



JEA Board of Directors Meeting Agenda
JEA 21 West Church Street, Jacksonville, FL 32202
April 27, 2021 | 9:00am

WELCOME

Meeting Called to Order

John Baker, Chair

Time of Reflection

Introductions

Adoption of Agenda (Action)

Safety Moment & Briefing

Steve Bossier, Director Risk Management Services

COMMENTS / PRESENTATIONS

Council Liaison's Comments

Council Member Randy DeFoor

Comments from the Public

Public

Managing Director/CEO Report

Jay Stowe, Managing Director/CEO

CONSENT AGENDA

Board Meeting Minutes March 23, 2021 (Action)

Clarifying Assignment Rights – Real Property Sale of Cecil Commerce Center (Action)

FOR BOARD CONSIDERATION

UNBEATABLE TEAM

Safety Performance

Tony Long, Director Health & Safety Services

Jacksonville Small and Emerging Business (JSEB) Quarterly Report (Information)

Rita Scott, Manager, JSEB Program & Procurement Performance

Diversity, Equity, and Inclusion: More Than the Numbers (Information)

David Emanuel, Chief Human Resources Officer

CUSTOMER LOYALTY

JD Power Residential Customer Satisfaction Survey Results (Information)

Sheila Pressley, Chief Customer Officer

St. Johns River Water Management District's Minimal Flows & Levels Strategy (Action)

Wayne Young, VP Environmental Services

BUSINESS EXCELLENCE



JEA Board of Directors Meeting Agenda
JEA 21 West Church Street, Jacksonville, FL 32202

[Monthly Financial and Operations Report \(Information\)](#)

Russell Caffey, Controller

[Revisions to Procurement Code Policy \(Action\)](#)

Jenny McCollum, Director Procurement Services

BOARD AND COMMITTEE REPORTS

N/A

CLOSED SESSION

Cyber Security

Jody Brooks, Chief Administrative Officer

OTHER BUSINESS AND CLOSING CONSIDERATION

Old and Other New Business/Open Discussion

John Baker, Chair

Chair's Report

Announcements – Next Board Meeting May 25, 2021

Adjournment

UPCOMING BOARD AGENDA ITEMS

Approval of FY20 Annual Disclosure Reports

Innovative Wastewater Treatment Program

INFORMATIONAL MATERIAL

[Appendix A: FY20 Annual Disclosure Reports](#)

[Appendix B: Corporate Headquarters Update](#)

[Appendix C: FY21 Corporate Communications and Community Outreach](#)

[Appendix D: Sole Source and Emergency Procurement Quarterly Report](#)

BOARD CALENDAR

Board Meetings

9:00 a.m. – Fourth Tuesday of Every Month (exception(s): November 16, 2021 and December 14, 2021)

Committees

Governance Committee: May 6, 2021

Finance and Audit Committee: May 14, 2021

Board of Directors Planning Retreat: July 27, 2021 (Immediately Following the Regular Board Meeting)

Other Committee Meetings: TBD

A. Florida's Government in the Sunshine Law (Office of General Counsel) - This meeting is subject to Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times.

B. 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.



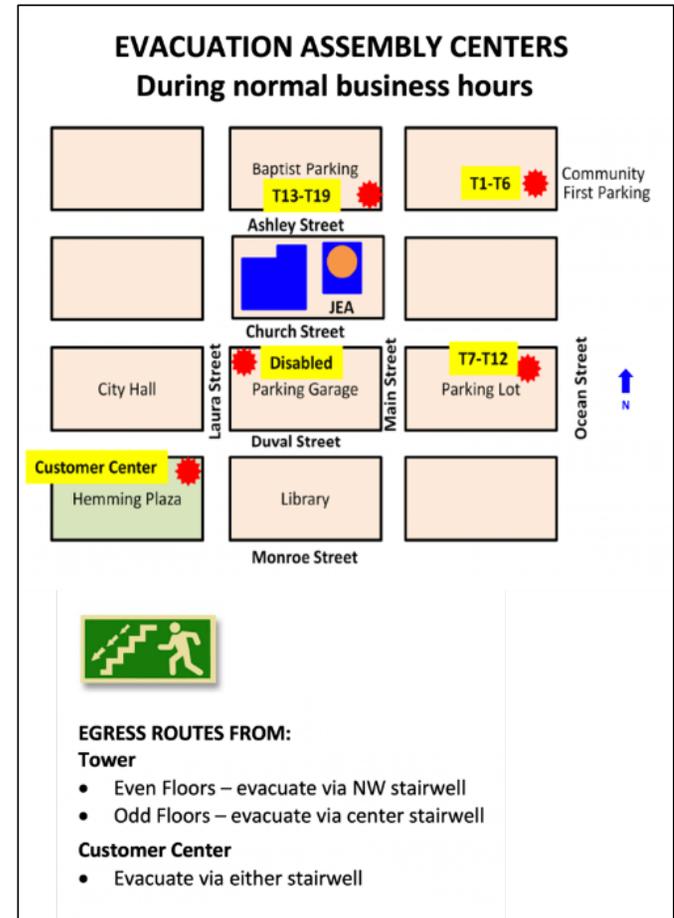
Safety Briefing and Moment

Steve Bossier
Director, Risk Management Services



Safety Briefing

- In the event of an emergency, call 9-911 and alert others
- Emergency Evacuation Route (use stairwell)
- Assembly Location: Baptist Parking Lot (corner of Ashley & Main St.)
- Safety Partner (person to your right)
- Medical Conditions / CPR
- Hazard & Situational Awareness
- Cell Phone Etiquette



Safety Moment

Fall Protection

- **PLANNING** ahead to perform the job without incident
- **IDENTIFYING** all potential fall hazards before commencement of work
- **LOOKING** for fall hazards such as unprotected wet wells, floor openings/edges, shafts, pits, stairwells, and roof openings/edges
- **PROVIDING** the correct equipment (e.g., guardrails, full body harness, lanyards, etc.)
- **TRAINING** employees on safe equipment use including securing harness to an approved anchor point
- **PRACTICING** good housekeeping and keeping work areas free of trip hazards
- **ENFORCING** fall protection safety policies, procedures and safe work instructions
- *Next Month's Safety Moment: Heat Illness Prevention*



**JEA BOARD MINUTES
February 25, 2021**

The JEA Board met in regular session on Thursday, March 23, 2021, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Pursuant to City of Jacksonville Emergency Proclamation, attendees were required to wear masks, CDC guidelines and social distancing were required at the physical location, and the meeting was also accessible via WebEx. In attendance physically were John Baker, Dr. Leon Haley, General Joseph DiSalvo, Bobby Stein, and Thomas VanOsdol. Dr. Zachary Faison and Marty Lanahan participated in the meeting via WebEx. Also in attendance was Jody Brooks, Chief Administrative Officer and Jay Stowe.

Agenda Item I – Welcome

- A. Chair John Baker **called the meeting to order** at 9:01 am.
- B. **Time of Reflection** was observed by all.
- C. **Introductions** – Chair Baker recognizing there were no introductions to be made proceeded with the business of the meeting.
- D. **Adoption of Agenda** – On *motion* by General DiSalvo and seconded by Marty Lanahan, the agenda was approved unanimously.
- E. **Safety Briefing and Moment** – Anthony Long, Director Health and Safety Services, provided a presentation to include a Safety Briefing for those that attended the Board meeting in person. Brandon Edwards, Director Security, provided an overview of the security team and their duties. Citing materials provided to Board members in advance of the meeting, Mr. Edwards also provided a short presentation on a newly adopted security awareness campaign, “Power of Hello”. Mr. Long closed the presentation by providing an update on the recordable rate incidents and highlighting the Electric Generating Predictive Maintenance Team for their safety recordable record.

Agenda Item II – Comments / Presentations

- A. **Council Liaison’s Comments** – Council Member Randy DeFoor provided an update on the Septic Tank bill (2021-0118) and stated that it would be voted on that evening at the City Council meeting. CM DeFoor also stated that she looked forward to seeing JEA’s septic tank master plan and review.
- B. **Comments from the Public** – N/A
- C. **Managing Director/CEO** – Jay Stowe stated that he appreciates service that the Board is providing to the community. Mr. Stowe provided an update on the new organizational structure and his three focus areas: Leadership Team, COVID Response, and Water/Wastewater Capital Plan. Mr. Stowe stated that Staff will focus on strategic planning with the focus remaining the same (Develop the Unbeatable Team, Deliver Business Excellence, and Earning Customer Loyalty) and the next being Staff learning and understanding what good looks like for each of those areas and how to reach and sustain the good. Mr. Stowe stated there will be more details

provided on the focus areas at the July Board Retreat at the Westside Service Center. Mr. Stowe stated work continues to fill the vacant Leadership Team areas and other open key positions. Mr. Stowe stated Staff needs to put some structure around decision making, make it easier to conduct business externally and internally, provide employees with the ability to do their jobs with freedom and their accountability, and work towards compliance and excellence.

Next, Mr. Stowe stated that JEA will continue to work with the city on Septic Tank Phase Out as they find funding for long-term projects. Mr. Stowe stated that JDP Residential reports are looking positive for JEA and Sheila Pressley will provide a presentation at next month's meeting. Mr. Stowe provided an update on Surface Water Discharge legislation, pole attachments, and Plant Vogtle Unit 3.

Mr. Stowe closed his CEO report by introducing a video highlighting the light on the JEA building being turned on and thanked the team for making it happen.

Agenda Item III. Consent Agenda

- A. Consent Agenda** – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed in previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.

On *motion* by Bobby Stein and seconded by Thomas VanOsdol, the following agenda item was approved unanimously.

- A. Board Meeting Minutes of February 25, 2021 – approved

Agenda Item IV. For Board Consideration

A. Monthly Financial and Operations Report

- 1. Finance** – Juli Crawford, Director Financial Planning and Analysis referencing material provided to the Board in advance of the meeting, presented detailed updates on electric and water sales, financial forecast, pay for performance metrics, key financial metrics, combined outstanding debt, and rate comparisons for utilities in Florida.
- 2. Electric Systems** – Ricky Erixton, VP Electric Systems, referencing materials provided to the Board in advance of the meeting, presented an Electric Systems update to include the operations scorecard where he focused on the metric SAIDI, which has improved, and stated that they are on track to meet their goals. Mr. Erixton also stated the generation fleet is performing well, there are no environmental issues this fiscal year, and metrics are doing well for Electric Systems.
- 3. Water/Wastewater** – Hai Vu, VP Water/Wastewater Systems, referencing materials provided to the Board in advance of the meeting, presented the water/wastewater operations scorecard focusing on the remaining items not covered by previous presenters. Mr. Vu stated overall goals are being met and Staff will continue to develop proactive measures to monitor the system. Mr. Vu

presented details of the system reliability metrics, consumptive use permit (CUP) and the health of the wastewater system.

4. **Customer Experience Team Initiatives** – Sheila Pressley, Chief Customer Officer, referencing materials provided to the Board in advance of the meeting, began her presentation with a recap of her prior month’s Board presentation. She stated this month’s presentation would focus on commercial customers. Ms. Pressley also presented details focused on who JEA’s business customers are, what business customers care most about, comments from our business customers, and an employee spotlight on LaShanda Sconiers. Ms. Sconiers is a business call center representative who received compliments from a business customer for her professionalism. Ms. Pressley also provided details on JEA’s heightened focus on small businesses and the commercial customer messaging calendar.
5. **Monthly FY21 Communications & Community Outreach** – David Goldberg, Director, Customer & Community Engagement presented the monthly report which highlights JEA’s communications and outreach efforts. Mr. Goldberg provided an overview of the new format of the report and stated Staff has refocused messaging on commitment to quality, reliability, and customer care. Mr. Goldberg provided more details on the highlights in the report and closed by thanking the Board for their time.

6. Monthly Financial Statements – Information Only

Agenda items (1 – 6) were received for information only.

- B. **Integrated Water Resource Plan (IWRP)** – Hai Vu, VP Water/Wastewater Systems, introduced Rob Zammataro, Director Water/Wastewater Planning & Development, to present the IWRP study, recommendations, and next steps. Citing materials contained in the board meeting package, Mr. Zammataro provided details on the study to include supply options, regional drivers and factors, and planning objectives. Mr. Zammataro also presented the following recommendations: water transfer between grids, water conservation program, reclaimed water system, alternative water supplies. Mr. Zammataro closed the presentation reviewing the immediate next steps and thanking the multiple departments and outside consultants for their work on the plan.

This agenda item was received for information only.

- C. **Water Conservation Month** – Wayne Young, VP Environmental Services, provided a brief presentation recognizing April as Water Conservation Month and highlighted JEA’s consistent support of conservation. Mr. Young requested that the Board approve Resolution 2021-06.

**RESOLUTION 2021-06
A RESOLUTION OF THE JEA BOARD OF DIRECTORS TO HIGHLIGHT AND
SUPPORT APRIL AS FLORIDA’S WATER CONSERVATION MONTH**

On *motion* by Tom VanOsdol and seconded by Marty Lanahan Resolution 2021-06 was approved unanimously.

- D. FY2020 Annual Disclosure Reports** – Joe Orfano, I VP Financial Services, referencing material provided to the Board in advance of the meeting, presented an overview of the Annual Disclosure Reports process and the Board’s responsibilities governing the process. Mr. Orfano provided details on the following key points: JEA is required to file with the Municipal Securities Rulemaking Board Annual Disclosure Reports to comply with investor disclosure obligations, Federal antifraud laws apply to any disclosures made by JEA in connection with its bond offerings and requires periodic filings, the Board’s responsibilities, and important questions Board members could ask themselves when reviewing the disclosure. Mr. Orfano closed his presentation by advising the Board that he is available for meetings if they have any questions or concerns with the draft reports.

This agenda item and report were received for information only.

- E. Extreme Weather Response** – Ricky Erixton, VP Electric Systems, introduced Gary Baker, Senior Director Energy Operation, to present board members an extreme weather response update. Citing materials provided in the board package, Mr. Baker reviewed the recent Texas weather event and its impact to natural gas and power prices, loss of load, and its impact to JEA. Lastly, Messrs. Baker and Erixton closed their presentation by providing some lessons learned and teeing up the resiliency work that Staff will be doing.

This agenda item was received for information only.

Agenda Item V – Board and Committee Reports

- A. Finance and Audit Committee Report** – Marty Lanahan, Committee Chair, reminded the Board that the committee meetings are now every other month and provided an overview to the Board of the Finance and Audit Committee meeting that was held on March 12, 2021. In her report, Ms. Lanahan stated there would be a cybersecurity assessment presented at the next board meeting. Concluding her report, Ms. Lanahan requested the Board approve the following action item from the committee meeting:

1. Approval of Revisions to JEA Energy Market Risk Management (EMRM) Policy

On *motion* by Bobby Stein and seconded by Tom VanOsdol the committee action item was approved.

- B. Nominating Committee** – John Baker, Committee Chair provided an overview of the Nominating Committee meeting that was held on January 13, 2021 and requested the Board approve the following recommended slate of officers from the Nominating Committee:

John Baker, Chair
Bobby Stein, Vice Chair
Marty Lanahan, Secretary

The new slate officers will serve April 2021 through March 2022.

On *motion* my John Baker and seconded Tom VanOsdol the new slate of officers was approved unanimously.

Agenda Item VI– Other Business

- A. **Old Business** – None
- B. **Other New Business** – None
- C. **Open Discussion** – Chair Baker asked the Board if they are satisfied with the reports that they have received and if there is anything they are not getting that they would like to receive. Chair Baker encouraged the Board to think about that and bring forth to Staff. Dr. Faison requested Staff provide an update on Diversity & Inclusion at a subsequent Board meeting.

Mr. VanOsdol commended Mr. Stowe and the team on the manner in which the information is presented at the Board meetings.

- D. **Chair’s Report** – None

Agenda Item VII– Closing Considerations,

- A. **Announcements** –

Next Board Meeting April 27, 2021

- B. **Adjournment**

Agenda Item VIII – Upcoming Board Agenda Items

Items A – D are listed for reference only.

Agenda Item IX – Routing Reports

This agenda item was received for information only.

With no further business claiming the attention of the Board, Chair John Baker adjourned the meeting at 10:55am.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Madricka Jones, Executive to CEO



BOARD RESOLUTION: 2021-07

April 27, 2021

REAL PROPERTY SALE – CECIL COMMERCE CENTER RESOLUTION TO CLARIFY ASSIGNMENT RIGHTS

WHEREAS, in January 2021, the JEA Board of Directors passed Resolution 2021-05 (the “January Resolution”) declaring as surplus property an unimproved portion of JEA’s real property near the terminus of Waterworks Street in Cecil Commerce Center™ more particularly described on Exhibit “A” hereto (the “Property”);

WHEREAS, the January Resolution also authorized the Real Property Procurement Officer to proceed with negotiations solely with SunCap Property Group, LLC (“SunCap”) who desires to acquire the Property;

WHEREAS, as set forth in the memorandum and Board materials prepared in connection with the January Resolution, SunCap intends to acquire the Property to facilitate the expansion of a FedEx Distribution facility located in close proximity to the Property;

WHEREAS, MREIC Jacksonville FLA, LLC (“MREIC”) owns the parcel at 13509 Waterworks Street which is the site of the FedEx Distribution facility;

WHEREAS, although JEA is obligated to negotiate solely with SunCap for the sale of the Property, SunCap has presented JEA with a Purchase and Sale Agreement (“PSA”) for the Property which would give SunCap the option to assign the PSA to (i) any person or entity that is controlled by SunCap, that controls SunCap, or that is under common control with SunCap, or (ii) MREIC.

WHEREAS, the assignment of the PSA, and subsequent conveyance of the Property to MREIC, would fulfill the purpose of the January Resolution.

BE IT RESOLVED by the JEA Board of Directors that:

1. The Board declares the Real Property Procurement Officer is authorized to execute the PSA with SunCap which contemplates the potential assignment of the PSA as set forth above;
2. The Board hereby delegates to the Chief Executive Officer and Managing Director or his designee the authority to execute documentation as may be reasonably required to consummate the real estate transaction for the Property, including a deed from JEA conveying the Property to SunCap, an affiliated entity of SunCap, or MREIC;
3. The sale price for the Subject Property shall be no less than \$1,742,400.00 without additional approval by the JEA Board of Directors and the City of Jacksonville City Council.

Dated this _____ day of April 2021.

JEA Board Chair

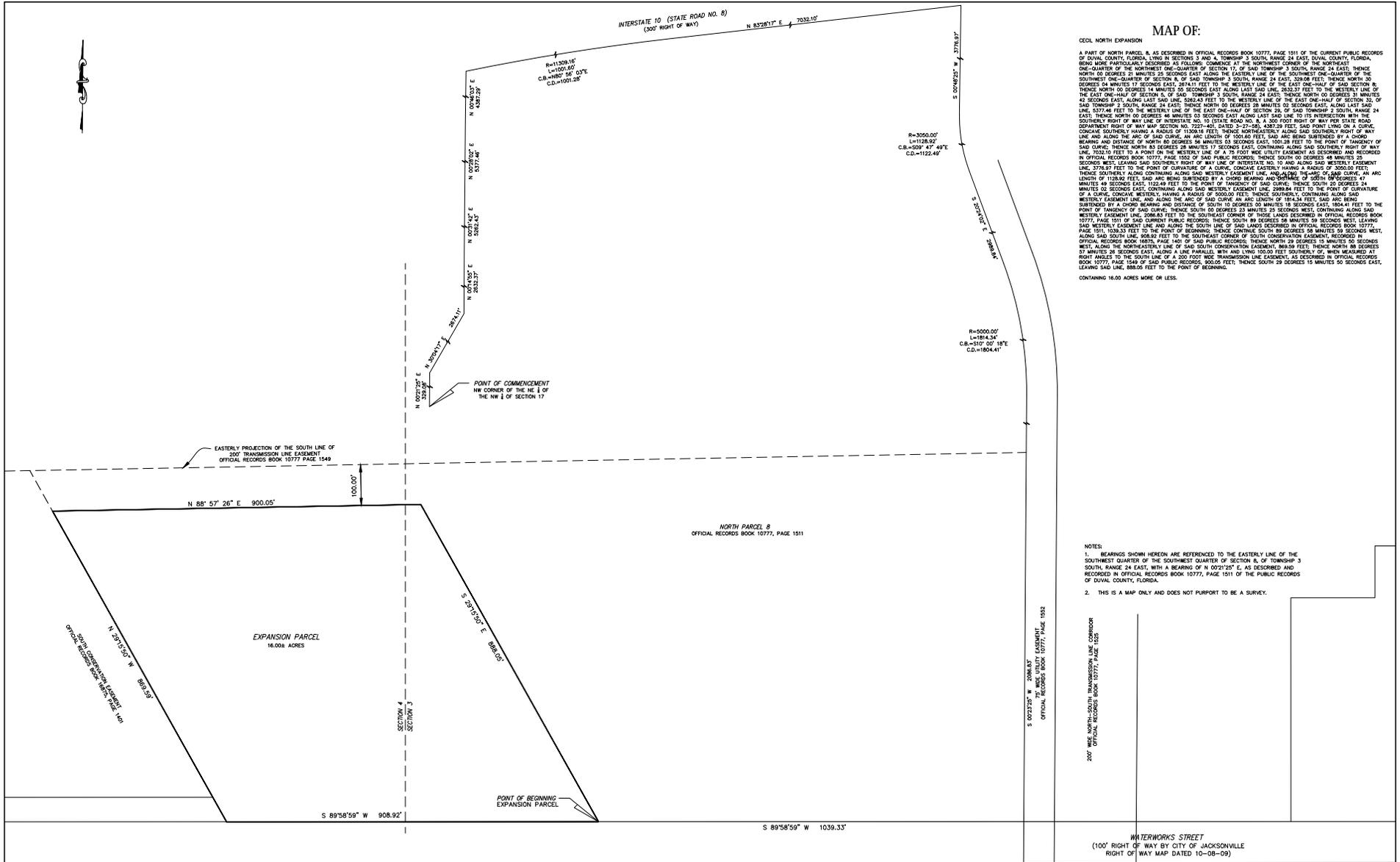
JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	

