

WITNESSES:

Melissa W. Chardroy
Judy Z. Brooks

Paul E. McElroy
Paul E. McElroy, Employee
Date: AUGUST 21, 2015

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

Melissa Houskamp Dykes
Melissa Houskamp Dykes
Chief Financial Officer, JEA

Approved:

Judy Z. Brooks
Office of General Counsel

VI. A. 4.
Fiscal Year 2017 CEO Goals



Building Community

AGENDA ITEM SUMMARYVI. A. 4.
11/15/2016

November 3, 2016

SUBJECT: FY2017 CEO GOALS**Purpose:** Information Only Action Required Advice/Direction**Issue:** The FY2017 CEO goals are being presented to the Board for feedback, direction and approval, with the knowledge it may be amended by future Board action.**Significance:** Consistent with prior years, the FY2017 CEO goals are primarily focused on executing JEA's strategic plan. In addition to providing leadership for JEA to achieve its mission, strive for its vision, and adhere to its values, the CEO will continue efforts to foster a cultural shift towards a more flexible organization.**Effect:** The CEO's performance will be measured by the organization's performance in the strategic plan's three areas of focus: develop an unbeatable team, earn customer loyalty, and deliver business excellence.**Cost or Benefit:** The CEO goals provide a framework for the overall goals of the organization.**Recommended Board action:** It is requested the Compensation Committee recommend the Board provide feedback, direction and approve the attached FY2017 CEO goals.**For additional information, contact:** Melissa Charleroy 904-665-7313

Submitted by: PEM/MMC

**Commitments to Action**

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team



FY2017 CEO Goals as of September 30, 2017

GOAL	WEIGHT	NEEDS IMPROVEMENT	MEETS REQUIREMENTS	MEETS REQUIREMENTS	EXCEEDS REQUIREMENTS	FY16 RESULTS	FY17 GOAL	FY17 RESULTS
Scale	%	0	50	75	100			
Exceed budgeted combined ¹ annual net revenues (excluding weather contingency), per the "Schedules of Debt Service Coverage", this is a proxy for EBITDA (schedule and source documents attached)	2.14%	X < \$739	X > \$739	X > \$747	X > \$754	\$813	\$754	
Effectively execute the Capital Investment Plan or Capital Budget (schedule attached)	2.14%	X > \$373	X < \$373	X < \$354	X < \$336	\$300	\$373	
Improve utility reliability and environmental metrics, per the attached schedule and reported to the Board monthly	2.16%	X < 8	X = 9	X = 10/11	X = 12	7	9	
Achieve first quartile rankings for Residential and Commercial J.D. Power Customer Satisfaction Ratings	2.14%							
Residential		X < 2016	X = 2016 + 1	X = 2016 + 10	X = top half first quartile	2Q FY15 = 30/140 FY16 = 37/137	1Q	
Commercial		X < 2016 - 10	X = 2016 - 10	X = 2016 - 5	X = 2016	1Q FY15 = 14/87 FY16 = 1/86	Top Ten	
Improve employee satisfaction and engagement, as measured by an independent employee survey	2.14%	X < 73.0%	X > 73.0%	X > 74.0%	X > 75.0%	71.7%	73.0%	
Fully implement Sewer Systems Framework to Resiliency	2.14%					TBD	Scheduled Performance	
Maintain positive and constructive relationships with all key stakeholders	2.14%					TBD		
Total	15%							

¹ Combined = Electric System plus Water and Sewer System plus District Energy

FY2017 JEA Net Revenues Goal - Excluding Weather Contingency as of October 2016

\$ in Millions	FY17	FY17	FY17	FY2016	FY2015	FY2014	FY2013
	<u>Actual</u>	<u>Goal</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Electric System		\$460.0	\$454.9	\$496.1	\$461.6	\$389.6	\$397.0
Water and Sewer System		\$290.0	\$280.7	\$313.1	\$278.5	\$281.7	\$276.8
District Energy System		\$4.0	\$3.7	\$3.9	\$3.9	\$3.9	\$3.4
Total		\$754.0	\$739.4	\$813.2	\$744.0	\$675.2	\$677.2

FY2017 JEA Capital Investment Plan/Budget Execution as of October 2016

\$ in Millions	FY17	FY17	FY17	FY2016	FY2015	FY2014
	<u>Actual</u>	<u>Goal</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Electric System		\$160.0	\$170.0	\$150.9	\$116.7	\$86.2
Water and Sewer System		\$210.0	\$225.5	\$147.4	\$100.8	\$76.9
District Energy System		\$3.0	\$3.1	\$1.8	\$0.9	\$0.5
Total		\$373.0	\$398.6	\$300.1	\$218.4	\$163.6

FY2017 JEA Reliability and Environmental Metrics Goal as of September 30, 2017

<u>Electric System</u>	<u>Actual</u>		<u>Goal</u>	<u>Improvement</u>		<u>Water and Sewer System</u>	<u>Actual</u>		<u>Goal</u>	<u>Improvement</u>	
	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>				<u>FY15</u>	<u>FY16</u>	<u>FY17</u>		
				<u>Yes</u>	<u>No</u>					<u>Yes</u>	<u>No</u>
Customer Outage Frequency*	1.7	1.4	1.5			Unplanned Water Main Outages*	5,629	12,735	9,000		
Experiencing More than 5 Outages in the Previous Year (CEMIS)*	2.1	1.4	1.5			Water Distribution System Pressure*	2.83	2.11	2.47		
Customer Outage Duration*	99	71	85			Customer Response Time*	69	67	67		
Transmission Fault Frequency Index	1.7	0.7	1.2			Consumptive Use Permits	107	113	110		
Fleet Forced Outage Rate	1.8	2.0	2.0			Total Nitrogen Discharge	553	524	550		
Reportable Environmental Events	2	4	4			Sanitary Sewer Overflows*	23	32	27		

Note: Assuming general reliability performance will remain consistent with the previous three years, CEMIS is perhaps the reliability index with the greatest impact on customer satisfaction.

* Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics* will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

Electric Systems Reliability

Customer Outage Frequency – The number of extended outages (one minute or longer) experienced by the average JEA customer per year.

Service Reliability – The cumulative number of outage minutes experienced by the average JEA customer per year.

CEMIS – The percentage of JEA’s customers experiencing more than 5 extended outages (one minute or longer) in the last 12 months.

Transmission Fault Frequency Index – The number of transmission line faults experienced per 100 line miles in the last 12 months.

Fleet Forced Outage Rate - The amount of hours as a percentage of total hours, fiscal year-to-date, that JEA generators are not available and running when needed.

Reportable Environmental Events REEs - The number of environmental events that have occurred at power plants, fiscal year-to-date, that are reportable permit violations to FDEP and the EPA.

Water and Sewer Systems Reliability

Unplanned Water Main Outages- # of Customers affected by unplanned water outages per year

Water Distribution System Pressure - Average minutes per month less than 30 psi across a total of 110 monitoring stations across the service area

Customer Response Time - Average annual minutes from a customer call to the ticket completion or transfer to a field crew for a more extensive repair

Consumptive Use Permit (CUP) - Meeting annual CY basis CUP requirements including Total System Limit and South Grid Wellfield Allocation Limits

Total Nitrogen Discharge - Amount of tons of Nitrogen discharged annually to the St. Johns River

Sanitary Sewer Overflow - # of annual sanitary sewer overflow events

VI. A. 5.
Pension Discussion

II. E.

Pension Discussion

There are no contents in this section.

Discussion will be held during the
November 8, 2016 Meeting.