



Responses to Investor Questions - September 24, 2018

- 1. How does JEA consider contrary representations made to Vogtle bond investors by management? For example, Melissa Dykes told a room full of investors including myself that JEA has to make payments due under the Vogtle take-or-pay contracts.**

JEA has timely made its payments under the Amended and Restated Power Purchase Agreement between MEAG Power and JEA related to Plant Vogtle Units 3 and 4 Project J (“Vogtle PPA”), and JEA’s board and management intends to continue to do so unless and until a court invalidates the Vogtle PPA.

- 2. How should investors/rating agencies view JEA’s commitment to its other contracts given its intention to exit a court-validated take-or-pay contract which it previously honored for eight years? Why would this governance/decision making be consistent with an investment grade rating, let alone a AA rating?**

The legal theories that challenge the authority and validity of the Vogtle PPA do not apply to any JEA bonds. JEA's board and management view the matters and circumstances of the Vogtle PPA to be unique. JEA's board and management are committed to honoring JEA's obligations under its bonds.

- 3. Cross default – how has JEA thought through potential cross default provisions in its bank loan/swap counterparty documentation? Have there been discussions to this point?**

JEA does not believe that any of its intended actions will trigger a cross-default to its bank liquidity facilities or interest rate/commodity swaps.

- 4. With respect to the City Council approval matter – did the City Council approve JEA’s other power purchase contracts? If not, should these be considered binding either?**

JEA’s board and management are not contesting the validity of any of its power purchase contracts other than the Vogtle PPA.



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**5. How does JEA think about the possible precedent of take-or-pay rejection for future contracting opportunities, and more broadly, for the public power industry?**

JEA cannot comment on how its actions will impact the public power industry.

**6. Is JEA abiding by the monthly billing statements for the Vogtle Project?**

JEA has made all monthly payments for billing statements received to date.

**7. Could you link the filing to the Vogtle J cusips on EMMA? This is relevant to holders of that bond.**

JEA does not intend to link voluntary disclosure filings on EMMA related to Plant Vogtle Units 3 and 4 to the MEAG Power Project J Bonds at this time to avoid any potential conflicting filings provided by MEAG Power. JEA notes that MEAG Power has previously made multiple filings on EMMA related to Plant Vogtle Units 3 and 4.

**8. Also – looking at your 2017 financial statements – pg. 59 notes that JEA is required to pay for “such capacity and energy on a “take-or-pay” basis (that is, whether or not either additional Vogtle unit is completed or is operating or operable”.**

**Are the 2017 financial statements (and prior years) accurate? Per the opinion of E&Y on pg. 1, the financial statements “present fairly, in all material respects, the respective financial position of JEA.”**

The FY 2017 audited financial statements, as of their date, presented fairly, in all material respects, the respective financial position of JEA as of September 30, 2017 and 2016. Ernst & Young delivered an audit opinion and report to that effect. JEA does not believe that filing its litigation regarding the Vogtle PPA has caused a material adverse change in the business, financial position, or results of operations of JEA.



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**9. How much is JEA currently paying to service MEAG debt (Project J) annually? Is the debt service schedule on p. 27 of JEA's FY2017 annual disclosure correct (this shows a notable increase to ~\$55 million in FY2022 and ~\$85 million thereafter)?**

The MEAG Power Project J net debt service schedule contained on page 27 of the JEA Electric System FY2017 Annual Disclosure Report remains true and correct based upon prior information provided by MEAG Power in November 2017. At this time, JEA does not believe that it has sufficient information to update the MEAG Power Project J net debt service schedule. JEA expects to update the MEAG Power Project J net debt service schedule in connection with JEA's next audit by Ernst & Young.

**10. Do you project that these costs will have a material impact on JEA's debt service coverage and liquidity levels?**

JEA intends to manage its finances and operations so that its obligations under the Vogtle PPA do not materially adversely impact JEA's debt service coverage and liquidity levels.

**11. Is JEA's attempt to nullify the PPA with MEAG more of an attempt to save ratepayers from paying notably higher rates as opposed to eliminating a cost that could have a materially negative impact on finances?**

JEA's concern with the Vogtle PPA is the cost effectiveness of the Vogtle PPA versus replacement power.

JEA has secured a term sheet offer for replacement power that if accepted by JEA, MEAG Power and PowerSouth would replace the electric capacity and energy for JEA, MEAG Power and PowerSouth expected from Plant Vogtle Units 3 and 4 for a 20-year term commencing on the expected commercial operation dates for Plant Vogtle Units 3 and 4.

Based on this term sheet offer for replacement power and the financial projections provided by MEAG Power on August 31, 2018, JEA would save in excess of \$1 billion over the 20-year term if JEA were to accept the offer for



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replacement power and if Plant Vogtle Units 3 and 4 were cancelled when compared to the current estimated cost to complete. This savings would be achieved by JEA while JEA continues to honor its net debt service obligations referred to in Question No. 9 above.

**12. If a judge declares that the PPA is binding, will JEA continue to make its payments to MEAG? Will anything related to this lawsuit impact JEA's willingness/ability to pay outstanding electric bonds?**

Please refer to response to Question No. 1 above.



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**13. How soon will you post answers to investor questions on EMMA/JEA investor website?**

JEA will respond to questions from investors and post both the questions and its responses as soon as practicable on the JEA website at [https://www.jea.com/about/investor\\_relations/](https://www.jea.com/about/investor_relations/) and on EMMA currently located at <http://emma.msrb.org>.

**14. What has JEA been doing to prepare for the rising costs associated with the MEAG PPA?**

Please see response to Question No. 10 above.