EXHIBIT A



<p>DRAFTED BY: BDC CHECKED BY: COMPUTER FILE: 2020189 JEA CCC NB Expansion.DWG JOB FILE NO. 2020189</p>	<p>DRAWING DATE: JULY 24, 2020 DRAWING SCALE: 1" = 100' REVISION DATE:</p>	<p>2131 CORPORATE SQUARE BOULEVARD, JACKSONVILLE, FL 32216 904-722-0400 FAX 904-722-0402 DEGROVE@DEGROVE.COM LICENSED BUSINESS NUMBER L.B.4603</p>	<p>DEGROVE SURVEYORS, INC.</p>	<p>THIS MAP MEETS THE STANDARDS OF PRACTICE FOR PROFESSIONAL SURVEYORS AND MAPPERS IN THE STATE OF FLORIDA PURSUANT TO CHAPTER 5J-17.051 & 5J-17.052, F.A.C. BRENDA D. CATONE, P.S.M., FLORIDA CERTIFICATION NO. 5447 NOTICE: NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER</p>	<p>CERTIFIED TO: JEA</p>
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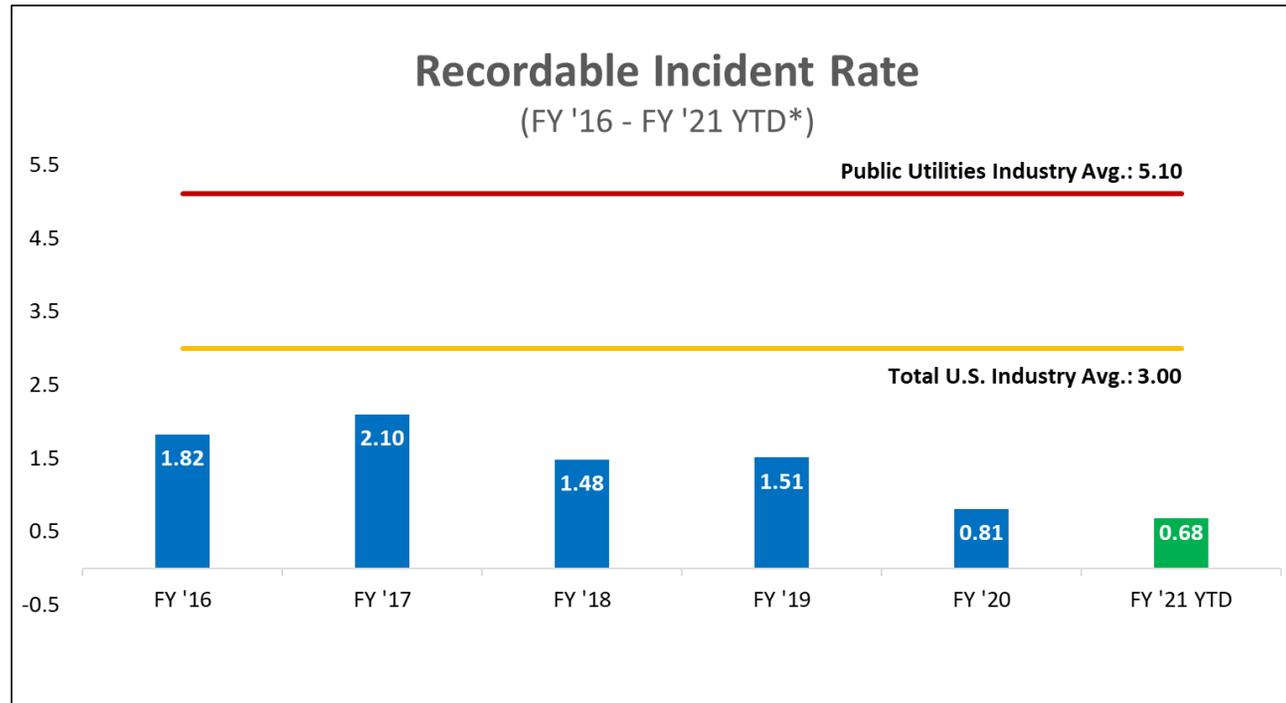
Safety Performance

Tony Long
Director, Safety and Health Services



April 27, 2021

Safety Performance Update



Recordable Incident Rate = [No. of OSHA Recordable Injuries ÷ Hours Worked] x 200,000



* Incident rates valued as of March 31, 2021

Safety Recognition: JEA Facilities Team



2,000-days without a recordable injury - Congratulations!!!





Jacksonville Small and Emerging Business (JSEB) Quarterly Report

Rita Scott
Manager Jacksonville Small Emerging Business Program & Procurement Performance



April 27, 2021

Jacksonville Small and Emerging Business (JSEB) Scorecard

FY21 Q2 Results

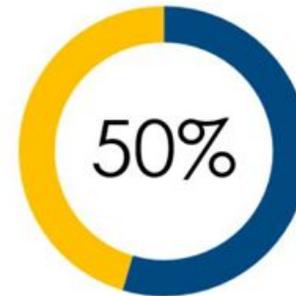
- Available Spend is \$90M
- JSEB Goal is \$18M
- As of Q2, we have achieved \$8.9M in actual spend, representing 50% of the Goal
- Prime JSEB Vendors account for 46% of the actual spend
- There is a diverse mix of JSEB Vendors that account for the actual spend

Available Project Spend

AVAILABLE SPEND	SPEND GOAL = 20%
\$90,000,000	\$18,000,000

JSEB ACTUAL SPEND

\$8,987,678

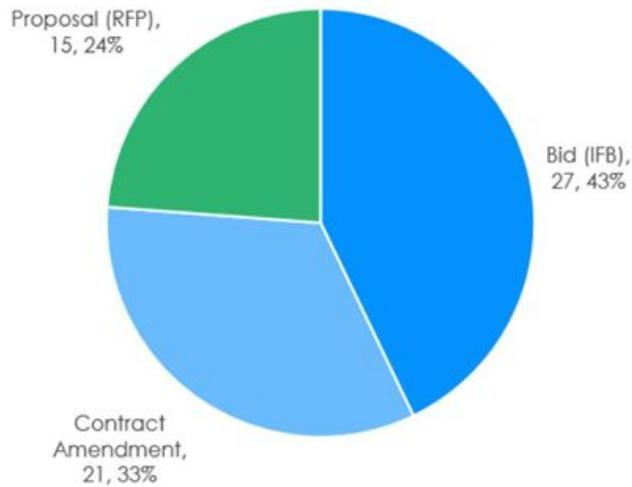


QTR1 JSEB SPEND	\$4,907,986
QTR2 JSEB SPEND	\$4,079,692
QTR3 JSEB SPEND	\$0
QTR4 JSEB SPEND	\$0



Jacksonville Small and Emerging Business (JSEB) Scorecard

JSEB Contract Award Types



Q2 Contracts Awarded to JSEB Vendors

- 63 Contracts have been awarded to JSEB Vendors
- Contracts awarded are valued at \$12.1M (over the next 5 years)
- The bulk of the contracts awarded are projects within the Facilities and Water / Wastewater groups
- Contract awards typically range from 1 to 5 years



Jacksonville Small and Emerging Business (JSEB) Spotlight

JSEB Vendors Highlighted

- Four Waters Engineering, Inc.
- Onas Corporation
- GM Hill Engineering, Inc.

Diversity & Inclusion in Procurement

Efforts to Expand Supplier Diversity

- Diversity survey sent to existing Suppliers
- Updated Vendor form to capture diversity information as suppliers are being on boarded to JEA
- Benchmark with other utilities and local companies to further program development
- Research software and 3rd party systems to obtain information on diverse suppliers
- Expand education beyond the Doing Business With JEA workshop
- Review project minimum requirements from best practice study





Diversity, Equity, & Inclusion

More Than Just The Numbers

David Emanuel
Chief Human Resources Officer



April 27, 2021

JEA Diversity, Equity, & Inclusion

WHY IT'S IMPORTANT



Companies that have more diverse management teams have 19% higher revenue



Diverse teams outperform individual decision-makers up to 87% of the time when it comes to making business decisions



Florida population demographics shifting significantly - Florida will be majority-minority by 2028



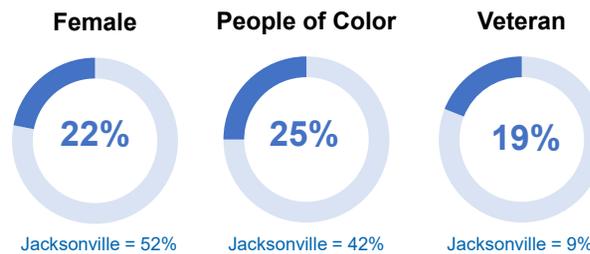
Racially and ethnically diverse companies outperform industry norms by 35%



67% of job seekers said a diverse workforce is important when considering job offers



WHERE WE ARE NOW



JEA data as of March 2021 Excludes CEO, JEA Temporaries and External Contractors
 Jacksonville data based on 2019 estimates [U.S. Census Bureau QuickFacts: Jacksonville city, Florida](#) (Duval, St. Johns, Clay, Nassau, & Baker Counties)

	White	Minority	Minority %	Male	Female	Female %
Craft / Skilled Workforce	965	277	22%	1,056	186	15%
Individual Contributor	288	148	34%	277	159	36%
Manager & Specialist	146	48	25%	140	54	28%
Director	41	4	9%	30	15	33%
Executive	6	4	40%	7	3	30%

WHAT WE'RE GOING TO DO

Evaluate our past successes, know our current state and move beyond metrics

Engage our internal stakeholders in discussions regarding current state, current challenges, and desired future state

Research Best Practices from our business & utility peers in Jacksonville and throughout the U.S.

Build a strategy that makes our employees and the people of Jacksonville proud

FOR POSITIVE CHANGE

Improve how we attract talent, engage our employees and develop the workforce of the future

Improve how we communicate and interact with our community

Form a coalition of employees and community partners building on these relationships to learn from and begin to influence our practices and work at JEA and the community we serve

...because we believe JEA's culture should be a reflection of our community and values



J.D. Power Customer Satisfaction Update

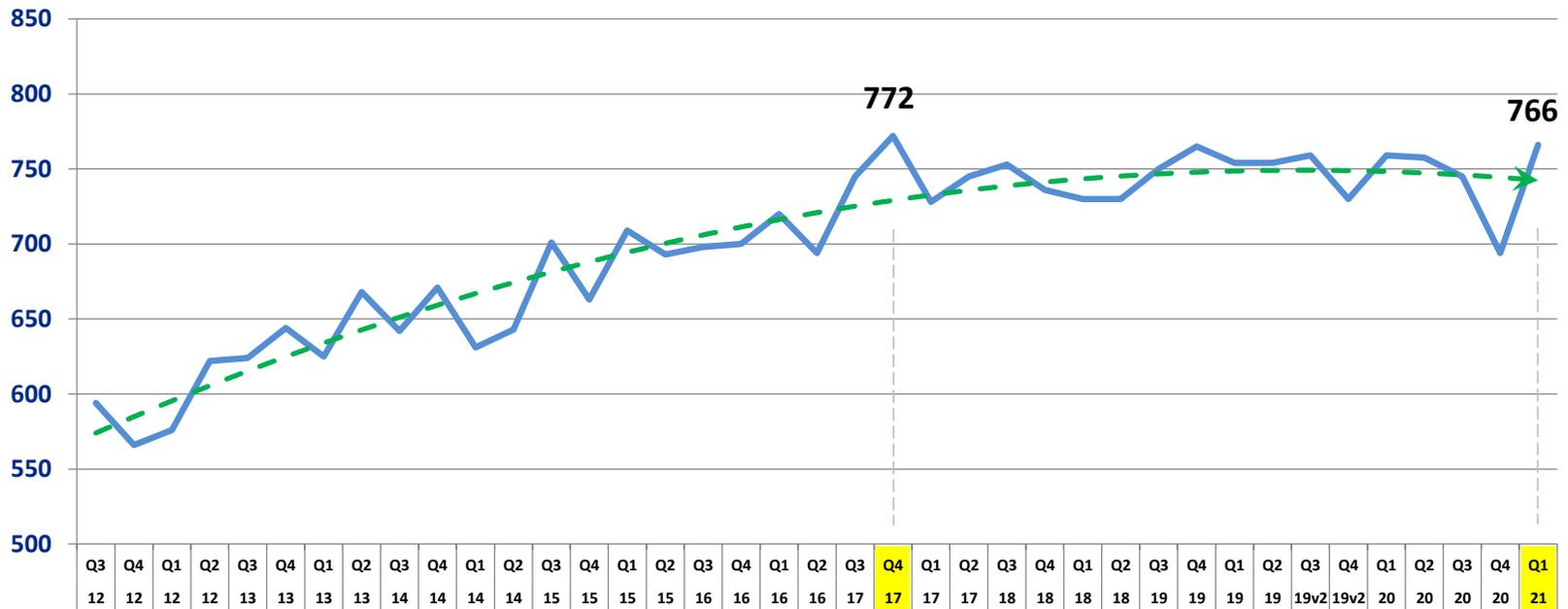
Wave 2 • Jan – Feb 2021

Sheila Pressley
Chief Customer Officer



J.D. Power (JDP) Customer Satisfaction Survey Wave Trend

JEA Survey Wave Results

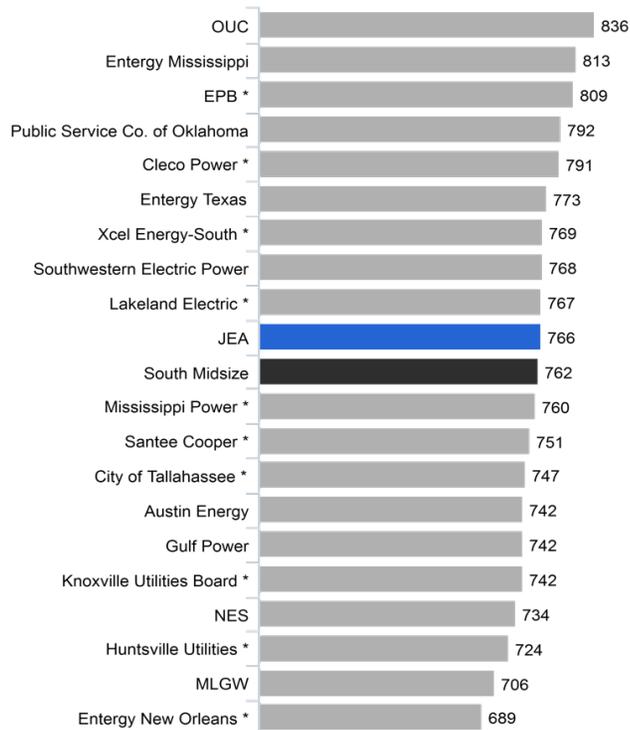


2nd highest overall customer satisfaction survey score since Q3 FY12

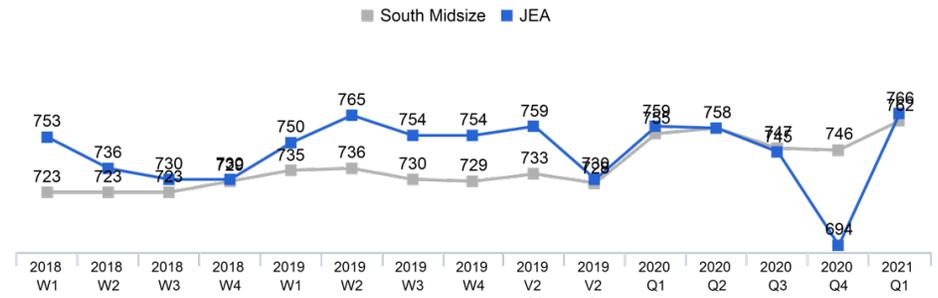


JDP Score Comparison Breakdown

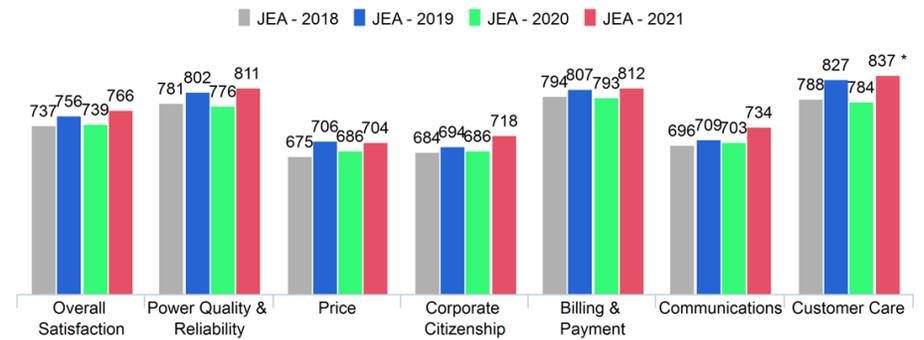
South Midsize – Overall Satisfaction



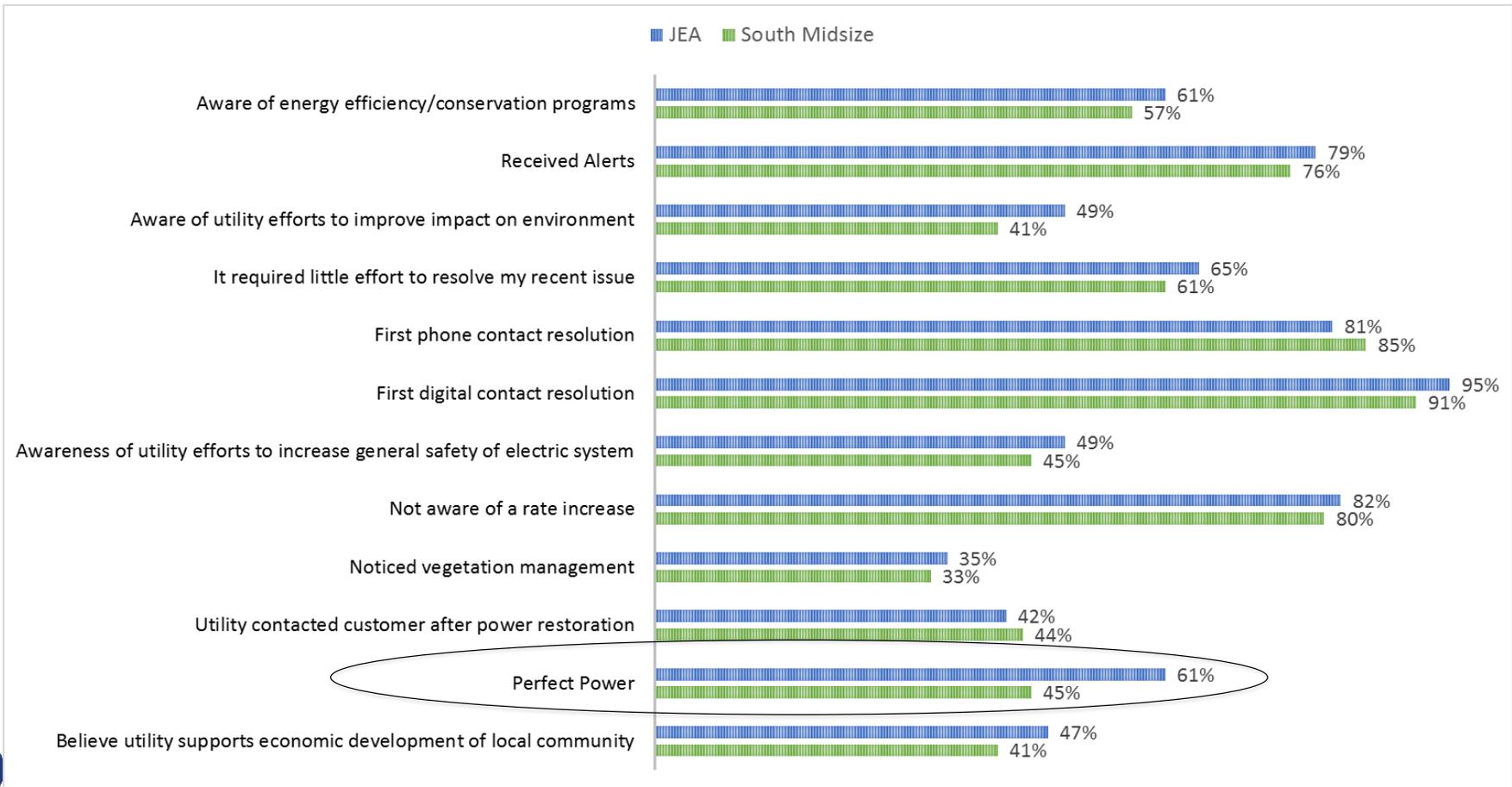
Overall Satisfaction Trend



Index Score Comparison



JEA Outperforms the South Midsize Utilities in Key Areas



Positive Impacts Contributing to Customer Satisfaction Improvement

- Customer education and engagement campaign
- New leadership team announcement
- Reducing the number and duration of power and water outages
- Nextdoor – hyperlocal social networking
- COVID-related payment extensions and deposit considerations
- Focusing on affordability, customer alerts and leak protection
- Messaging about energy savings and money saving tips
- Employee-lead internal communications workgroup

nextdoor



Pinned Tweet

JEA @NewsfromJEA · Mar 29
Need some quick ideas to help you save on your utility bill this spring? Find helpful tips at your fingertips by visiting ow.ly/ffcJ50EbaDT.

What's even better than saving? We're giving away weekly prizes on the site through April 26. Visit today and enter to win!



Online Customer Feedback

Key Insights

JEA Brand | Feb 14, 2021 - Feb 21, 2021

Unique Authors

65

▼42%
Previous Period: 112

Total Mentions

173

▼8%
Previous Period: 189

Top News Stories

1. [JEA announces new leadership team, senior management structure](#)
2. [JEA is paying attention to what's happening in Texas and learning from it](#)
3. [Millions of Texans without power as inclement weather continues](#)

<https://www.jea.com/>
www.jea.com

JEA is a community owned electric, water and sewer utility located in Jacksonville, Florida dedicated to improving lives through innovation.

JEA - Northeast Florida's Community-Owned Electric, Water and Sewer Utility
jea.com

JDP Communication × reach ×

Ellery Griffis Welcome Jay Stowe. I want to thank the JEA for it's great service to our community. Numerous times when the power has gone out, the JEA has been there to get us back up as quickly as they can. In addition, they have been supportive of our country in times of need during disasters. They were one of the first in Puerto Rico after the storms devastated that Island nation a few of years ago. Our community is proud of the JEA and thankful for it's continuing to be a local, publicly owned utility. Power to the people so to speak.

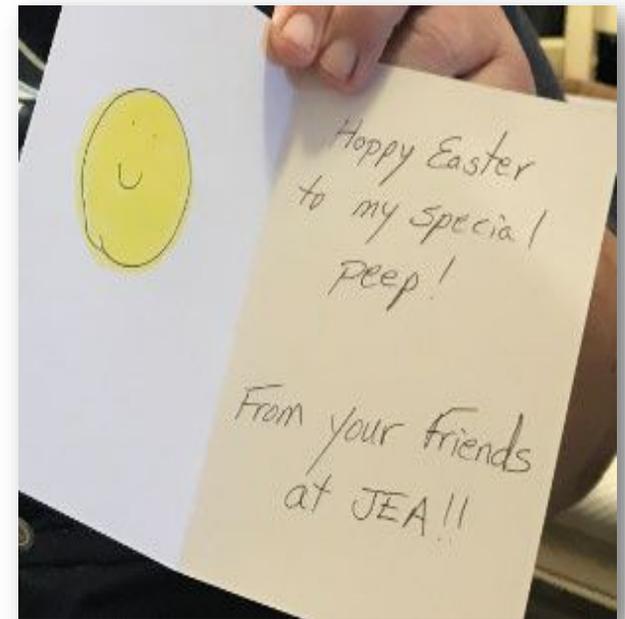
3d • Reply Message Tag



Customer Feedback

My brother-in-law is a resident at ARC Jacksonville Village. On Saturday he received a nice handwritten Easter greeting card from the good folks at JEA. Like everyone, He loves getting personal mail and was very appreciative!

Please share this thank you with the good folks at JEA for their community outreach efforts. The ARC is tops on my wife and my list. JEA's involvement with the ARC is super!



South Midsize Year over Year Comparisons

	Overall Satisfaction	
	2020	2021
OUC	799	836 (+37)
Entergy Mississippi	783	813 (+30)
EPB	800	809 (+9) *
Public Service Co. of Oklahoma	771	792 (+21)
Cleco Power	773	791 (+18) *
Entergy Texas	768	773 (+5)
Xcel Energy-South	771	769 (-2) *
Southwestern Electric Power	746	768 (+22)
Lakeland Electric	735	767 (+32) *
JEA	739	766 (+27)

	Overall Satisfaction	
	2020	2021
South Midsize	752	762 (+10)
Mississippi Power	777	760 (-17) *
Santee Cooper	769	751 (-18) *
City of Tallahassee	744	747 (+3) *
Austin Energy	750	742 (-8)
Gulf Power	746	742 (-4)
Knoxville Utilities Board	712	742 (+30) *
NES	724	734 (+10)
Huntsville Utilities	741	724 (-17) *
MLGW	692	706 (+14)
Entergy New Orleans	704	689 (-15) *



FY 2021 Wave 2 Residential Customer Satisfaction Rankings

Top Quartile	Mean	Rank	2nd Quartile	Mean	Rank	Third Quartile	Mean	Rank	Bottom Quartile	Mean	Rank
Clay Electric Cooperative	845	1	Duke Energy Carolinas	781	37	Atlantic City Electric	760	73	Madison Gas & Electric	738	109
Magic Valley Electric Cooperative	838	2	PPL Electric Utilities	780	38	Mississippi Power	760	73	Xcel Energy-West	738	109
OUC	836	3	Connexus Energy	779	39	Tucson Electric Power	759	75	Indiana Michigan Power	737	111
Sawnee EMC	833	4	Georgia Power	778	40	Snohomish County PUD	757	76	Tacoma Power	736	112
Jackson EMC	829	5	AEP Ohio	777	41	Louisville Gas & Electric	756	77	NES	734	113
Great Lakes Energy	826	6	Toledo Edison	777	41	OG&E	756	77	City Utilities	733	114
SRP	818	7	DTE Energy	775	43	Penelec	756	77	El Paso Electric	732	115
Dakota Electric Association	816	8	NV Energy	775	43	Duke Energy Progress	755	80	The Illuminating Company	732	115
SLEMCO	816	8	Duke Energy Florida	773	45	NIPSCO	754	81	Rochester Gas & Electric	730	117
Entergy Mississippi	813	10	Entergy Texas	773	45	Tampa Electric	754	81	APS	728	118
South Central Power	812	11	Idaho Power	771	47	BGE	753	83	Evergy	728	118
Southern Maryland Electric Cooperative	812	11	Pepco	770	48	Minnesota Power	753	83	NYSEG	728	118
EPB	809	13	We Energies	770	48	Potomac Edison	753	83	Mon Power	726	121
Lincoln Electric System	809	13	Ameren Missouri	769	50	Delmarva Power	752	86	Huntsville Utilities	724	122
Cobb EMC	808	15	Xcel Energy-South	769	50	Duke Energy-Midwest	752	86	San Diego Gas & Electric	724	122
Walton EMC	803	16	CPS Energy	768	52	Puget Sound Energy	752	86	NorthWestern Energy	723	124
Clark Public Utilities	800	17	SWEPSCO	768	52	Consumers Energy	751	89	Kentucky Power	720	125
NOVEC	798	18	Indianapolis Power & Light	767	54	Duquesne Light	751	89	Jersey Central Power & Light	719	126
EnergyUnited	797	19	Lakeland Electric	767	54	L. A. Dept. of Water & Power	751	89	PNM	719	126
Lee County Electric Cooperative	797	19	MidAmerican Energy	767	54	Santee Cooper	751	89	Intermountain Rural Electric Assoc.	717	128
SECO Energy	797	19	JEA	766	57	Alabama Power	750	93	National Grid	717	128
Kentucky Utilities	796	22	PECO	766	57	Pacific Power	750	93	Appalachian Power	714	130
Anaheim Public Utilities	795	23	Portland General Electric	766	57	Dominion Energy	748	95	Hawaiian Electric	712	131
CoServ	795	23	PSE&G	766	57	City of Tallahassee	747	96	Central Hudson Gas & Electric	707	132
Florida Power & Light	795	23	Green Mountain Power	765	61	Colorado Springs Utilities	747	96	MLGW	706	133
Montana-Dakota Utilities	795	23	Avista	764	62	Seattle City Light	747	96	Eversource	698	134
WPS	794	27	Met-Ed	764	62	Con Edison	746	99	Black Hills Energy	692	135
Pedernales Electric	793	28	Otter Tail Power Company	764	62	West Penn Power	746	99	Central Maine Power	689	136
Public Service Co. of Oklahoma	792	29	Penn Power	764	62	DEMCO	744	101	Entergy New Orleans	689	136
Cleco Power	791	30	Southern California Edison	764	62	Imperial Irrigation District	743	102	Empire District Electric	688	138
SMUD	791	30	Dayton Power & Light	763	67	Ohio Edison	743	102	Orange & Rockland	685	139
Ameren Illinois	785	32	Omaha Public Power District	763	67	Austin Energy	742	104	Versant Power (Emera Maine)	675	140
Withlacoochee River Electric Coop	785	32	Rocky Mountain Power	763	67	Gulf Power	742	104	Pacific Gas and Electric	673	141
GreyStone Power	784	34	Entergy Louisiana	762	70	Knoxville Utilities Board	742	104	Modesto Irrigation District	668	142
Middle Tennessee EMC	783	35	Xcel Energy-Midwest	762	70	Alliant Energy	741	107	United Illuminating	660	143
Rappahannock Electric Cooperative	782	36	Entergy Arkansas	761	72	ComEd	740	108	PSEG Long Island	652	144
									Vectren	633	145



Florida Utilities

FY 2021 YTD Residential Customer Satisfaction Rankings

Top Quartile	Mean	Rank
Sawnee EMC	825	1
Jackson EMC	824	2
OUC	821	3
SLEMCO	819	4
Dakota Electric Association	816	5
Magic Valley Electric Cooperative	814	6
EPB	812	7
Clay Electric Cooperative	810	8
NOVEC	809	9
SRP	808	10
Clark Public Utilities	805	11
Southern Maryland Electric Cooperative	803	12
CoServ	802	13
Cleco Power	801	14
Great Lakes Energy	800	15
SECO Energy	799	16
Walton EMC	797	17
WPS	796	18
Florida Power & Light	793	19
Kentucky Utilities	793	19
EnergyUnited	788	21
Rappahannock Electric Cooperative	788	21
SMUD	786	23
Entergy Mississippi	784	24
GreyStone Power	783	25
Pedemales Electric	783	25
Ameren Illinois	782	27
Avista	780	28
Middle Tennessee EMC	780	28
Cobb EMC	779	30
Georgia Power	779	30
Lee County Electric Cooperative	779	30
Green Mountain Power	775	33
Withlacoochee River Electric Coop	775	33

2nd Quartile	Mean	Rank
AEP Ohio	774	35
Duke Energy Carolinas	774	35
PPL Electric Utilities	774	35
Connexus Energy	771	38
Duke Energy Florida	771	38
Idaho Power	771	38
Public Service Co. of Oklahoma	771	38
CPS Energy	768	42
MidAmerican Energy	767	43
DTE Energy	766	44
PSE&G	766	44
Toledo Edison	766	44
Entergy Louisiana	765	47
Entergy Texas	765	47
Ameren Missouri	764	49
Entergy Arkansas	764	49
Mississippi Power	764	49
Montana-Dakota Utilities	764	49
PECO	763	53
Pepco	763	53
Met-Ed	762	55
OG&E	762	55
Portland General Electric	762	55
Lakeland Electric	761	58
Duke Energy Progress	760	59
NV Energy	760	59
Lincoln Electric System	757	61
Louisville Gas & Electric	757	61
Pacific Power	757	61
South Central Power	757	61
Dayton Power & Light	756	65
Southern California Edison	756	65
Tucson Electric Power	755	67
Alabama Power	754	68
BGE	754	68
Puget Sound Energy	754	68
Rocky Mountain Power	754	68

Third Quartile	Mean	Rank
Colorado Springs Utilities	753	72
Madison Gas & Electric	753	72
Tampa Electric	753	72
We Energies	753	72
Indianapolis Power & Light	752	76
Seattle City Light	752	76
SWEPSCO	752	76
Potomac Edison	751	79
Austin Energy	750	80
Penn Power	750	80
Anaheim Public Utilities	749	82
Consumers Energy	749	82
Ohio Edison	749	82
Santee Cooper	749	82
Atlantic City Electric	748	86
Dominion Energy	747	87
Gulf Power	747	87
Delmarva Power	746	89
Omaha Public Power District	746	89
City of Tallahassee	744	91
Con Edison	744	91
Duke Energy-Midwest	744	91
Penelec	744	91
NIPSCO	743	95
Tacoma Power	742	96
APS	741	97
Duquesne Light	741	97
Indiana Michigan Power	739	99
Minnesota Power	738	100
Rochester Gas & Electric	738	100
Intermountain Rural Electric Assoc.	737	102
ComEd	734	103
L. A. Dept. of Water & Power	733	104

Bottom Quartile	Mean	Rank
Energy	732	105
Huntsville Utilities	732	105
West Penn Power	732	105
Alliant Energy	731	108
JEA	730	109
San Diego Gas & Electric	728	110
Snohomish County PUD	727	111
Imperial Irrigation District	726	112
NES	725	113
The Illuminating Company	723	114
PNM	722	115
Mon Power	720	116
Appalachian Power	719	117
City Utilities	717	118
National Grid	716	119
Versant Power (Emera Maine)	715	120
El Paso Electric	714	121
Hawaiian Electric	713	122
Kentucky Power	712	123
Knoxville Utilities Board	712	123
NorthWestern Energy	711	125
Central Hudson Gas & Electric	709	126
DEMCO	709	126
MLGW	704	128
Entergy New Orleans	703	129
Otter Tail Power Company	703	129
NYSEG	700	131
Jersey Central Power & Light	697	132
Black Hills Energy	693	133
Eversource	684	134
Pacific Gas and Electric	680	135
United Illuminating	672	136
Empire District Electric	670	137
Modesto Irrigation District	668	138
Orange & Rockland	663	139
Vectren	659	140
PSEG Long Island	658	141



Florida Utilities



BOARD RESOLUTION: 2021-08

April 27, 2021

NEGOTIATION WITH AND POTENTIAL CHALLENGE OF ST. JOHN'S RIVER WATER MANAGEMENT DISTRICT'S MINIMUM FLOWS AND LEVELS STRATEGY FOR BROOKLYN AND GENEVA LAKES

WHEREAS, water management districts are required to establish minimum flows and minimum levels (MFL) for surface watercourses and surface waters/aquifers respectively;

WHEREAS, minimum levels for both Lake Brooklyn in Clay County and Lake Geneva in Clay and Bradford Counties (the Lakes) were originally adopted in January 1996;

WHEREAS, the re-evaluated MFL's for the Lakes indicated that they were not currently being met and that due to a deficit of 1.6 feet for Lake Brooklyn and 0.3 feet for Lake Geneva, the Lakes are in recovery and a recovery strategy was required to be adopted concurrently with a revised MFL for the Lakes;

WHEREAS, The District Governing Board approved the Recovery Strategy on April 13, 2021 at a District Board meeting;

WHEREAS, the North Florida Utility Coordination Group (NFUCG) – JEA, Clay County Utility Authority, Gainesville Regional Utilities, St. Johns County Utility, the Cities of Neptune Beach, Atlantic Beach, Jacksonville Beach, and the Town of Orange Park - representing over 1.2 million customers and thousands of businesses in north Florida is not in agreement with the District approved Recovery Strategy;

WHEREAS, the Recovery Strategy approved on April 13, 2021, is significantly different from previous drafts provided to NFUCG members. The District approved Recovery Strategy and the associated cost recovery plan were developed without providing utility stakeholders time to adequately vet these important documents. JEA and the other NFUCG members are in agreement that the proposed Black Creek Water Resource Development Project (WRD) is viable to offset the proportional impacts of water demands from the surrounding communities. However, the approved Recovery Strategy is unclear in presenting affected communities' financial obligations and potentially puts water supply allocations at risk;

WHEREAS, JEA is obligated to our ratepayers and community to ensure that significant financial commitments be fully transparent and equitable. In conjunction with the Recovery Strategy, District staff presented a proposed cost share agreement to JEA staff that proposed JEA could contribute up to approximately \$13 million to the WRD Project. Additionally, JEA's consumptive use permit allocation could be subjected to reduction. Other terms and conditions of the proposed agreement are unclear and it appears that JEA and a few other communities may be being singled out for inequitable cost recovery;

BE IT RESOLVED by the JEA Board of Directors that:

1. The Board grants JEA approval to the Chief Executive Officer and Managing Director or his designee the authority to continue to work with the District on an equitable solution to JEA's participation in the WRD, and if no satisfactory resolution can be negotiated with the District, the Board hereby supports JEA to submit a petition challenging the District's actions on the re-evaluated MFL's for the Lakes, the Recovery Strategy and the cost allocation of the WRD Project.

Dated this ____ day of April 2021.



JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



St. John's River Water Management District's Minimum Flows & Levels Strategy

Wayne Young
VP, Environmental Service



April 27, 2021

St. John's River Water Management District's Minimum Flows & Levels Strategy

St. John's River Water Management District

Establishes minimum flows and levels (MFL) for watercourses and surface waters / aquifers respectively

MFL is a tool to assist in making sound water management decisions and preventing significant adverse impacts due to water withdrawals

- Deemed that a MFL recovery strategy was required for Lakes Brooklyn and Geneva
- District Governing Board approved the MFL recovery strategy on April 13, 2021
- The strategy and the associated cost recovery plan were developed very quickly
- The strategy is significantly different from the previous draft of March 30, 2021, which was significantly different from the previous draft of December 3, 2020

North Florida Utility Coordination Group

JEA, Clay County Utility Authority, Gainesville Regional Utilities, St. Johns County Utility, Cities of Neptune Beach, Atlantic Beach, Jacksonville Beach, and the Town of Orange Park

1.2 million customers and thousands of businesses in north Florida

- Committed to protecting our natural resources and supports designated MFL strategy project
- However, the strategy
 - is unclear in presenting financial obligations – up to \$13M
 - may place water supply allocation at risk
- Requested 60 days to vet these important documents
- Proposes to challenge the strategy through petition, which will lead to legal arbitration

Recommendation: Grant CEO authority to continue work with the St. John's River Water Management District to include, if necessary, the submission of an administrative petition



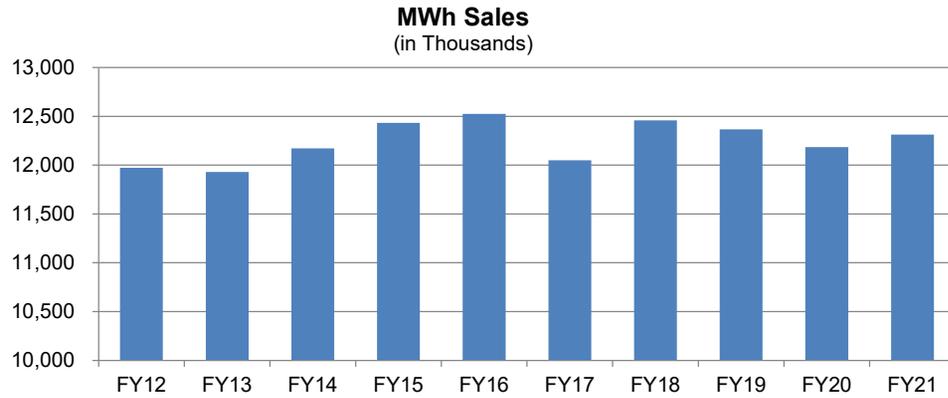
Monthly Financial & Operations Report

Russell Caffey
Controller



April 27, 2021

JEA Electric System MWh Sales



Month	FY20	FY21	%
Oct	1,051,888	1,023,521	(2.7%)
Nov	825,249	855,434	3.7%
Dec	935,174	1,068,044	14.2%
Jan	947,721	934,388	(1.4%)
Feb	828,828	858,434	3.6%
Mar	954,440	911,505	(4.5%)
YTD	5,543,299	5,651,326	2.0%
Apr	854,707		
May	1,032,730		
Jun	1,117,064		
Jul	1,266,372		
Aug	1,248,005		
Sep	1,122,383		
Total/Forecast	12,184,561	12,313,368	1.1%

Forecast = YTD actual plus budget sales for future months

YTD Customer Accounts		
FY20	FY21	%
482,343	492,080	2.0%

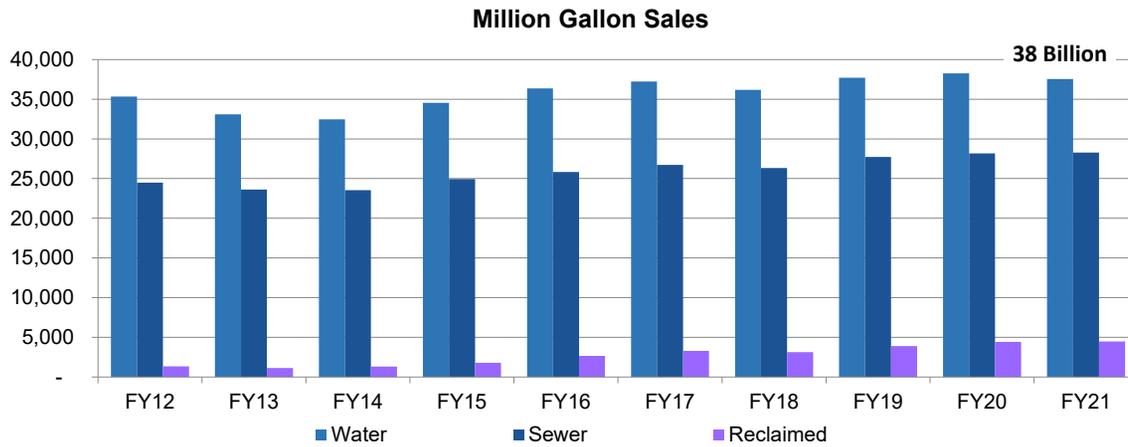
YTD Degree Days			
30-yr. Avg.	FY20	FY21	Δ
1,651	1,566	1,728	162

Total System	2.0%
Residential	8.9%
Commercial	(2.9%)
Industrial	(4.0%)

Residential unit sales are up 8.9% due to a significant increase in degree days YTD and 9,737 new customer accounts, partially offset by lower commercial and industrial sales



JEA Water/Wastewater System Million Gallon Sales



YTD Customer Accounts		
FY20	FY21	%
361,266	370,317	2.5%

YTD Rain			
	30-yr. Avg.	FY20	FY21
Inches	19	18	19
Days	46	43	60

Total System	(5.9%)
Residential	(2.2%)
Commercial	(3.7%)
Irrigation	(24.7%)

Month	FY20	FY21	%
Oct	3,294	3,041	(7.7%)
Nov	2,949	2,753	(6.6%)
Dec	2,934	2,914	(0.7%)
Jan	2,943	2,824	(4.0%)
Feb	2,642	2,389	(9.6%)
Mar	3,429	3,190	(7.0%)
YTD	18,191	17,112	(5.9%)
Apr	3,068		
May	3,990		
Jun	3,135		
Jul	3,642		
Aug	3,235		
Sep	3,010		
Total/Forecast	38,272	37,539	(1.9%)

Forecast = YTD actual plus budget sales for future months

Irrigation unit sales are down 25.6% driven by above average rain days YTD



JEA Electric System Financial Forecast

Current Year Forecast

Revenues

- May 2020 \$24 million customer fuel credit, and higher unit sales results in a \$38 million variance

Expenses

- Increased fuel expenses due to higher projected fuel prices
- \$1 million higher O&M in FY21

Debt/Debt Service/Capital

- Budget basis: FY20 early debt retirement funded with prior years' funds and debt management rate stabilization
- \$107 million Early Debt Retirement from capital balances
- FY21 100% CAPEX funded with current year revenues

\$ in millions	FY20 Actual	FY21 Forecast	Δ
Unit Sales - MWh	12,184,561	12,313,368	128,807
Current Year Revenues	\$1,169	\$1,207	\$38
Prior Period - <u>Budget Basis</u>	\$25	\$107	\$82
Total Revenues	\$1,194	\$1,314	\$120
Fuel Expense	\$343	\$398	\$55
O&M ¹	\$218	\$219	\$1
Non Fuel Purchased Power	\$72	\$68	(\$4)
Transfer to / (from) Fuel Reserve	\$26	(\$2)	(\$28)
Net Revenues	\$535	\$631	\$96
Total Debt Service	\$133	\$126	(\$7)
City Contribution	\$94	\$94	\$0
Replacement & Renewal (R&R) and Operating Capital Outlay (OCO)	\$283	\$304	\$21
Early Debt Retirement	\$55	\$107	\$52
Debt Mgmt Rate Stabilization	(\$30)	\$0	\$30
Other Expenses ²	\$0	\$0	\$0
Balance	\$0	\$0	\$0
Capital Expenditures (\$197 target)	\$194	\$187	(\$7)



¹Includes DSM and Environmental Expenses

²Includes DSM and Environmental stabilization transfers, emergency reserve, uncollectibles, PSC fees and other debt financing costs

JEA Water/Wastewater System Financial Forecast

Current Year Forecast

System Sales Revenues

- \$1 million lower due to unit sales

Expenses

- O&M expenses are stable

Debt/Debt Service/Capital

- Debt service lower in FY21 due to early debt retirement extended through FY22
- Note: FY20 early debt retirement funded with prior years' funds and debt management rate stabilization on a budget basis
- FY21 CAPEX currently forecasted at \$248 million, funded with current year revenues and up to \$21 million of new debt

Unit sales in million gallons \$ in millions	FY20 Actual	FY21 Forecast	Δ
Unit Sales – Water	38,272	37,539	(733)
Unit Sales – Sewer	28,160	28,267	107
Unit Sales – Reclaim	4,427	4,474	47
System Sales Revenues	\$454	\$453	(\$1)
Other Revenues ¹	\$50	\$52	\$2
Prior Period – Budget Basis Capital	\$34	\$0	(\$34)
Total Revenues	\$538	\$505	(\$33)
O&M	\$171	\$166	(\$5)
Net Revenues	\$367	\$339	(\$28)
Total Debt Service	\$72	\$59	(\$13)
City Contribution	\$28	\$27	(\$1)
Replacement & Renewal (R&R) and Operating Capital Outlay (OCO)	\$213	\$246	\$33
Early Debt Retirement	\$48	\$0	(\$48)
Debt Mgmt Rate Stabilization	(\$14)	\$0	\$14
Other Expenses ²	\$11	\$7	(\$4)
Balance	\$9	\$0	\$9
Capital Expenditures (\$297 target)	\$189	\$248	\$59



¹Includes Capacity Fees and Other Income

²Includes uncollectibles, Environmental stabilization transfers, emergency reserve, other debt financing costs and interlocal agreements

FY 2021 Pay for Performance Program Corporate Performance Factors

Safety

0.68 YTD

Does Not Meet	RIR > 1.4
Meets	RIR ≤ 1.4
Exceeds	RIR ≤ 1.2

Customer Satisfaction

Residential

4th Quartile

Does Not Meet	≤ 2 nd Quartile
Meets	> 2 nd Quartile
Exceeds	≥ 50 th %tile of 1 st Quartile

Commercial

4th Quartile

Does Not Meet	< Top Ten Nationally
Meets	Top Ten Nationally
Exceeds	#1 Nationally

Cost Control

(Forecast as of Mar-2021)

Electric

\$48.83/MWh

Does Not Meet	cost > \$53.51
Meets	cost ≤ \$53.51
Exceeds	cost ≤ \$52.75

Water

\$5.12/Kgal

Does Not Meet	cost > \$5.31
Meets	cost ≤ \$5.31
Exceeds	cost < \$5.20

Wastewater

\$8.67/Kgal

Does Not Meet	cost > \$10.24
Meets	cost ≤ \$10.24
Exceeds	cost ≤ \$9.95

Current status of
Performance Factors
would result in a
payout of **3.3%** of
base salaries.



All participants shall be eligible for the same percentage of payout based on the achievement of the metrics, not to exceed 5% of base salary. Achievement Value for each of the six corporate performance factors is 0.5% for meets target, and 0.83% for exceeds target.

Operations Scorecard Electric System

Electric System	FY2020	FY2021 Goal	FY2021	Status
JEA Safety RIR (total JEA)	0.81	1.2 - 1.4	0.68	
Sales Forecast (million MWh)	12.2	12.2	12.31	
T&D Grid Performance Customer Outage				
System Average Interruption Frequency Index (SAIFI) (outages/year per customer)	1.4	1.4 - 1.6	1.5	
System Average Interruption Duration Index (SAIDI) (minutes/year per customer)	89	75 - 80	80	
System Average RMS Variation Frequency Index (SARFI-80) (low voltage events/year per meter)	41	45	38	
Customer Experiencing Multiple Interruptions (CEMI ₅) (% of customers > 5 outages/year)	0.25%	0.80%	0.24%	
Generating Plant Performance				
Generation Fleet Reliability (forced outages rate)	2.31%	2.25% – 2.5%	3.18%	
Environmental Compliance (permit exceedances)	1	<4	0	

Significant Occurrences or Concerns This Month

- **Reliability Metrics:** Metrics had a slight uptick despite the great month we had in March 2021, due to March 2020 (the best March in metric reporting history) rolling off.
- **CEMI₅:** Current reliability at 0.24% with 1,178 of 491,647 customers served experienced more than 5 outages in the last 12 months.
- **Environmental Permit Exceedances:** Electric Systems has not experienced any environmental permit exceedances in FY21.
- **EFOR:** The JEA Fleet Forced Outage Rate is currently at 3.18%.



Operations Scorecard Water/Wastewater System

Water & Wastewater	FY2020	FY2021 Goal	FY2021	Status
JEA Safety RIR (total JEA)	0.81	1.2	0.68	
Sales Forecast (kGals in 1000's)	38,272	38,000	37,539	
Water Unplanned Outages (# cust.)	15,342	6,750	3,874	
Consumptive Use Permit (CUP) Compliance	Yes	Yes	Yes	
Nitrogen to the River (tons)	299	450	189 YTD	
Sanitary Sewer Overflows (# SSO's)	48	30	21	
Water Pressure (avg min < 30 psi)	4.0	3.0	2.1	

Significant Occurrences or Concerns This Month

- **Unplanned Water Main Outages:** We experienced 186 customers with an unplanned water outage due to 7 water main breaks this month. We had 3 outages this month that was a result of Third Party Damage, and is not included in this metric.
- **CUP:** Average daily flow of 108 MGD is 24% below CY21 limit of 142 MGD; reclaimed usage at 18 MGD.
- **Nitrogen to River:** FY21 Forecast is 404 tons. JEA has a limit of 683 tons per year and provides the COJ with 37 tons.
- **SSO's Impacting Waters of the US:** YTD: 21 occurrences, 0.40 per 100 miles of pipe. There were a total 2 SSO events in March. There were 4 SSO events that were a result of Third Party Damage, which is not included in this metric. Root cause analysis is performed on each SSO.
- **Water Pressure Average Minutes < 30 psi:** 2.1 YTD. There were no major events during the month of March.





Additional Information



April 27, 2021

Monthly Financial & Operations Report Combined Debt Outstanding

Electric System (ES, BPSS, SJRPP)

- Debt outstanding: \$1,778, \$185 lower due to \$81 October 1st principal payments and \$104 March 2021 early debt retirement
- Unhedged Variable Rate Debt reduced by \$75 as part of the March 2021 early debt retirement
- Total Debt is planned to be reduced in FY21 by \$287 from \$1,963 to \$1,676

Water/Sewer System

- Debt outstanding: \$1,241, \$20 lower due to October 1st principal payments
- Variable rate debt: \$253, \$153 unhedged

JEA Combined

- Total Debt is projected to be reduced by \$309 in FY21 from \$3,257 to \$2,948

(\$ in millions)	Principal Sep 2020	Principal Mar 2021	Change	Mar 2021 Weighted Average Interest Rates
Electric System (ES)				
Fixed rate bonds	\$1,022	\$938	(\$84)	3.95%
Hedged variable rate bonds	406	403	(3)	4.46%
Unhedged variable rate bonds	181	103	(78)	0.63%
Revolving credit agreement	--	--	--	--
Total	\$1,609	\$1,444	(\$165)	3.86%
Bulk Power Supply System (BPSS)				
Fixed rate bonds	\$89	\$82	(7)	3.89%
Total	\$89	\$82	(7)	3.89%
St. John's River Power Park (SJRPP)				
Fixed rate bonds	\$265	\$252	(\$13)	3.95%
Revolving credit agreement	--	--	--	--
Total	\$265	\$252	(\$13)	3.95%
Combined ES, BPSS and SJRPP	\$1,963	\$1,778	(\$185)	3.88%
Water and Sewer System				
Fixed rate bonds	\$997	\$988	(\$9)	3.94%
Hedged variable rate bonds	104	95	(9)	4.50%
Unhedged variable rate bonds	155	153	(2)	0.60%
Revolving credit agreement	5	5	--	1.27%
Total	\$1,261	\$1,241	(\$20)	3.58%
District Energy System				
Fixed rate bonds	\$33	\$31	(\$2)	4.27%
Total	\$33	\$31	(\$2)	4.27%
Total JEA Debt	\$3,257	\$3,050	(\$207)	3.76%



Interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments.

Monthly Financial & Operations Report Key Financial Metrics

Electric System	FY21 YTD	FY21 Forecast	Target	Result	Moody's
Debt Service Coverage	4.8x	5.2x	≥ 2.2x	✓	2.2x ¹
Days Liquidity	330	325	150 to 250 days	✓	254 ¹
Days Cash on Hand	158	158	N/A	✓	229 ¹
Debt/Asset %	56%	52%	50%	✓	47% ¹
Moody's/S&P/Fitch Ratings	A2/A+/AA				A2

¹ Fiscal 2019 medians by public power utility – Top 30 City Owned Generators (By Debt Outstanding – Aa-rated). Moody's Sector In-Depth – Public Power Utilities – US, 2020-12-04.

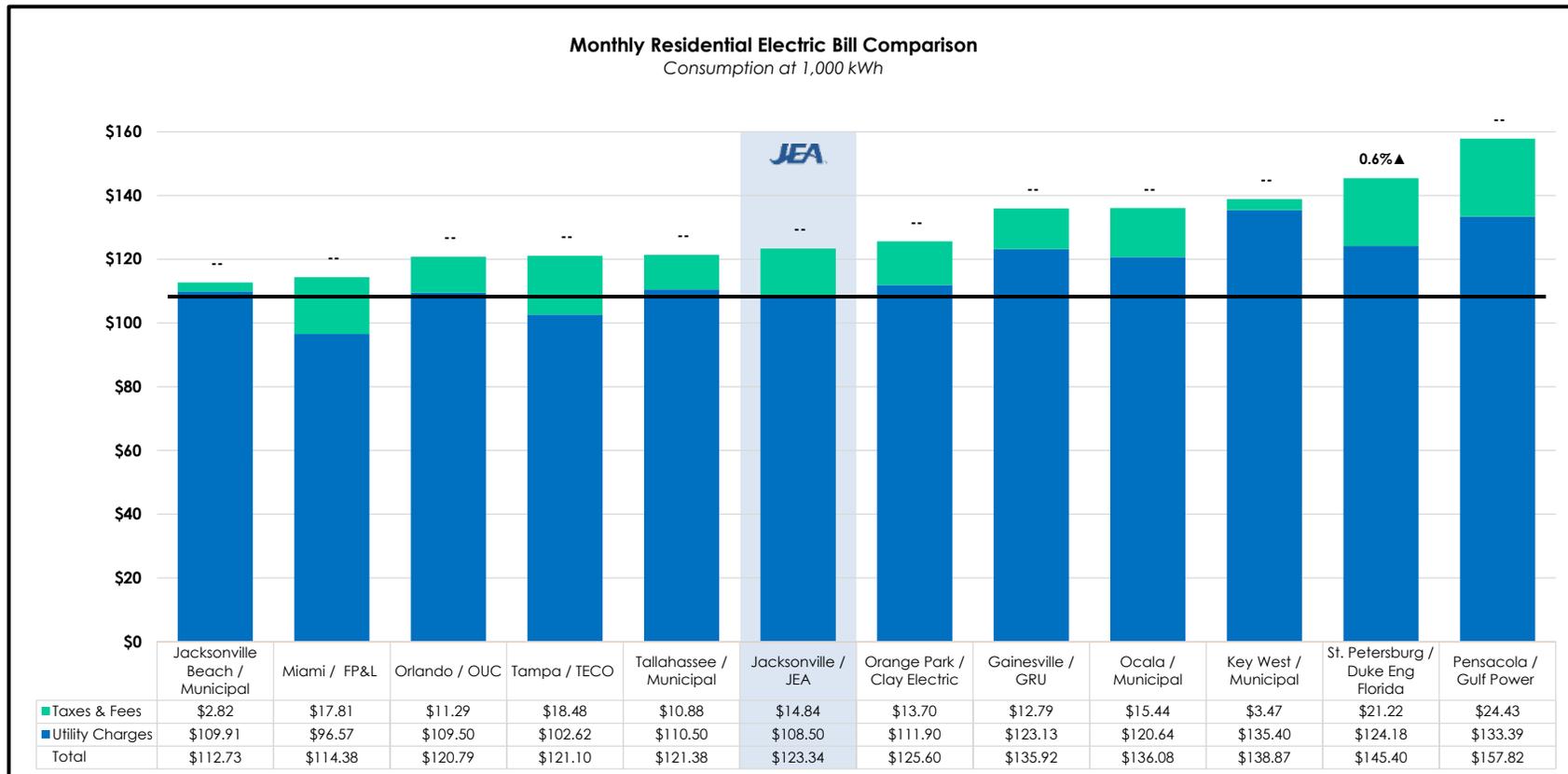
Water/Wastewater System	FY21 YTD	FY21 Forecast	Target	Result	Moody's
Debt Service Coverage	6.0x	5.9x	≥ 1.8x	✓	2.4x ²
Days Liquidity	413	405	150 to 250 days	✓	-
Days Cash on Hand	242	241	N/A	✓	504 ²
Debt/Asset %	41%	40%	50%	✓	-
Moody's/S&P/Fitch Ratings	Aa3/AA+/AA				Aa3

² Moody's Water and Sewer Utilities - 2018 medians US combined water and sewer utilities by rating category, Aa-rated. Moody's Sector in Depth – Water and Sewer Utilities – US, 2020-05-19.



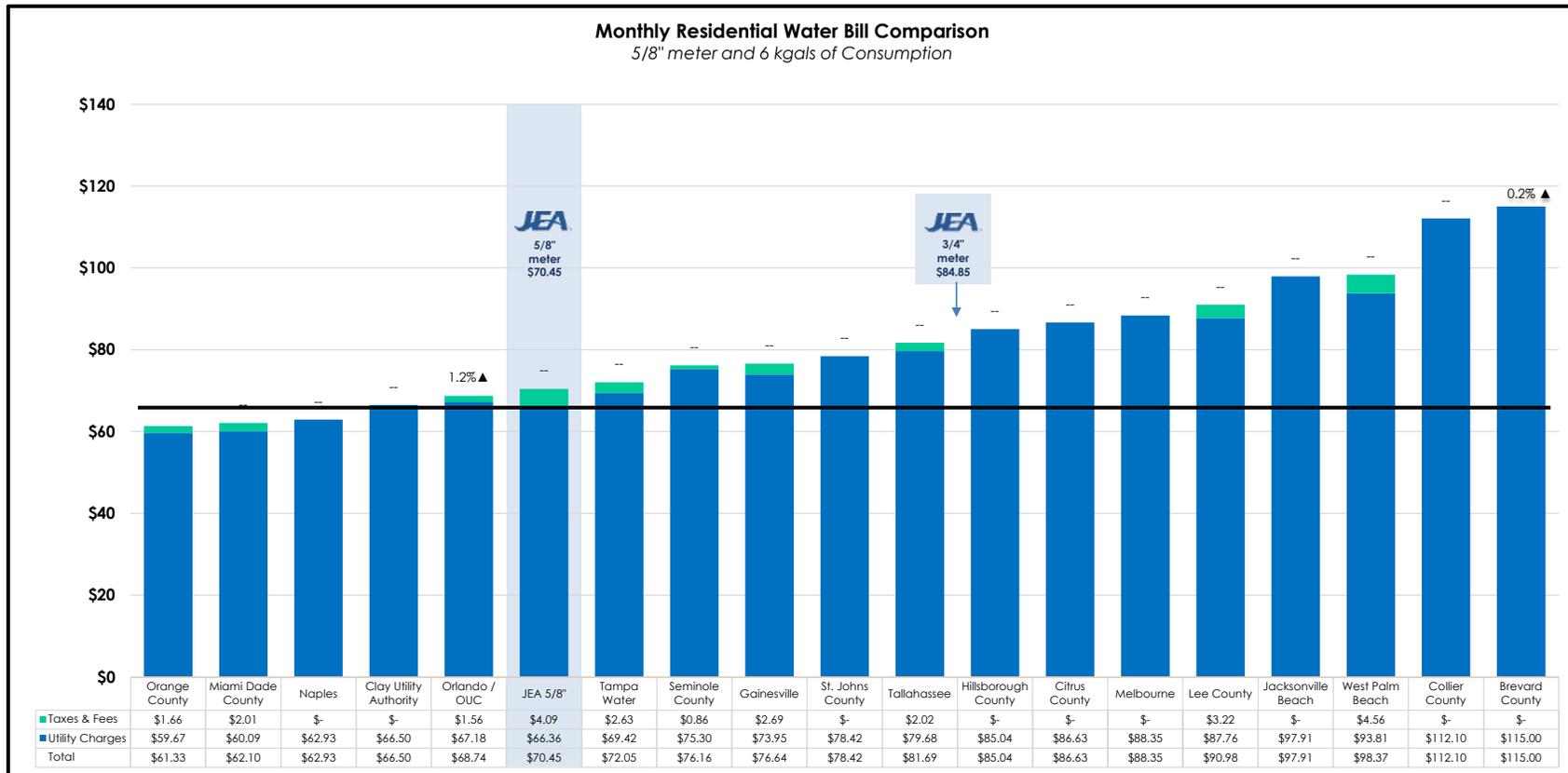
Monthly Financial & Operations Report

Florida Utilities Monthly Bill Comparison - Electric



Monthly Financial & Operations Report

Florida Utilities Monthly Bill Comparison – Water/Wastewater



Note: JEA currently has approximately 120,000 5/8" meters and 160,000 3/4" meters

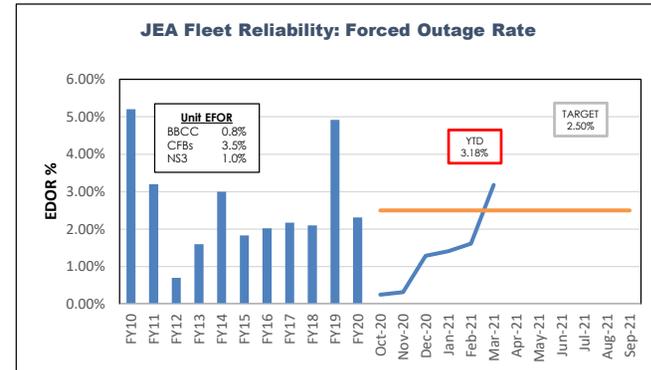
Monthly Financial & Operations Report

FY2021 Electric System Update

Generating Fleet Reliability

The JEA Fleet Forced Outage Rate (EFOR) was 3.18% in March. The increase in EFOR was mainly driven by two separate unit derate issues at the Northside Generating Station. The first was the continuation into March of the NGS U2 main transformer cooling system fan failure and repairs, whereas the second was associated with a water chemistry (high sodium levels) issue that prolonged the startup and limited full load operation of NGS U3. Although we are currently not meeting the goal of 2.50%, the latest “best possible” outcome is calculated to come in better than target at 1.38%.

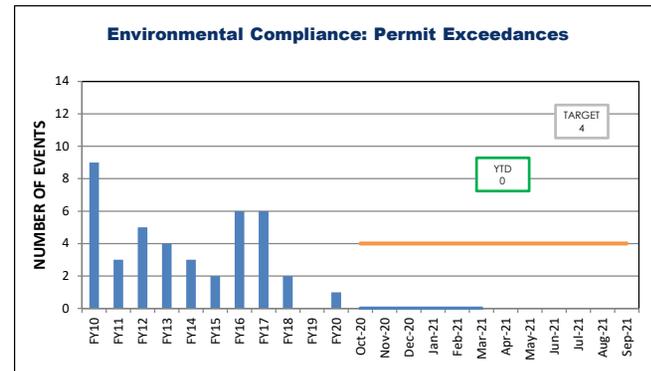
Generating Plant Performance	Metric	FY2019	FY2020	FY2021 Target	FY2021
Generation Fleet Reliability	Forced Outages Rate	4.9%	2.31%	2.25% - 2.50%	3.18%
Environmental Compliance	Permit Exceedances	0	1	4	0



Environmental Compliance

Electric Systems has not experienced any environmental permit exceedances in FY21

JEA remains actively engaged in preparing for all new and emerging environmental regulations



Monthly Financial & Operations Report

FY2021 Electric System Update

Electric Service Reliability

Outage frequency and duration have been reduced significantly over the last 10 years; running flat over last several years

The typical JEA customer sees 1.5 outages per year and a total outage duration of about 80 minutes

Power Quality

FY21 (38.3) is better than target

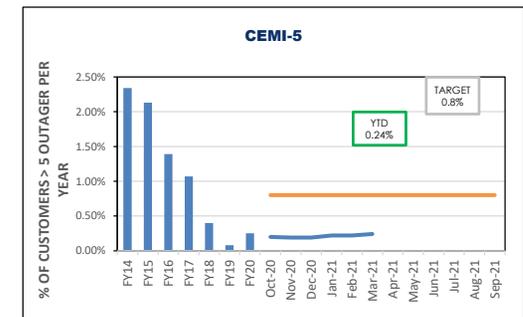
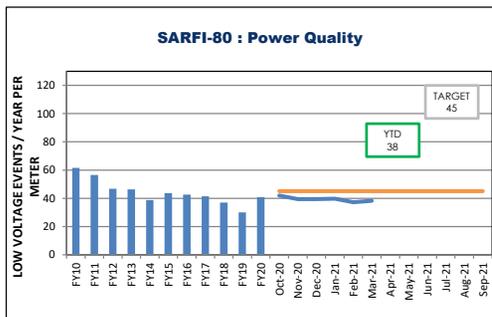
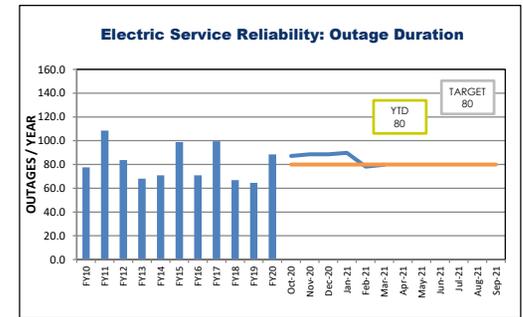
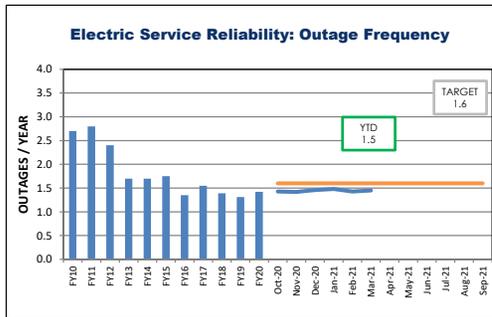
CEMI-5

Improvement trend over past three years for CEMI5. 1,178 (0.22%) of our 491,647 customers have experienced more than 5 outages in the past 12 months

Other Operational Metrics

Continue showing favorable trends over time

T&D Grid Performance	Metric	FY2019	FY2020	FY2021 Target	FY2021
Customer Outage Frequency	# of Outages per Year	1.3	1.4	1.4 - 1.6	1.5
Electric Outage Duration	# of Minutes out per Year	65	89	75 - 80	79.8
SARFI-80 Power Quality	low voltage events/year per meter	30.0	40.9	45.0	38.3
CEMI ₅	% Customers > 5 outages per yr	0.08%	0.25%	0.8%	0.24%



Monthly Financial & Operations Report

FY2021 Water/Wastewater System Update - System Reliability

Unplanned Water Outages

Percentage of customers affected by unplanned outages

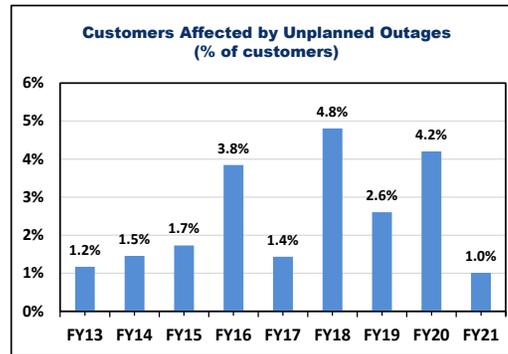
Water Pressure (minutes per month < 30 psi)

Measured by 413 pressure monitoring stations in the distribution system. Pressure must be greater than 30 psi, and is expected to be greater than 50 psi. Regulatory requirement is a minimum of 20 psi.

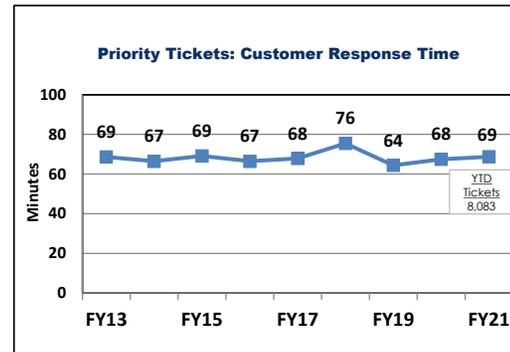
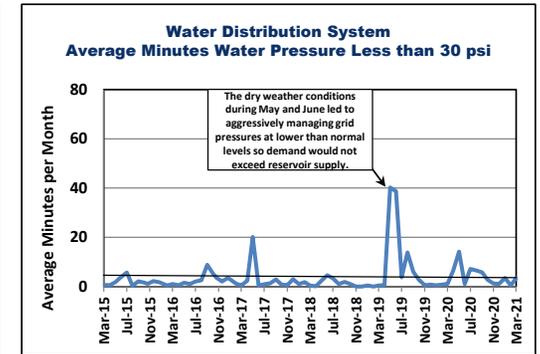
Customer Response Time

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

Compliance	Metric	2019	2020	2021 Target	FY2021
Water Main Outages	# of Customers per Year	9,268	15,342	6,750	3,874



*Excludes Third Party Damage



Monthly Financial & Operations Report FY2021 Water/Wastewater System Update

Water System Consumptive Use Permit (CUP) St. Johns River Water Management District CUP

YTD CUP Allocation

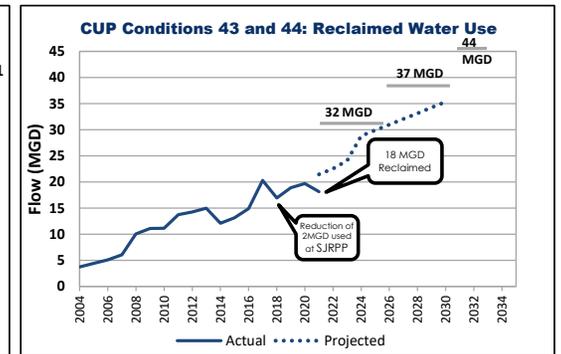
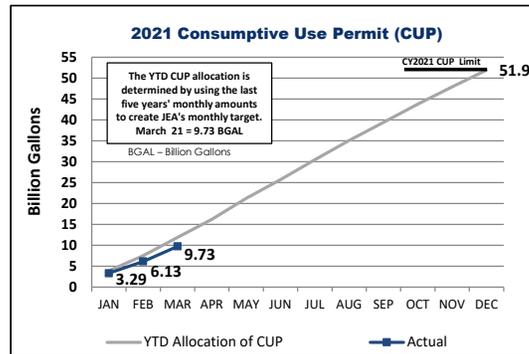
The YTD CUP allocation is determined by using the last five years' monthly amounts to create JEA's monthly target

March 2021 = 9.73 BGAL

Condition 18

YTD average daily flow is 24% below CY limit of 142 MGD

Compliance	Metric – CY Basis	2018	2019	2020	2021 Target	CY2021
Water	CUP Limits (MGD)	112 (135 limit)	119 (138 limit)	118 (140 limit)	142 limit	108
South Grid	Wellfield Allocation (MGD)	46.35 (<50.23 limit)	47.90 (<50.23 limit)	47.70 (<50.23 limit)	50.23 limit	44.02
Reclaim	Usage (MGD)	17	19	20	21	18



CUP Condition 50 : South Grid Wellfield Allocation Limits

Critical Wellfields	Actuals						YTD 2021	Post Sep-14 Permit Limit
	2016	2017	2018	2019	2020	2021		
Deerwood III	7.88	7.64	7.17	7.18	7.17	5.95	7.00	
Ridenour	7.64	6.68	6.54	6.75	6.71	6.37	6.85	
Oakridge	5.79	5.49	5.55	5.41	5.50	4.77	5.65	
Greenland	4.16	3.99	4.18	4.31	4.47	4.45	4.53	
Brierwood	3.36	2.98	2.43	2.74	2.70	2.65	3.02	
Subtotal	28.83	26.78	25.87	26.39	26.54	24.20	27.05	
Other Wellfields	24.12	21.85	20.48	21.51	21.16	19.82	23.18	
Total South Grid	52.95	48.62	46.35	47.90	47.70	44.02	50.23	
Total System ADF MGD	107	114	112	118	118	108	142	



Monthly Financial & Operations Report FY2021 Water/Wastewater System Update

Wastewater System Environmental Compliance

Sanitary Sewer Outflows

(SSOs to US Waters)

FY04 – FY07: 54/yr average

FY08 – FY20: 34/yr average

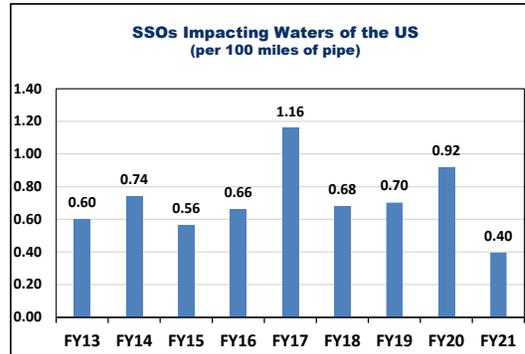
21 SSO's impacting US Waters during FY21

Nitrogen Discharge to St. Johns River

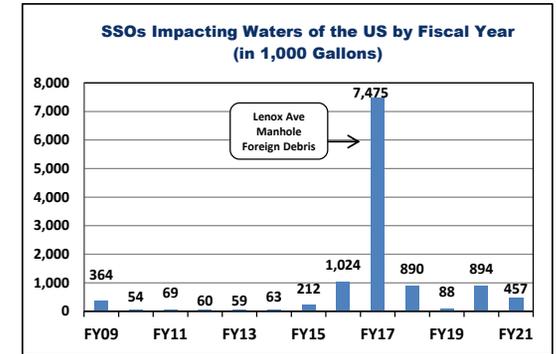
Total Maximum Daily Load (TMDL) Permit Limit is 683 tons (rolling 12 month total)

FY21 projection is 404 tons

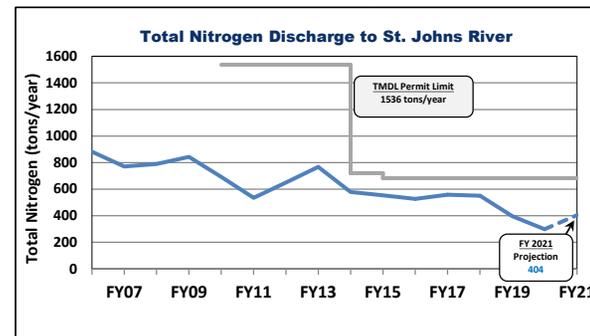
Compliance	Metric	2019	2020	2021 Target	FY2021
Sewer	Nitrogen (N) Tons – FY basis	397 (TMDL of 683*)	299 (TMDL of 683*)	450	189
Sewer	SSOs – US Waters (per 100 miles of pipe)	0.70	0.92	0.58	0.40



*Excludes Third Party Damage



*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.





Monthly Financial Statements

March 2021

Monthly Financial Statements

March 2021

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JEA
Statements of Net Position
(in thousands)

Page 2

	March 2021	September 2020
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 347,238	\$ 387,148
Investments	64,136	3,107
Customer accounts receivable, net of allowance (\$4,186 and \$3,864, respectively)	175,007	219,814
Inventories:		
Materials and supplies	60,528	61,663
Fuel	32,997	37,822
Other current assets	8,854	16,364
Total current assets	<u>688,760</u>	<u>725,918</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	168,980	253,984
Investments	307,465	311,130
Accounts and interest receivable	1,071	1,071
Total restricted assets	<u>477,516</u>	<u>566,185</u>
Costs to be recovered from future revenues	836,450	852,314
Other assets	44,581	32,221
Total noncurrent assets	<u>1,358,547</u>	<u>1,450,720</u>
Capital assets:		
Land and easements	217,407	216,918
Plant in service	12,383,514	12,124,453
Less accumulated depreciation	<u>(7,345,317)</u>	<u>(7,161,707)</u>
Plant in service, net	5,255,604	5,179,664
Construction work in progress	212,713	331,511
Net capital assets	<u>5,468,317</u>	<u>5,511,175</u>
Total assets	<u>7,515,624</u>	<u>7,687,813</u>
Deferred outflows of resources		
Accumulated decrease in fair value of hedging derivatives	126,022	179,286
Unrealized pension contributions and losses	143,881	143,881
Unamortized deferred losses on refundings	95,958	100,314
Unrealized asset retirement obligations	35,410	35,241
Unrealized OPEB contributions and losses	9,406	9,406
Total deferred outflows of resources	<u>410,677</u>	<u>468,128</u>
Total assets and deferred outflows of resources	<u>\$ 7,926,301</u>	<u>\$ 8,155,941</u>

JEA
Statements of Net Position
(in thousands)

Page 3

	March 2021		September 2020
	(unaudited)		
Liabilities			
Current liabilities:			
Customer deposits and prepayments	\$ 70,302	\$	71,304
Accounts and accrued expenses payable	47,243		66,622
Billings on behalf of state and local governments	21,405		26,005
Compensation and benefits payable	15,646		14,599
City of Jacksonville payable	10,040		10,255
Asset retirement obligations	3,176		4,136
Total current liabilities	167,812		192,921
Current liabilities payable from restricted assets:			
Debt due within one year	91,535		102,700
Interest payable	54,774		52,856
Construction contracts and accounts payable	15,732		46,977
Renewal and replacement reserve	36,708		37,910
Total current liabilities payable from restricted assets	198,749		240,443
Noncurrent liabilities:			
Net pension liability	641,086		641,086
Asset retirement obligations	32,234		31,105
Compensation and benefits payable	31,683		31,342
Net OPEB liability	10,091		10,091
Other liabilities	19,294		20,556
Total noncurrent liabilities	734,388		734,180
Long-term debt:			
Debt payable, less current portion	2,958,665	3,154,590	
Unamortized premium, net	162,774	174,205	
Fair value of debt management strategy instruments	125,176	177,288	
Total long-term debt	3,246,615	3,506,083	
Total liabilities	4,347,564	4,673,627	
Deferred inflows of resources			
Revenues to be used for future costs	203,307	206,782	
Unrealized pension gains	24,304	24,304	
Unrealized OPEB gains	15,294	15,294	
Accumulated increase in fair value of hedging derivatives	13,930	11,944	
Total deferred inflows of resources	256,835	258,324	
Net position			
Net investment in capital assets	2,720,326	2,532,627	
Restricted for:			
Capital projects	174,819	204,855	
Debt service	44,641	101,558	
Other purposes	45,844	48,617	
Unrestricted	336,272	336,333	
Total net position	3,321,902	3,223,990	
Total liabilities, deferred inflows of resources, and net position	\$ 7,926,301	\$ 8,155,941	

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

Page 4

	Month		Year-to-Date	
	2021	2020	2021	2020
Operating revenues				
Electric - base	\$ 64,720	\$ 66,471	\$ 398,322	\$ 415,522
Electric - fuel and purchased power	22,267	25,060	175,277	154,380
Water and sewer	42,124	41,221	217,044	237,312
District energy system	536	579	3,508	3,798
Other operating revenues	3,010	2,541	17,861	18,439
Total operating revenues	132,657	135,872	812,012	829,451
Operating expenses				
Operations and maintenance:				
Maintenance and other operating expenses	32,494	33,709	180,214	202,089
Fuel	25,721	21,991	160,969	133,164
Purchased power	7,055	6,174	43,876	41,053
Depreciation	33,163	30,965	195,785	182,251
State utility and franchise taxes	5,535	5,309	34,129	33,424
Recognition of deferred costs and revenues, net	2,379	2,481	12,554	14,566
Total operating expenses	106,347	100,629	627,527	606,547
Operating income	26,310	35,243	184,485	222,904
Nonoperating revenues (expenses)				
Interest on debt	(12,833)	(12,645)	(62,433)	(74,425)
Investment income	(1,256)	2,377	993	9,137
Allowance for funds used during construction	694	1,685	3,828	10,675
Other nonoperating income, net	543	586	3,405	3,752
Earnings from The Energy Authority	7,205	241	8,364	723
Other interest, net	(12)	(64)	25	(52)
Total nonoperating expenses, net	(5,659)	(7,820)	(45,818)	(50,190)
Income before contributions	20,651	27,423	138,667	172,714
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(10,002)	(9,902)	(60,007)	(59,412)
Developers and other	5,577	8,209	39,226	47,161
Reduction of plant cost through contributions	(828)	(6,086)	(19,974)	(30,947)
Total contributions, net	(5,253)	(7,779)	(40,755)	(43,198)
Change in net position	15,398	19,644	97,912	129,516
Net position, beginning of period	3,306,504	3,062,605	3,223,990	2,952,733
Net position, end of period	\$ 3,321,902	\$ 3,082,249	\$ 3,321,902	\$ 3,082,249

JEA

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Statement of Cash Flows
(in thousands - unaudited)

	Year-to-Date	
	March	
	2021	2020
Operating activities		
Receipts from customers	\$ 834,666	\$ 811,247
Payments to suppliers	(316,880)	(318,398)
Payments for salaries and benefits	(122,184)	(132,857)
Other operating activities	20,655	21,886
Net cash provided by operating activities	416,257	381,878
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(59,907)	(59,314)
Net cash used in noncapital and related financing activities	(59,907)	(59,314)
Capital and related financing activities		
Defeasance of debt	(104,390)	(93,495)
Acquisition and construction of capital assets	(178,383)	(209,437)
Repayment of debt principal	(102,700)	(192,555)
Interest paid on debt	(64,935)	(77,935)
Capital contributions	19,252	16,214
Other capital financing activities	5,563	(5,743)
Net cash used in capital and related financing activities	(425,593)	(562,951)
Investing activities		
Purchase of investments	(172,312)	(164,816)
Proceeds from sale and maturity of investments	112,593	129,093
Investment income	3,495	7,352
Distributions from The Energy Authority	553	430
Net cash used in investing activities	(55,671)	(27,941)
Net change in cash and cash equivalents	(124,914)	(268,328)
Cash and cash equivalents at beginning of year	641,132	680,222
Cash and cash equivalents at end of period	\$ 516,218	\$ 411,894
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 184,485	\$ 222,904
Adjustments:		
Depreciation and amortization	196,348	182,840
Recognition of deferred costs and revenues, net	12,554	14,566
Other nonoperating income, net	87	331
Changes in noncash assets and noncash liabilities:		
Accounts receivable	44,807	33,752
Inventories	5,960	(5,917)
Other assets	770	1,108
Accounts and accrued expenses payable	(24,328)	(28,515)
Current liabilities payable from restricted assets	(1,855)	(2,621)
Other noncurrent liabilities and deferred inflows	(2,571)	(36,570)
Net cash provided by operating activities	\$ 416,257	\$ 381,878
Noncash activity		
Contribution of capital assets from developers	\$ 19,974	\$ 30,947
Unrealized investment fair market value changes, net	\$ (2,355)	\$ 2,050

JEA
Combining Statement of Net Position
(in thousands - unaudited) March 2021

Page 6

	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	\$ 220,681	\$ 50,849	\$ -	\$ 271,530	74,406	\$ 1,302	\$ 347,238
Investments	59,988	4,148	-	64,136	-	-	64,136
Customer accounts receivable, net of allowance (\$4,186)	122,731	-	-	122,731	52,018	258	175,007
Inventories:							
Materials and supplies	2,351	-	-	2,351	58,177	-	60,528
Fuel	32,997	-	-	32,997	-	-	32,997
Other current assets	10,016	4,618	(8,821)	5,813	3,041	-	8,854
Total current assets	448,764	59,615	(8,821)	499,558	187,642	1,560	688,760
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	66	81,628	-	81,694	84,157	3,129	168,980
Investments	195,630	9,696	-	205,326	102,139	-	307,465
Accounts and interest receivable	1,053	11	-	1,064	7	-	1,071
Total restricted assets	196,749	91,335	-	288,084	186,303	3,129	477,516
Costs to be recovered from future revenues	344,181	227,163	-	571,344	265,076	30	836,450
Other assets	43,097	4,551	(4,500)	43,148	1,412	21	44,581
Total noncurrent assets	584,027	323,049	(4,500)	902,576	452,791	3,180	1,358,547
Capital assets:							
Land and easements	123,749	6,660	-	130,409	83,947	3,051	217,407
Plant in service	5,991,108	1,316,043	-	7,307,151	5,015,614	60,749	12,383,514
Less accumulated depreciation	(3,541,062)	(1,313,584)	-	(4,854,646)	(2,460,140)	(30,531)	(7,345,317)
Plant in service, net	2,573,795	9,119	-	2,582,914	2,639,421	33,269	5,255,604
Construction work in progress	71,617	-	-	71,617	140,846	250	212,713
Net capital assets	2,645,412	9,119	-	2,654,531	2,780,267	33,519	5,468,317
Total assets	3,678,203	391,783	(13,321)	4,056,665	3,420,700	38,259	7,515,624
Deferred outflows of resources							
Accumulated decrease in fair value of hedging derivatives	100,958	-	-	100,958	25,064	-	126,022
Unrealized pension contributions and losses	74,505	17,601	-	92,106	51,775	-	143,881
Unamortized deferred losses on refundings	53,574	3,200	-	56,774	39,021	163	95,958
Unrealized asset retirement obligations	34,058	1,352	-	35,410	-	-	35,410
Unrealized OPEB contributions and losses	5,549	-	-	5,549	3,857	-	9,406
Total deferred outflows of resources	268,644	22,153	-	290,797	119,717	163	410,677
Total assets and deferred outflows of resources	\$ 3,946,847	\$ 413,936	\$ (13,321)	\$ 4,347,462	\$ 3,540,417	\$ 38,422	\$ 7,926,301

JEA
Combining Statement of Net Position
(in thousands - unaudited) March 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Customer deposits and prepayments	\$ 53,101	\$ -	\$ -	\$ 53,101	\$ 17,201	\$ -	\$ 70,302
Accounts and accrued expenses payable	41,144	4,895	(4,615)	41,424	5,791	28	47,243
Billings on behalf of state and local governments	17,692	-	-	17,692	3,713	-	21,405
Compensation and benefits payable	11,331	-	-	11,331	4,271	44	15,646
City of Jacksonville payable	7,803	-	-	7,803	2,237	-	10,040
Asset retirement obligations	1,824	1,352	-	3,176	-	-	3,176
Total current liabilities	132,895	6,247	(4,615)	134,527	33,213	72	167,812
Current liabilities payable from restricted assets:							
Debt due within one year	66,220	14,175	-	80,395	9,370	1,770	91,535
Interest payable	25,703	4,947	-	30,650	23,497	627	54,774
Construction contracts and accounts payable	3,740	4,922	(4,206)	4,456	11,259	17	15,732
Renewal and replacement reserve	-	36,708	-	36,708	-	-	36,708
Total current liabilities payable from restricted assets	95,663	60,752	(4,206)	152,209	44,126	2,414	198,749
Noncurrent liabilities:							
Net pension liability	373,642	7,794	-	381,436	259,650	-	641,086
Asset retirement obligations	32,234	-	-	32,234	-	-	32,234
Compensation and benefits payable	22,643	-	-	22,643	8,971	69	31,683
Net OPEB liability	5,954	-	-	5,954	4,137	-	10,091
Other liabilities	19,294	4,500	(4,500)	19,294	-	-	19,294
Total noncurrent liabilities	453,767	12,294	(4,500)	461,561	272,758	69	734,388
Long-term debt:							
Debt payable, less current portion	1,459,240	237,590	-	1,696,830	1,232,195	29,640	2,958,665
Unamortized premium (discount), net	89,381	557	-	89,938	72,858	(22)	162,774
Fair value of debt management strategy instruments	100,112	-	-	100,112	25,064	-	125,176
Total long-term debt	1,648,733	238,147	-	1,886,880	1,330,117	29,618	3,246,615
Total liabilities	2,331,058	317,440	(13,321)	2,635,177	1,680,214	32,173	4,347,564
Deferred inflows of resources							
Revenues to be used for future costs	168,712	5,821	-	174,533	28,774	-	203,307
Unrealized pension gains	11,988	3,986	-	15,974	8,330	-	24,304
Unrealized OPEB gains	9,023	-	-	9,023	6,271	-	15,294
Accumulated increase in fair value of hedging derivatives	13,930	-	-	13,930	-	-	13,930
Total deferred inflows of resources	203,653	9,807	-	213,460	43,375	-	256,835
Net position							
Net investment in (divestment of) capital assets	1,130,765	(7,167)	-	1,123,598	1,594,422	2,306	2,720,326
Restricted for:							
Capital projects	79,066	-	-	79,066	94,136	1,617	174,819
Debt service	31,827	7,454	-	39,281	4,475	885	44,641
Other purposes	4,309	31,630	4,206	40,145	5,699	-	45,844
Unrestricted	166,169	54,772	(4,206)	216,735	118,096	1,441	336,272
Total net position	1,412,136	86,689	-	1,498,825	1,816,828	6,249	3,321,902
Total liabilities, deferred inflows of resources, and net position	\$ 3,946,847	\$ 413,936	\$ (13,321)	\$ 4,347,462	\$ 3,540,417	\$ 38,422	\$ 7,926,301

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Combining Statement of Net Position
(in thousands) September 2020

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	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 266,683	\$ 51,814	\$ -	\$ 318,497	\$ 67,036	\$ 1,615	\$ 387,148
Investments	-	3,107	-	3,107	-	-	3,107
Customer accounts receivable, net of allowance (\$3,864)	165,515	-	-	165,515	54,176	123	219,814
Inventories:							
Materials and supplies	2,378	-	-	2,378	59,285	-	61,663
Fuel	37,822	-	-	37,822	-	-	37,822
Other current assets	14,981	5,361	(9,519)	10,823	5,541	-	16,364
Total current assets	487,379	60,282	(9,519)	538,142	186,038	1,738	725,918
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	89,193	89,318	-	178,511	71,232	4,241	253,984
Investments	202,036	10,227	-	212,263	98,867	-	311,130
Accounts and interest receivable	1,053	11	-	1,064	7	-	1,071
Total restricted assets	292,282	99,556	-	391,838	170,106	4,241	566,185
Costs to be recovered from future revenues	348,740	234,170	-	582,910	269,374	30	852,314
Other assets	30,649	4,500	(4,500)	30,649	1,569	3	32,221
Total noncurrent assets	671,671	338,226	(4,500)	1,005,397	441,049	4,274	1,450,720
Capital assets:							
Land and easements	123,748	6,660	-	130,408	83,459	3,051	216,918
Plant in service	5,835,887	1,316,043	-	7,151,930	4,912,993	59,530	12,124,453
Less accumulated depreciation	(3,439,442)	(1,313,379)	-	(4,752,821)	(2,379,631)	(29,255)	(7,161,707)
Plant in service, net	2,520,193	9,324	-	2,529,517	2,616,821	33,326	5,179,664
Construction work in progress	154,702	-	-	154,702	175,783	1,026	331,511
Net capital assets	2,674,895	9,324	-	2,684,219	2,792,604	34,352	5,511,175
Total assets	3,833,945	407,832	(14,019)	4,227,758	3,419,691	40,364	7,687,813
Deferred outflows of resources							
Accumulated decrease in fair value of hedging derivatives	141,605	-	-	141,605	37,681	-	179,286
Unrealized pension contributions and losses	74,505	17,601	-	92,106	51,775	-	143,881
Unamortized deferred losses on refundings	56,693	3,300	-	59,993	40,152	169	100,314
Unrealized asset retirement obligations	32,368	2,873	-	35,241	-	-	35,241
Unrealized OPEB contributions and losses	5,549	-	-	5,549	3,857	-	9,406
Total deferred outflows of resources	310,720	23,774	-	334,494	133,465	169	468,128
Total assets and deferred outflows of resources	\$ 4,144,665	\$ 431,606	\$ (14,019)	\$ 4,562,252	\$ 3,553,156	\$ 40,533	\$ 8,155,941

JEA
Combining Statement of Net Position
(in thousands) September 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Customer deposits and prepayments	\$ 53,779	\$ -	\$ -	\$ 53,779	\$ 17,525	\$ -	\$ 71,304
Accounts and accrued expenses payable	57,341	5,658	(5,376)	57,623	8,855	144	66,622
Billings on behalf of state and local governments	22,171	-	-	22,171	3,834	-	26,005
Compensation and benefits payable	10,301	-	-	10,301	4,262	36	14,599
City of Jacksonville payable	8,159	-	-	8,159	2,096	-	10,255
Asset retirement obligations	1,263	2,873	-	4,136	-	-	4,136
Total current liabilities	153,014	8,531	(5,376)	156,169	36,572	180	192,921
Current liabilities payable from restricted assets:							
Debt due within one year	67,765	13,340	-	81,105	19,870	1,725	102,700
Interest payable	24,871	5,222	-	30,093	22,115	648	52,856
Construction contracts and accounts payable	15,109	5,575	(4,143)	16,541	30,389	47	46,977
Renewal and replacement reserve	-	37,910	-	37,910	-	-	37,910
Total current liabilities payable from restricted assets	107,745	62,047	(4,143)	165,649	72,374	2,420	240,443
Noncurrent liabilities:							
Net pension liability	373,642	7,794	-	381,436	259,650	-	641,086
Asset retirement obligations	31,105	-	-	31,105	-	-	31,105
Compensation and benefits payable	22,271	-	-	22,271	9,002	69	31,342
Net OPEB liability	5,954	-	-	5,954	4,137	-	10,091
Other liabilities	20,556	4,500	(4,500)	20,556	-	-	20,556
Total noncurrent liabilities	453,528	12,294	(4,500)	461,322	272,789	69	734,180
Long-term debt:							
Debt payable, less current portion	1,629,850	251,765	-	1,881,615	1,241,565	31,410	3,154,590
Unamortized premium (discount), net	95,677	783	-	96,460	77,769	(24)	174,205
Fair value of debt management strategy instruments	139,607	-	-	139,607	37,681	-	177,288
Total long-term debt	1,865,134	252,548	-	2,117,682	1,357,015	31,386	3,506,083
Total liabilities	2,579,421	335,420	(14,019)	2,900,822	1,738,750	34,055	4,673,627
Deferred inflows of resources							
Revenues to be used for future costs	177,589	5,821	-	183,410	23,372	-	206,782
Unrealized pension gains	11,988	3,986	-	15,974	8,330	-	24,304
Unrealized OPEB gains	9,023	-	-	9,023	6,271	-	15,294
Accumulated increase in fair value of hedging derivatives	11,944	-	-	11,944	-	-	11,944
Total deferred inflows of resources	210,544	9,807	-	220,351	37,973	-	258,324
Net position							
Net investment in (divestment of) capital assets	977,434	(14,114)	-	963,320	1,567,914	1,393	2,532,627
Restricted for:							
Capital projects	139,308	-	-	139,308	63,679	1,868	204,855
Debt service	66,487	13,706	-	80,193	19,640	1,725	101,558
Other purposes	5,772	32,163	4,143	42,078	6,539	-	48,617
Unrestricted	165,699	54,624	(4,143)	216,180	118,661	1,492	336,333
Total net position	1,354,700	86,379	-	1,441,079	1,776,433	6,478	3,223,990
Total liabilities, deferred inflows of resources, and net position	\$ 4,144,665	\$ 431,606	\$ (14,019)	\$ 4,562,252	\$ 3,553,156	\$ 40,533	\$ 8,155,941

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Combining Statement of Revenues, Expenses, and Changes in Net Position

(in thousands - unaudited) for the month ended March 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 65,317	\$ -	\$ -	\$ 65,317	\$ -	\$ -	\$ (597)	\$ 64,720
Electric - fuel and purchased power	22,773	2,444	(2,445)	22,772	-	-	(505)	22,267
Water and sewer	-	-	-	-	42,140	-	(16)	42,124
District energy system	-	-	-	-	-	559	(23)	536
Other operating revenues	1,771	1	-	1,772	1,422	-	(184)	3,010
Total operating revenues	89,861	2,445	(2,445)	89,861	43,562	559	(1,325)	132,657
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	19,883	807	-	20,690	12,816	313	(1,325)	32,494
Fuel	25,721	-	-	25,721	-	-	-	25,721
Purchased power	9,500	-	(2,445)	7,055	-	-	-	7,055
Depreciation	18,321	34	-	18,355	14,594	214	-	33,163
State utility and franchise taxes	4,598	-	-	4,598	937	-	-	5,535
Recognition of deferred costs and revenues, net	506	1,157	-	1,663	716	-	-	2,379
Total operating expenses	78,529	1,998	(2,445)	78,082	29,063	527	(1,325)	106,347
Operating income	11,332	447	-	11,779	14,499	32	-	26,310
Nonoperating revenues (expenses)								
Interest on debt	(7,979)	(815)	-	(8,794)	(3,934)	(105)	-	(12,833)
Investment income	(626)	29	-	(597)	(659)	-	-	(1,256)
Allowance for funds used during construction	229	-	-	229	464	1	-	694
Other nonoperating income, net	315	24	-	339	204	-	-	543
Earnings from The Energy Authority	7,205	-	-	7,205	-	-	-	7,205
Other interest, net	(12)	-	-	(12)	-	-	-	(12)
Total nonoperating expenses, net	(868)	(762)	-	(1,630)	(3,925)	(104)	-	(5,659)
Income before contributions	10,464	(315)	-	10,149	10,574	(72)	-	20,651
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,801)	-	-	(7,801)	(2,201)	-	-	(10,002)
Developers and other	368	-	-	368	5,209	-	-	5,577
Reduction of plant cost through contributions	(368)	-	-	(368)	(460)	-	-	(828)
Total contributions, net	(7,801)	-	-	(7,801)	2,548	-	-	(5,253)
Change in net position	2,663	(315)	-	2,348	13,122	(72)	-	15,398
Net position, beginning of period	1,409,473	87,004	-	1,496,477	1,803,706	6,321	-	3,306,504
Net position, end of period	\$ 1,412,136	\$ 86,689	\$ -	\$ 1,498,825	\$ 1,816,828	\$ 6,249	\$ -	\$ 3,321,902

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Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the month ended March 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 67,136	\$ -	\$ -	\$ 67,136	\$ -	\$ -	\$ (665)	\$ 66,471
Electric - fuel and purchased power	25,648	2,093	(2,093)	25,648	-	-	(588)	25,060
Water and sewer	-	-	-	-	41,236	-	(15)	41,221
District energy system	-	-	-	-	-	603	(24)	579
Other operating revenues	1,766	106	-	1,872	918	-	(249)	2,541
Total operating revenues	94,550	2,199	(2,093)	94,656	42,154	603	(1,541)	135,872
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	20,859	704	-	21,563	13,387	300	(1,541)	33,709
Fuel	21,991	-	-	21,991	-	-	-	21,991
Purchased power	8,267	-	(2,093)	6,174	-	-	-	6,174
Depreciation	17,375	34	-	17,409	13,350	206	-	30,965
State utility and franchise taxes	4,408	-	-	4,408	901	-	-	5,309
Recognition of deferred costs and revenues, net	888	1,104	-	1,992	489	-	-	2,481
Total operating expenses	73,788	1,842	(2,093)	73,537	28,127	506	(1,541)	100,629
Operating income	20,762	357	-	21,119	14,027	97	-	35,243
Nonoperating revenues (expenses)								
Interest on debt	(7,163)	(845)	-	(8,008)	(4,526)	(111)	-	(12,645)
Investment income	2,252	(837)	-	1,415	958	4	-	2,377
Allowance for funds used during construction	616	-	-	616	1,065	4	-	1,685
Other nonoperating income, net	354	27	-	381	205	-	-	586
Earnings from The Energy Authority	241	-	-	241	-	-	-	241
Other interest, net	(63)	-	-	(63)	(1)	-	-	(64)
Total nonoperating expenses, net	(3,763)	(1,655)	-	(5,418)	(2,299)	(103)	-	(7,820)
Income before contributions	16,999	(1,298)	-	15,701	11,728	(6)	-	27,423
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,822)	-	-	(7,822)	(2,080)	-	-	(9,902)
Developers and other	246	-	-	246	7,963	-	-	8,209
Reduction of plant cost through contributions	(246)	-	-	(246)	(5,840)	-	-	(6,086)
Total contributions, net	(7,822)	-	-	(7,822)	43	-	-	(7,779)
Change in net position	9,177	(1,298)	-	7,879	11,771	(6)	-	19,644
Net position, beginning of period	1,241,220	93,723	-	1,334,943	1,721,486	6,176	-	3,062,605
Net position, end of period	\$ 1,250,397	\$ 92,425	\$ -	\$ 1,342,822	\$ 1,733,257	\$ 6,170	\$ -	\$ 3,082,249

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Combining Statement of Revenues, Expenses, and Changes in Net Position

(in thousands - unaudited) for the six months ended March 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 402,347	\$ -	\$ -	\$ 402,347	\$ -	\$ -	\$ (4,025)	\$ 398,322
Electric - fuel and purchased power	178,906	13,556	(13,556)	178,906	-	-	(3,629)	175,277
Water and sewer	-	-	-	-	217,200	-	(156)	217,044
District energy system	-	-	-	-	-	3,659	(151)	3,508
Other operating revenues	12,297	88	-	12,385	6,584	-	(1,108)	17,861
Total operating revenues	593,550	13,644	(13,556)	593,638	223,784	3,659	(9,069)	812,012
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	108,494	1,525	-	110,019	77,281	1,983	(9,069)	180,214
Fuel	160,969	-	-	160,969	-	-	-	160,969
Purchased power	57,432	-	(13,556)	43,876	-	-	-	43,876
Depreciation	107,779	205	-	107,984	86,525	1,276	-	195,785
State utility and franchise taxes	28,898	-	-	28,898	5,231	-	-	34,129
Recognition of deferred costs and revenues, net	3,221	6,939	-	10,160	2,394	-	-	12,554
Total operating expenses	466,793	8,669	(13,556)	461,906	171,431	3,259	(9,069)	627,527
Operating income	126,757	4,975	-	131,732	52,353	400	-	184,485
Nonoperating revenues (expenses)								
Interest on debt	(34,751)	(4,891)	-	(39,642)	(22,156)	(635)	-	(62,433)
Investment income	514	80	-	594	398	1	-	993
Allowance for funds used during construction	1,332	-	-	1,332	2,491	5	-	3,828
Other nonoperating income, net	2,021	146	-	2,167	1,238	-	-	3,405
Earnings from The Energy Authority	8,364	-	-	8,364	-	-	-	8,364
Other interest, net	4	-	-	4	21	-	-	25
Total nonoperating expenses, net	(22,516)	(4,665)	-	(27,181)	(18,008)	(629)	-	(45,818)
Income before contributions	104,241	310	-	104,551	34,345	(229)	-	138,667
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(46,805)	-	-	(46,805)	(13,202)	-	-	(60,007)
Developers and other	666	-	-	666	38,560	-	-	39,226
Reduction of plant cost through contributions	(666)	-	-	(666)	(19,308)	-	-	(19,974)
Total contributions, net	(46,805)	-	-	(46,805)	6,050	-	-	(40,755)
Change in net position	57,436	310	-	57,746	40,395	(229)	-	97,912
Net position, beginning of year	1,354,700	86,379	-	1,441,079	1,776,433	6,478	-	3,223,990
Net position, end of period	\$ 1,412,136	\$ 86,689	\$ -	\$ 1,498,825	\$ 1,816,828	\$ 6,249	\$ -	\$ 3,321,902

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Combining Statement of Revenues, Expenses, and Changes in Net Position

(in thousands - unaudited) for the six months ended March 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 419,676	\$ -	\$ -	\$ 419,676	\$ -	\$ -	\$ (4,154)	\$ 415,522
Electric - fuel and purchased power	158,123	12,363	(12,363)	158,123	-	-	(3,743)	154,380
Water and sewer	-	-	-	-	237,426	-	(114)	237,312
District energy system	-	-	-	-	-	3,958	(160)	3,798
Other operating revenues	13,125	164	-	13,289	6,695	-	(1,545)	18,439
Total operating revenues	590,924	12,527	(12,363)	591,088	244,121	3,958	(9,716)	829,451
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	122,798	8,040	-	130,838	78,865	2,102	(9,716)	202,089
Fuel	133,164	-	-	133,164	-	-	-	133,164
Purchased power	53,416	-	(12,363)	41,053	-	-	-	41,053
Depreciation	100,927	205	-	101,132	79,885	1,234	-	182,251
State utility and franchise taxes	28,081	-	-	28,081	5,343	-	-	33,424
Recognition of deferred costs and revenues, net	5,432	6,149	-	11,581	2,985	-	-	14,566
Total operating expenses	443,818	14,394	(12,363)	445,849	167,078	3,336	(9,716)	606,547
Operating income	147,106	(1,867)	-	145,239	77,043	622	-	222,904
Nonoperating revenues (expenses)								
Interest on debt	(41,225)	(5,067)	-	(46,292)	(27,476)	(657)	-	(74,425)
Investment income	5,550	1,270	-	6,820	2,266	51	-	9,137
Allowance for funds used during construction	4,160	-	-	4,160	6,494	21	-	10,675
Other nonoperating income, net	2,103	159	-	2,262	1,490	-	-	3,752
Earnings from The Energy Authority	723	-	-	723	-	-	-	723
Other interest, net	(187)	-	-	(187)	135	-	-	(52)
Total nonoperating expenses, net	(28,876)	(3,638)	-	(32,514)	(17,091)	(585)	-	(50,190)
Income before contributions	118,230	(5,505)	-	112,725	59,952	37	-	172,714
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(46,935)	-	-	(46,935)	(12,477)	-	-	(59,412)
Developers and other	814	-	-	814	46,347	-	-	47,161
Reduction of plant cost through contributions	(814)	-	-	(814)	(30,133)	-	-	(30,947)
Total contributions, net	(46,935)	-	-	(46,935)	3,737	-	-	(43,198)
Change in net position	71,295	(5,505)	-	65,790	63,689	37	-	129,516
Net position, beginning of year	1,179,102	97,930	-	1,277,032	1,669,568	6,133	-	2,952,733
Net position, end of period	\$ 1,250,397	\$ 92,425	\$ -	\$ 1,342,822	\$ 1,733,257	\$ 6,170	\$ -	\$ 3,082,249

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Combining Statement of Cash Flows
(in thousands - unaudited) for the six months ended March 2021

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 614,552	\$ 13,556	\$ (13,461)	\$ 614,647	\$ 224,457	\$ 3,523	\$ (7,961)	\$ 834,666
Payments to suppliers	(285,174)	(3,439)	13,461	(275,152)	(49,033)	(1,764)	9,069	(316,880)
Payments for salaries and benefits	(86,434)	-	-	(86,434)	(35,406)	(344)	-	(122,184)
Other operating activities	13,858	75	-	13,933	7,830	-	(1,108)	20,655
Net cash provided by operating activities	256,802	10,192	-	266,994	147,848	1,415	-	416,257
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(46,826)	-	-	(46,826)	(13,081)	-	-	(59,907)
Net cash used in noncapital and related financing activities	(46,826)	-	-	(46,826)	(13,081)	-	-	(59,907)
Capital and related financing activities								
Defeasance of debt	(104,390)	-	-	(104,390)	-	-	-	(104,390)
Acquisition and construction of capital assets	(88,770)	-	-	(88,770)	(89,145)	(468)	-	(178,383)
Repayment of debt principal	(67,765)	(13,340)	-	(81,105)	(19,870)	(1,725)	-	(102,700)
Interest paid on debt	(34,587)	(5,222)	-	(39,809)	(24,478)	(648)	-	(64,935)
Capital contributions	-	-	-	-	19,252	-	-	19,252
Other capital financing activities	2,806	146	-	2,952	2,611	-	-	5,563
Net cash used in capital and related financing activities	(292,706)	(18,416)	-	(311,122)	(111,630)	(2,841)	-	(425,593)
Investing activities								
Purchase of investments	(144,388)	(14,995)	-	(159,383)	(12,929)	-	-	(172,312)
Proceeds from sale and maturity of investments	89,343	14,473	-	103,816	8,777	-	-	112,593
Investment income	2,093	91	-	2,184	1,310	1	-	3,495
Distributions from The Energy Authority	553	-	-	553	-	-	-	553
Net cash provided by (used in) investing activities	(52,399)	(431)	-	(52,830)	(2,842)	1	-	(55,671)
Net change in cash and cash equivalents	(135,129)	(8,655)	-	(143,784)	20,295	(1,425)	-	(124,914)
Cash and cash equivalents at beginning of year	355,876	141,132	-	497,008	138,268	5,856	-	641,132
Cash and cash equivalents at end of period	\$ 220,747	\$ 132,477	\$ -	\$ 353,224	\$ 158,563	\$ 4,431	\$ -	\$ 516,218
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 126,757	\$ 4,975	\$ -	\$ 131,732	\$ 52,353	\$ 400	\$ -	\$ 184,485
Adjustments:								
Depreciation and amortization	107,779	205	-	107,984	87,088	1,276	-	196,348
Recognition of deferred costs and revenues, net	3,221	6,939	-	10,160	2,394	-	-	12,554
Other nonoperating income, net	87	-	-	87	-	-	-	87
Changes in noncash assets and noncash liabilities:								
Accounts receivable	42,784	-	-	42,784	2,158	(135)	-	44,807
Inventories	4,852	-	-	4,852	1,108	-	-	5,960
Other assets	(581)	533	-	(48)	836	(18)	-	770
Accounts and accrued expenses payable	(20,156)	(605)	-	(20,761)	(3,459)	(108)	-	(24,328)
Current liabilities payable from restricted assets	-	(1,855)	-	(1,855)	-	-	-	(1,855)
Other noncurrent liabilities and deferred inflows	(7,941)	-	-	(7,941)	5,370	-	-	(2,571)
Net cash provided by operating activities	\$ 256,802	\$ 10,192	\$ -	\$ 266,994	\$ 147,848	\$ 1,415	\$ -	\$ 416,257
Noncash activity								
Contribution of capital assets from developers	\$ 666	\$ -	\$ -	\$ 666	\$ 19,308	\$ -	\$ -	\$ 19,974
Unrealized investment fair market value changes, net	\$ (1,462)	\$ (12)	\$ -	\$ (1,474)	\$ (881)	\$ -	\$ -	\$ (2,355)

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Combining Statement of Cash Flows
(in thousands - unaudited) for the six months ended March 2020

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 589,142	\$ 12,363	\$ (12,814)	\$ 588,691	\$ 227,021	\$ 3,706	\$ (8,171)	\$ 811,247
Payments to suppliers	(280,946)	(4,561)	12,814	(272,693)	(53,546)	(1,875)	9,716	(318,398)
Payments for salaries and benefits	(90,625)	(6,306)	-	(96,931)	(35,582)	(344)	-	(132,857)
Other operating activities	15,279	202	-	15,481	7,950	-	(1,545)	21,886
Net cash provided by operating activities	232,850	1,698	-	234,548	145,843	1,487	-	381,878
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(46,859)	-	-	(46,859)	(12,455)	-	-	(59,314)
Net cash used in noncapital and related financing activities	(46,859)	-	-	(46,859)	(12,455)	-	-	(59,314)
Capital and related financing activities								
Defeasance of debt	(48,070)	-	-	(48,070)	(45,425)	-	-	(93,495)
Acquisition and construction of capital assets	(112,750)	-	-	(112,750)	(96,030)	(657)	-	(209,437)
Repayment of debt principal	(122,380)	(13,780)	-	(136,160)	(54,705)	(1,690)	-	(192,555)
Interest paid on debt	(42,240)	(5,564)	-	(47,804)	(29,466)	(665)	-	(77,935)
Capital contributions	-	-	-	-	16,214	-	-	16,214
Other capital financing activities	(4,495)	159	-	(4,336)	(1,407)	-	-	(5,743)
Net cash used in capital and related financing activities	(329,935)	(19,185)	-	(349,120)	(210,819)	(3,012)	-	(562,951)
Investing activities								
Purchase of investments	(135,890)	(11,846)	-	(147,736)	(17,080)	-	-	(164,816)
Proceeds from sale and maturity of investments	82,582	11,922	-	94,504	34,589	-	-	129,093
Investment income	4,164	1,283	-	5,447	1,854	51	-	7,352
Distributions from The Energy Authority	430	-	-	430	-	-	-	430
Net cash provided by (used in) investing activities	(48,714)	1,359	-	(47,355)	19,363	51	-	(27,941)
Net change in cash and cash equivalents	(192,658)	(16,128)	-	(208,786)	(58,068)	(1,474)	-	(268,328)
Cash and cash equivalents at beginning of year	356,655	161,592	-	518,247	153,732	8,243	-	680,222
Cash and cash equivalents at end of period	\$ 163,997	\$ 145,464	\$ -	\$ 309,461	\$ 95,664	\$ 6,769	\$ -	\$ 411,894
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 147,106	\$ (1,867)	\$ -	\$ 145,239	\$ 77,043	\$ 622	\$ -	\$ 222,904
Adjustments:								
Depreciation and amortization	100,927	205	-	101,132	80,474	1,234	-	182,840
Recognition of deferred costs and revenues, net	5,432	6,149	-	11,581	2,985	-	-	14,566
Other nonoperating income (loss), net	69	-	-	69	262	-	-	331
Changes in noncash assets and noncash liabilities:								
Accounts receivable	34,483	-	-	34,483	(479)	(252)	-	33,752
Inventories	(6,576)	106	-	(6,470)	553	-	-	(5,917)
Other assets	368	56	-	424	701	(17)	-	1,108
Accounts and accrued expenses payable	(24,797)	1,393	-	(23,404)	(4,984)	(127)	-	(28,515)
Current liabilities payable from restricted assets	-	(2,621)	-	(2,621)	-	-	-	(2,621)
Other noncurrent liabilities and deferred inflows	(24,162)	(1,723)	-	(25,885)	(10,712)	27	-	(36,570)
Net cash provided by operating activities	\$ 232,850	\$ 1,698	\$ -	\$ 234,548	\$ 145,843	\$ 1,487	\$ -	\$ 381,878
Noncash activity								
Contribution of capital assets from developers	\$ 814	\$ -	\$ -	\$ 814	\$ 30,133	\$ -	\$ -	\$ 30,947
Unrealized investment fair market value changes, net	\$ 1,576	\$ (13)	\$ -	\$ 1,563	\$ 487	\$ -	\$ -	\$ 2,050

JEA
Debt Service Coverage
March 2021
(unaudited)

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	Month		Year-to-Date	
	2021	2020	2021	2020
Electric System				
Senior debt service coverage, (annual minimum 1.20x)	9.98 x	7.91 x	10.89 x	9.59 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	4.38 x	3.79 x	4.76 x	4.39 x
Bulk Power Supply System				
Debt service coverage, (annual minimum 1.15x)	1.07 x	2.93 x	1.30 x	2.18 x
St. Johns River Power Park, Second Resolution				
Debt service coverage, (annual minimum 1.15x)	1.25 x	0.70 x	1.16 x	1.18 x
Water and Sewer System				
Senior debt service coverage, (annual minimum 1.25x)	8.92 x	5.80 x	6.91 x	5.87 x
Senior and subordinated debt service coverage excluding capacity fees ⁽¹⁾	6.74 x	4.68 x	5.32 x	4.71 x
Senior and subordinated debt service coverage including capacity fees ⁽¹⁾	7.80 x	5.02 x	6.04 x	5.18 x
District Energy System				
Debt service coverage, (annual minimum 1.15x)	0.98 x	1.22 x	1.11 x	1.26 x

⁽¹⁾ Annual minimum coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges).

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Electric System

Operating Statistics

March 2021 and 2020 (unaudited)

	Month			Year-to-Date		
	2021	2020	Variance	2021	2020	Variance
Electric revenues sales (000s omitted):						
Residential	\$ 46,764	\$ 47,991	-2.56%	\$ 298,120	\$ 274,760	8.50%
Commercial	29,131	30,883	-5.67%	175,758	181,030	-2.91%
Industrial	15,725	15,980	-1.60%	90,864	93,998	-3.33%
Public street lighting	1,157	1,132	2.21%	6,846	6,716	1.94%
Electric revenues - territorial	92,777	95,986	-3.34%	571,588	556,504	2.71%
Sales for resale - off system	60	10	500.00%	1,403	467	200.43%
Electric revenues	92,837	95,996	-3.29%	572,991	556,971	2.88%
Rate stabilization & recovery	(4,491)	(3,096)	45.06%	9,839	21,178	-53.54%
Allowance for doubtful accounts	(256)	(116)	120.69%	(1,577)	(350)	350.57%
Net electric revenues	88,090	92,784	-5.06%	581,253	577,799	0.60%
MWh sales						
Residential	403,249	416,598	-3.20%	2,596,543	2,383,746	8.93%
Commercial	293,597	313,038	-6.21%	1,786,610	1,839,376	-2.87%
Industrial	210,036	220,101	-4.57%	1,240,231	1,292,355	-4.03%
Public street lighting	4,623	4,703	-1.70%	27,942	27,822	0.43%
Total MWh sales - territorial	911,505	954,440	-4.50%	5,651,326	5,543,299	1.95%
Sales for resale - off system	1,013	278	264.39%	3,987	14,666	-72.81%
Total MWh sales	912,518	954,718	-4.42%	5,655,313	5,557,965	1.75%
Average number of accounts						
Residential	435,989	426,693	2.18%	433,951	424,828	2.15%
Commercial	54,115	53,564	1.03%	53,967	53,394	1.07%
Industrial	196	195	0.51%	196	196	0.00%
Public street lighting	3,979	3,939	1.02%	3,966	3,925	1.04%
Total average accounts	494,279	484,391	2.04%	492,080	482,343	2.02%
Residential averages						
Revenue per account - \$	107.26	112.47	-4.63%	686.99	646.76	6.22%
kWh per account	925	976	-5.27%	5,983	5,611	6.64%
Revenue per kWh - ¢	11.60	11.52	0.67%	11.48	11.53	-0.39%
Degree days						
Heating degree days	129	45	84	1,130	808	322
Cooling degree days	96	230	(134)	598	758	(160)
Total degree days	225	275	(50)	1,728	1,566	162
Degree days - 30 year average	210		1,651			

JEA
Water and Sewer System
Operating Statistics
March 2021 and 2020 (unaudited)

	Month								
	Water			Sewer			Reuse		
	2021	2020	Variance	2021	2020	Variance	2021	2020	Variance
Revenues (000s omitted):									
Residential	\$ 9,364	\$ 9,100	2.90%	\$ 14,477	\$ 14,211	1.87%	\$ 1,274	\$ 1,307	-2.52%
Commercial and industrial	4,421	4,250	4.02%	10,469	10,026	4.42%	414	497	-16.70%
Irrigation	2,499	2,821	-11.41%	N/A	N/A	N/A	16	22	-27.27%
Gross revenues	16,284	16,171	0.70%	24,946	24,237	2.93%	1,704	1,826	-6.68%
Rate stabilization	(257)	(383)	-32.90%	(396)	(485)	-18.35%	(28)	(85)	-67.06%
Allowance for doubtful accounts	(43)	(16)	168.75%	(66)	(24)	175.00%	(4)	(5)	-20.00%
Net revenues	\$ 15,984	\$ 15,772	1.34%	\$ 24,484	\$ 23,728	3.19%	\$ 1,672	\$ 1,736	-3.69%

Kgal sales (000s omitted)									
Residential	1,632,007	1,731,790	-5.76%	1,473,439	1,531,393	-3.78%	203,503	226,297	-10.07%
Commercial and industrial	1,191,140	1,237,266	-3.73%	1,100,768	1,088,837	1.10%	84,518	105,591	-19.96%
Irrigation	367,043	460,062	-20.22%	N/A	N/A	N/A	21,243	66,955	-68.27%
Total kgal sales	3,190,190	3,429,118	-6.97%	2,574,207	2,620,230	-1.76%	309,264	398,843	-22.46%

Average number of accounts:									
Residential	308,144	299,287	2.96%	274,585	265,904	3.26%	18,781	16,257	15.53%
Commercial and industrial	26,488	26,178	1.18%	18,807	18,636	0.92%	732	642	14.02%
Irrigation	37,815	37,442	1.00%	N/A	N/A	N/A	41	36	13.89%
Total average accounts	372,447	362,907	2.63%	293,392	284,540	3.11%	19,554	16,935	15.47%

Residential averages:									
Revenue per account - \$	30.39	30.41	-0.07%	52.72	53.44	-1.35%	67.83	80.40	-15.63%
Kgals per account	5.30	5.79	-8.46%	5.37	5.76	-6.77%	10.84	13.92	-22.13%
Revenue per kgals - \$	5.74	5.25	9.33%	9.83	9.28	5.93%	6.26	5.78	8.30%

	Year-to-Date								
	Water			Sewer			Reuse		
	2021	2020	Variance	2021	2020	Variance	2021	2020	Variance
Revenues (000s omitted):									
Residential	\$ 48,288	\$ 48,399	-0.23%	\$ 73,857	\$ 73,282	0.78%	\$ 6,424	\$ 6,508	-1.29%
Commercial and industrial	23,455	23,853	-1.67%	55,343	56,494	-2.04%	2,308	2,781	-17.01%
Irrigation	13,417	15,994	-16.11%	N/A	N/A	N/A	147	107	37.38%
Gross revenues	85,160	88,246	-3.50%	129,200	129,776	-0.44%	8,879	9,396	-5.50%
Rate stabilization	(2,061)	3,989	-151.67%	(3,126)	4,826	-164.77%	(215)	1,465	-114.68%
Allowance for doubtful accounts	(243)	(104)	133.65%	(369)	(145)	154.48%	(25)	(23)	8.70%
Net revenues	\$ 82,856	\$ 92,131	-10.07%	\$ 125,705	\$ 134,457	-6.51%	\$ 8,639	\$ 10,838	-20.29%

Kgal sales (000s omitted)									
Residential	8,560,242	8,748,881	-2.16%	7,538,756	7,632,575	-1.23%	935,498	1,043,026	-10.31%
Commercial and industrial	6,610,543	6,865,496	-3.71%	5,917,015	6,101,889	-3.03%	472,881	588,930	-19.71%
Irrigation	1,941,223	2,577,261	-24.68%	N/A	N/A	N/A	513,493	306,006	67.80%
Total kgal sales	17,112,008	18,191,638	-5.93%	13,455,771	13,734,464	-2.03%	1,921,872	1,937,962	-0.83%

Average number of accounts:									
Residential	306,138	297,757	2.81%	272,609	264,415	3.10%	18,243	15,680	16.35%
Commercial and industrial	26,393	26,132	1.00%	18,765	18,608	0.84%	712	627	13.56%
Irrigation	37,786	37,377	1.09%	N/A	N/A	N/A	40	37	8.11%
Total average accounts	370,317	361,266	2.51%	291,374	283,023	2.95%	18,995	16,344	16.22%

Residential averages:									
Revenue per account - \$	157.73	162.55	-2.97%	270.93	277.15	-2.24%	352.14	415.05	-15.16%
Kgals per account	27.96	29.38	-4.83%	27.65	28.87	-4.23%	51.28	66.52	-22.91%
Revenue per kgals - \$	5.64	5.53	1.99%	9.80	9.60	2.08%	6.87	6.24	10.10%

	Month				Year-to-Date			
	2021	2020	Variance	30 Year Avg	2021	2020	Variance	30 Year Avg
Rain statistics								
Rainfall	2.82	1.73	1.09	3.95	19.26	18.01	1.25	19.28
Rain Days	7	4	3	8	60	43	17	46

Appendix

JEA
Schedule of Cash and Investments
(in thousands - unaudited) March 2021

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 70,780	\$ 34,278	\$ 105,058	\$ 29,033	\$ 1,302	\$ 135,393
Rate stabilization:						
Fuel	76,360	-	76,360	-	-	76,360
Environmental	21,329	-	21,329	28,774	-	50,103
Purchased Power	22,950	-	22,950	-	-	22,950
DSM/Conservation	6,438	-	6,438	-	-	6,438
Total rate stabilization funds	127,077	-	127,077	28,774	-	155,851
Customer deposits	43,720	-	43,720	16,599	-	60,319
General reserve	-	20,719	20,719	-	-	20,719
Self insurance reserve funds:						
Self funded health plan	12,524	-	12,524	-	-	12,524
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	22,524	-	22,524	-	-	22,524
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	\$ 280,669	\$ 54,997	\$ 335,666	\$ 74,406	\$ 1,302	\$ 411,374
Restricted assets						
Renewal and replacement funds	\$ 77,915	\$ 36,708	\$ 114,623	\$ 70,996	\$ 1,617	\$ 187,236
Debt service reserve account	55,844	10,585	66,429	58,664	-	125,093
Debt service funds	57,530	12,401	69,931	27,804	1,512	99,247
Construction funds	67	-	67	23,133	-	23,200
Environmental funds	31	-	31	690	-	721
Subtotal	191,387	59,694	251,081	181,287	3,129	435,497
Unrealized holding gain (loss) on investments	4,309	91	4,400	5,009	-	9,409
Other funds	-	31,539	31,539	-	-	31,539
Total restricted cash and investments	\$ 195,696	\$ 91,324	\$ 287,020	\$ 186,296	\$ 3,129	\$ 476,445
Total cash and investments	\$ 476,365	\$ 146,321	\$ 622,686	\$ 260,702	\$ 4,431	\$ 887,819

JEA
Schedule of Cash and Investments
(in thousands) September 2020

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 48,670	\$ 34,212	\$ 82,882	\$ 26,738	\$ 1,615	\$ 111,235
Rate stabilization:						
Fuel	73,347	-	73,347	-	-	73,347
Environmental	21,818	-	21,818	23,372	-	45,190
Purchased Power	36,326	-	36,326	-	-	36,326
DSM/Conservation	5,423	-	5,423	-	-	5,423
Total rate stabilization funds	136,914	-	136,914	23,372	-	160,286
Customer deposits	43,641	-	43,641	16,926	-	60,567
General reserve	-	20,709	20,709	-	-	20,709
Self insurance reserve funds:						
Self funded health plan	10,890	-	10,890	-	-	10,890
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,890	-	20,890	-	-	20,890
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	\$ 266,683	\$ 54,921	\$ 321,604	\$ 67,036	\$ 1,615	\$ 390,255
Restricted assets						
Renewal and replacement funds	\$ 137,643	\$ 37,910	\$ 175,553	\$ 38,131	\$ 1,868	\$ 215,552
Debt service reserve account	55,844	10,544	66,388	58,228	-	124,616
Debt service funds	91,358	18,928	110,286	41,660	2,373	154,319
Construction funds	311	-	311	25,541	-	25,852
Environmental funds	301	-	301	649	-	950
Subtotal	285,457	67,382	352,839	164,209	4,241	521,289
Unrealized holding gain (loss) on investments	5,772	101	5,873	5,890	-	11,763
Other funds	-	32,062	32,062	-	-	32,062
Total restricted cash and investments	\$ 291,229	\$ 99,545	\$ 390,774	\$ 170,099	\$ 4,241	\$ 565,114
Total cash and investments	\$ 557,912	\$ 154,466	\$ 712,378	\$ 237,135	\$ 5,856	\$ 955,369

JEA
INVESTMENT PORTFOLIO REPORT
March 2021
(unaudited)
All Funds

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<u>INVESTMENT</u>	<u>BOOK VALUE</u>	<u>YIELD</u>	<u>% OF TOTAL</u>
Federal Home Loan Bank	\$ 86,634,692	2.42%	9.87%
Municipal Bonds	121,016,261	3.26%	13.79%
Commercial Paper	154,526,480	0.19%	17.61%
U.S. Treasury Money Market Funds (1)	109,693,072	0.03%	12.50%
Agency Money Market Funds (2)	53,575,000	0.03%	6.11%
PALM Money Market Fund	40,500,000	0.08%	4.62%
Florida Prime Fund	117,263,000	0.13%	13.36%
Wells Fargo Bank Accounts (3)			
Electric, Scherer	108,762,038	0.16%	12.40%
SJRPP	27,162,522	0.16%	3.10%
Water & Sewer, DES	58,277,448	0.16%	6.64%
Total Portfolio	<u>\$ 877,410,513</u>	<u>0.81%</u>	<u>100.00%</u>

Weighted Avg. Annual Yield for March 2021, Excluding Bank & Money Market Funds: 1.75%

Weighted Avg. Annual Yield for March 2021, Including Bank & Money Market Funds: 0.81%

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

- (1) Treasury Funds: Federated, Fidelity, Goldman Sachs, State Street
- (2) State Street Government Fund
- (3) Month-end bank balances

JEA
Schedule of Outstanding Indebtedness
March 2021

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	<u>Interest Rates</u>	<u>Principal Payment Dates</u>	<u>Par Amount Principal Outstanding</u>	<u>Current Portion of Long-Term Debt</u>
Electric Enterprise				
<i>Electric System</i>				
Fixed Rate Senior	3.000-6.056%	2021-2044	459,695,000	15,705,000
Fixed Rate Subordinated	3.375-6.406%	2021-2039	478,255,000	31,870,000
Variable Rate Senior	0.039-0.539%	2021-2040	448,430,000	8,595,000
Variable Rate Subordinated	0.035-0.124%	2021-2038	57,195,000	2,970,000
Total Electric System	<u>2.733% (wtd avg)</u>	<u>2021-2044</u>	<u>1,443,575,000</u>	<u>59,140,000</u>
<i>Bulk Power Supply System</i>				
Fixed Rate Senior	2.250-5.920%	2021-2038	81,885,000	7,080,000
<i>St. Johns River Power Park</i>				
Fixed Rate Senior	2.250-5.450%	2021-2039	251,765,000	14,175,000
Total Electric Enterprise	<u>2.948% (wtd avg)</u>	<u>2021-2044</u>	<u>1,777,225,000</u>	<u>80,395,000</u>
Water and Sewer System				
Fixed Rate Senior	3.000-6.310%	2021-2044	899,860,000	2,060,000
Fixed Rate Subordinated	2.750-5.000%	2023-2040	88,845,000	-
Variable Rate Senior	0.050-1.981%	2021-2042	147,025,000	4,860,000
Variable Rate Subordinated	0.027-0.060%	2021-2038	100,835,000	2,450,000
Other Obligations	1.270%	2021	5,000,000	-
Total Water and Sewer System	<u>3.224% (wtd avg)</u>	<u>2021-2044</u>	<u>1,241,565,000</u>	<u>9,370,000</u>
District Energy System				
Fixed Rate Senior	2.694 - 4.538%	2021-2034	31,410,000	1,770,000
Total JEA	<u>3.074% (wtd avg)</u>	<u>2021-2044</u>	<u>3,050,200,000</u>	<u>91,535,000</u>

JEA
Debt Ratio
March 2021

	<u>Current YTD</u>
Electric Enterprise	56.0%
Water and Sewer System	41.0%

JEA
Interest Rate Swap Position Report
March 2021
(unaudited)

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JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Termination Date	Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
<i>Electric System</i>									
1	Goldman Sachs	9/18/2003	9/16/2033	\$ 84,800,000	3.717	0.078	3.639	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	4.351	0.039	4.312	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	81,575,000	3.661	0.078	3.583	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	3.716	0.078	3.638	n/a	68% 1 mth Libor
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	3.907	0.039	3.868	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	3.836	0.039	3.797	n/a	SIFMA
			Total	<u>402,785,000</u>					
<i>Water/Sewer System</i>									
7	Morgan Stanley	10/31/2006	10/1/2022	9,915,000	4.075	1.981	2.094	n/a	CPI
9	Merrill Lynch	3/8/2007	10/1/2041	85,290,000	3.895	0.039	3.856	n/a	SIFMA
			Total	<u>95,205,000</u>					
			Grand Total	<u>\$ 497,990,000</u>		Wtd Avg Spread	<u>3.793</u>		

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

JEA
Electric System
Production Statistics
March 2021 and 2020 (unaudited)

	Month			Year-to-Date		
	2021	2020	Variance	2021	2020	Variance
Generated power:						
Steam:						
<i>Fuel oil</i>						
Fuel expense	\$ 29,767	\$ 32,389	-8.10%	\$ 2,057,814	\$ 65,177	3057.27%
Barrels #6 oil consumed	274	298	-8.05%	18,971	601	3056.57%
\$/ per barrel consumed	\$ 108.64	\$ 108.69	-0.05%	\$ 108.47	\$ 108.45	0.02%
kWh oil generated (1)	11,958	-		9,576,198	141,446	6670.21%
Cost per MWh - oil	\$ 2,489.30	\$ -		\$ 214.89	\$ 460.79	-53.37%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 3,876,342	\$ 4,593,719	-15.62%	\$ 26,330,095	\$ 21,332,676	23.43%
MMBTU's consumed	1,369,615	2,389,023	-42.67%	9,636,669	9,665,729	-0.30%
\$/ per MMBTU consumed	\$ 2.83	\$ 1.92	47.19%	\$ 2.73	\$ 2.21	23.80%
kWh - gas generated (1)	123,649,448	221,272,327	-44.12%	869,421,517	890,834,979	-2.40%
Cost per MWh - gas	\$ 31.35	\$ 20.76	51.01%	\$ 30.28	\$ 23.95	26.47%
Cost per MWh - gas & oil - steam	\$ 31.59	\$ 20.91	51.09%	\$ 32.30	\$ 24.02	34.48%
<i>Coal</i>						
Coal expense	\$ 1,166,370	\$ 1,207,825	-3.43%	\$ 8,374,206	\$ 7,843,437	6.77%
kWh generated	45,213,349	39,949,524	13.18%	328,310,225	310,130,860	5.86%
Cost per MWh - coal	\$ 25.80	\$ 30.23	-14.67%	\$ 25.51	\$ 25.29	0.86%
<i>Pet coke and limestone</i>						
Expense	\$ 2,365,291	\$ 2,701,692	-12.45%	\$ 18,253,800	\$ 17,177,820	6.26%
kWh generated	57,172,205	91,476,339	-37.50%	500,208,052	703,675,327	-28.91%
Cost per MWh - pet coke and limestone	\$ 41.37	\$ 29.53	40.08%	\$ 36.49	\$ 24.41	49.49%
Cost per MWh - coal & petcoke - steam	\$ 34.49	\$ 29.75	15.96%	\$ 32.14	\$ 24.68	30.22%
Combustion turbine:						
<i>Fuel oil</i>						
Fuel expense	\$ 170,301	\$ 206,428	-17.50%	\$ 1,212,666	\$ 993,562	22.05%
Barrels #2 oil consumed	1,407	1,795	-21.62%	10,316	8,003	28.90%
\$/ per barrel consumed	\$ 121.04	\$ 115.00	5.25%	\$ 117.55	\$ 124.15	-5.31%
kWh - oil generated	439,266	814,163	-46.05%	4,317,328	3,127,628	38.04%
Cost per MWh - oil	\$ 387.69	\$ 253.55	52.91%	\$ 280.88	\$ 317.67	-11.58%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 1,522,529	\$ 110,122	1282.58%	\$ 3,766,121	\$ 1,374,547	173.99%
MMBTU's consumed	540,100	54,545	890.19%	1,365,083	577,935	136.20%
\$/ per MMBTU consumed	\$ 2.82	\$ 2.02	39.63%	\$ 2.76	\$ 2.38	16.00%
kWh - gas generated (1)	48,188,246	4,561,659	956.38%	121,047,715	48,679,133	148.66%
Cost per MWh - gas	\$ 31.60	\$ 24.14	30.88%	\$ 31.11	\$ 28.24	10.18%
Gas expense BB simple - variable	\$ 110,297	\$ 386,495	-71.46%	\$ 2,724,786	\$ 996,071	173.55%
MMBTU's consumed	\$ 46,893	234,934	-80.04%	1,028,171	489,183	110.18%
\$/ per MMBTU consumed	\$ 2.35	\$ 1.65	42.97%	\$ 2.65	\$ 2.04	30.15%
kWh - gas generated (1)	4,598,080	21,856,000	-78.96%	96,677,048	53,031,686	82.30%
Cost per MWh - gas simple	\$ 23.99	\$ 17.68	35.65%	\$ 28.18	\$ 18.78	50.06%
Gas expense BB combined - variable	\$ 7,880,408	\$ 5,064,350	55.61%	\$ 47,781,343	\$ 36,030,204	32.61%
MMBTU's consumed	2,899,433	2,963,581	-2.16%	16,911,360	16,058,485	5.31%
\$/ per MMBTU consumed	\$ 2.72	\$ 1.71	59.05%	\$ 2.83	\$ 2.24	25.93%
kWh - gas generated (1)	434,636,412	451,467,902	-3.73%	2,520,422,694	2,416,372,976	4.31%
Cost per MWh - gas combined	\$ 18.13	\$ 11.22	61.63%	\$ 18.96	\$ 14.91	27.14%
Gas expense GEC simple - variable	\$ 1,722,851	\$ 840,985	104.86%	\$ 7,171,073	\$ 3,380,694	112.12%
MMBTU's consumed	538,994	398,133	35.38%	1,968,337	1,399,848	40.61%
\$/ per MMBTU consumed	\$ 3.20	\$ 2.11	51.32%	\$ 3.64	\$ 2.42	50.85%
kWh - gas generated	50,397,111	36,443,650	38.29%	175,960,833	126,373,279	39.24%
Cost per MWh - gas simple	\$ 34.19	\$ 23.08	48.14%	\$ 40.75	\$ 26.75	52.34%
Cost per MWh - gas & oil ct	\$ 21.19	\$ 12.83	65.19%	\$ 21.47	\$ 16.16	32.88%
Natural gas expense - fixed	\$ 3,047,135	\$ 3,070,320	-0.76%	\$ 19,548,285	\$ 19,399,880	0.76%
Total generated power:						
Fuels expense	\$ 21,891,291	\$ 18,214,325	20.19%	\$ 137,220,189	\$ 108,594,068	26.36%
kWh generated	764,306,075	867,841,564	-11.93%	4,625,941,610	4,552,367,314	1.62%
Cost per MWh	\$ 28.64	\$ 20.99	36.47%	\$ 29.66	\$ 23.85	24.35%

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

JEA
Electric System
Production Statistics (Continued)
March 2021 and 2020 (unaudited)

	Month			Year-to-Date		
	2021	2020	Variance	2021	2020	Variance
Production Statistics (Continued)						
Cost of fuels						
Natural gas	\$ 18,159,562	\$ 14,065,991	29.10%	\$ 107,321,703	\$ 82,514,072	30.06%
Petcoke	2,365,291	2,701,692	-12.45%	18,253,800	17,177,820	6.26%
Coal	1,166,370	1,207,825	-3.43%	8,374,206	7,843,437	6.77%
Fuel oil #2	170,301	206,428	-17.50%	1,212,666	993,562	22.05%
Fuel oil #6	29,767	32,389	-8.10%	2,057,814	65,177	3057.27%
Total	\$ 21,891,291	\$ 18,214,325	20.19%	\$ 137,220,189	\$ 108,594,068	26.36%
Purchased power:						
<i>Plant Scherer</i>						
Purchases	\$ 3,310,326	\$ 3,277,873	0.99%	\$ 24,955,060	\$ 23,972,943	4.10%
kWh purchased	70,028,000	1,807,000	3775.37%	529,024,000	331,853,000	59.42%
Cost per MWh	\$ 47.27	\$ 1,813.99	-97.39%	\$ 47.17	\$ 72.24	-34.70%
<i>TEA & other</i>						
Purchases	\$ 7,054,631	\$ 6,173,888	14.27%	\$ 43,875,554	\$ 41,052,843	6.88%
kWh purchased	106,143,758	107,110,209	-0.90%	684,029,024	858,229,607	-20.30%
Cost per MWh	\$ 66.46	\$ 57.64	15.31%	\$ 64.14	\$ 47.83	34.09%
<i>SJRPP</i>						
Purchases	\$ 2,444,677	\$ 2,093,055	16.80%	\$ 13,556,221	\$ 12,363,480	9.65%
Total purchased power:						
Purchases	\$ 12,809,634	\$ 11,544,816	10.96%	\$ 82,386,835	\$ 77,389,266	6.46%
kWh purchased	176,171,758	108,917,209	61.75%	1,213,053,024	1,190,082,607	1.93%
Cost per MWh	\$ 72.71	\$ 106.00	-31.40%	\$ 67.92	\$ 65.03	4.44%
Subtotal - generated and purchased power:	\$ 34,700,925	\$ 29,759,141	16.61%	\$ 219,607,024	\$ 185,983,334	18.08%
Fuel interchange sales	(37,135)	(10,220)	263.36%	(254,631)	(361,227)	-29.51%
Earnings of The Energy Authority	(7,204,811)	(241,693)	2880.98%	(8,363,617)	(723,491)	1056.01%
EPA Allowance Purchases	-	(17,500)	-100.00%	-	(17,500)	-100.00%
Realized and Unrealized (Gains) Losses	(21,000)	1,818,000	-101.16%	(1,671,110)	6,763,780	-124.71%
Fuel procurement and handling	1,059,237	1,170,498	-9.51%	6,767,786	6,578,061	2.88%
By product reuse	778,468	526,896	47.75%	4,355,111	1,846,865	135.81%
Total generated and net purchased power:						
Cost, net	29,275,684	33,005,122	-11.30%	220,440,563	200,069,822	10.18%
kWh generated and purchased	940,477,833	976,758,773	-3.71%	5,838,994,634	5,742,449,921	1.68%
Cost per MWh	\$ 31.13	\$ 33.79	-7.88%	\$ 37.75	\$ 34.84	8.36%
Reconciliation:						
Generated and purchased power per above	\$ 29,275,684	\$ 31.13		\$ 220,440,563	\$ 37.75	
SJRPP operating expenses:						
SJRPP debt service	\$ (1,949,253)	(2.07)		(11,822,239)	(2.02)	
SJRPP R & R	\$ (495,423)	(0.53)		(1,733,981)	(0.30)	
Scherer operating expenses:						
Scherer power production	\$ (583,956)	(0.62)		(4,677,541)	(0.80)	
Scherer R & R	\$ (52,929)	(0.06)		(1,459,446)	(0.25)	
Scherer transmission	\$ (546,937)	(0.58)		(3,805,832)	(0.65)	
Scherer taxes	\$ (113,773)	(0.12)		(715,331)	(0.12)	
Florida and other capacity	\$ (719,652)	(0.77)		(4,210,718)	(0.72)	
MEAG	\$ (2,079,314)	(2.21)		(13,376,101)	(2.29)	
Rounding	\$ -	-		-	-	
Energy expense per budget page	\$ 22,734,447	\$ 24.17		\$ 178,639,374	\$ 30.59	

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Electric System	Month				Prior Year Month	
	ANNUAL BUDGET 2020-21	BUDGET 2020-21	ACTUAL 2020-21	Variance %	ACTUAL 2019-20	Variance %
Budget vs. Actual						
March 2021 and 2020 (unaudited)						
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 410,912,775	\$ 29,839,726	\$ 29,392,769	-1.50%	\$ 30,768,602	-4.47%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	307,626,283	23,787,457	23,707,996		21,712,219	
Other Purchased Power	66,547,723	4,240,302	(973,549)		3,923,603	
Subtotal Energy Expense	374,174,006	28,027,759	22,734,447	18.89%	25,635,822	11.32%
Transfer to (from) Rate Stabilization, Net	35,506,030	1,709,239	6,572,484		5,092,795	
Fuel Related Uncollectibles	1,232,739	102,728	85,838		39,985	
Total	410,912,775	29,839,726	29,392,769	1.50%	30,768,602	4.47%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	793,579,500	57,628,277	58,241,329		60,222,122	
Conservation Charge Revenue	768,600	55,814	25,340		20,441	
Environmental Charge Revenue	7,814,100	567,446	559,985		584,205	
Investment Income	7,962,574	663,548	332,365		463,209	
Natural Gas Revenue Pass Through	967,784	80,649	77,877		61,788	
Other Revenues	131,989,836	2,095,101	108,906,107		2,053,924	
Total	943,082,394	61,090,835	168,143,003	175.23%	63,405,689	165.19%
Nonfuel Related Expenses						
Non-Fuel O&M	239,699,869	18,100,098	17,146,911		17,003,254	
DSM / Conservation O&M	6,422,909	532,765	366,532		431,056	
Environmental O&M	1,891,598	156,047	98,411		68,577	
Rate Stabilization - DSM	750,691	62,558	106,133		40,103	
Rate Stabilization - Environmental	(9,423,646)	(785,304)	(108,468)		(445,155)	
Natural Gas Expense Pass Through	915,183	75,361	114,191		65,434	
Debt Principal - Electric System	59,140,000	4,928,333	4,928,333		5,065,833	
Debt Interest - Electric System	72,033,417	6,002,785	6,056,951		7,130,341	
Early Debt Retirement	106,848,624	106,848,624	106,848,624		-	
R&R - Electric System	64,012,472	5,334,373	5,211,688		5,468,637	
Operating Capital Outlay	217,292,441	14,000,000	14,000,000		13,000,000	
Operating Capital Outlay - Environmental	9,640,680	-	570,042		960,783	
City Contribution Expense	93,609,555	7,800,796	7,800,796		7,822,581	
Taxes & Uncollectibles	2,606,030	217,169	187,687		95,660	
Emergency Reserve	5,000,000	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	14,175,000	1,181,250	1,181,250		1,111,667	
* SJRPP D/S Interest	9,893,940	824,495	800,443		843,913	
** Other Non-Fuel Purchased Power	48,573,631	4,047,803	3,315,947		4,662,910	
Total Nonfuel Expenses	943,082,394	169,327,153	168,625,471	0.41%	63,325,594	-166.28%
Non-Fuel Balance	-	(108,236,318)	(482,468)		80,095	
Total Balance	-	(108,236,318)	(482,468)		80,095	
Total Revenues	1,353,995,169	90,930,561	197,535,772	117.24%	94,174,291	109.76%
Total Expenses	1,353,995,169	199,166,879	198,018,240	0.58%	94,094,196	-110.45%
KWH Sold - Territorial	12,810,000,000	930,239,000	911,504,808	-2.01%	954,439,970	-4.50%
KWH Sold - Off System	-	-	1,013,000		278,000	
	12,810,000,000	930,239,000	912,517,808	-1.91%	954,717,970	-4.42%

* Gross debt service

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

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Electric System Budget vs. Actual March 2021 and 2020 (unaudited)	Year-to-Date				Prior Year-to-Date	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2020-21	2020-21	2020-21	%	2019-20	%
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 410,912,775	\$ 186,569,087	\$ 182,183,975	-2.35%	\$ 178,599,875	2.01%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	307,626,283	140,465,133	146,671,976		123,765,274	
Other Purchased Power	66,547,723	28,197,189	31,967,398		33,989,321	
Subtotal Energy Expense	374,174,006	168,662,322	178,639,374	-5.92%	157,754,595	-13.24%
Transfer to (from) Rate Stabilization, Net	35,506,030	17,290,396	3,012,583		20,723,028	
Fuel Related Uncollectibles	1,232,739	616,369	532,018		122,252	
Total	410,912,775	186,569,087	182,183,975	2.35%	178,599,875	-2.01%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	793,579,500	360,313,463	357,998,588		346,452,065	
Conservation Charge Revenue	768,600	348,972	299,818		187,872	
Environmental Charge Revenue	7,814,100	3,547,881	3,468,453		3,395,747	
Investment Income	7,962,574	3,981,287	1,976,377		3,974,512	
Natural Gas Revenue Pass Through	967,784	483,892	392,834		362,178	
Other Revenues	131,989,836	12,570,606	119,870,055		37,736,227	
Total	943,082,394	381,246,101	484,006,125	26.95%	392,108,601	23.44%
Nonfuel Related Expenses						
Non-Fuel O&M	239,699,869	124,895,622	95,869,934		103,536,852	
DSM / Conservation O&M	6,422,909	3,199,105	2,141,118		2,753,912	
Environmental O&M	1,891,598	945,799	352,750		442,589	
Rate Stabilization - DSM	750,691	375,346	1,014,421		252,891	
Rate Stabilization - Environmental	(9,423,646)	(4,711,823)	(489,538)		(2,915,602)	
Natural Gas Expense Pass Through	915,183	457,600	498,490		403,070	
Debt Principal - Electric System	59,140,000	29,570,000	29,570,000		30,395,000	
Debt Interest - Electric System	72,033,417	36,016,708	33,669,148		36,922,191	
Early Debt Retirement	106,848,624	106,848,624	106,848,624		55,154,065	
Rate Stabilization - Debt Management	-	-	-		(29,884,152)	
R&R - Electric System	64,012,472	32,006,236	31,270,125		32,811,825	
Operating Capital Outlay	217,292,441	98,000,000	98,000,000		68,000,000	
Operating Capital Outlay - Environmental	9,640,680	-	3,605,241		5,868,760	
City Contribution Expense	93,609,555	46,804,778	46,804,778		46,935,484	
Taxes & Uncollectibles	2,606,030	1,303,015	1,156,581		344,908	
Emergency Reserve	5,000,000	-	-		-	
* SJRPP D/S Principal	14,175,000	7,087,500	7,087,500		6,670,000	
* SJRPP D/S Interest	9,893,940	4,946,970	4,800,843		5,063,477	
** Other Non-Fuel Purchased Power	48,573,631	24,286,815	21,547,635		28,486,758	
Total Nonfuel Expenses	943,082,394	512,032,295	483,747,650	5.52%	391,242,028	-23.64%
Non-Fuel Balance	-	(130,786,194)	258,475		866,573	
Total Balance	-	(130,786,194)	258,475		866,573	
Total Revenues	1,353,995,169	567,815,188	666,190,100	17.33%	570,708,476	16.73%
Total Expenses	1,353,995,169	698,601,382	665,931,625	4.68%	569,841,903	-16.86%
KWH Sold - Territorial	12,810,000,000	5,816,199,000	5,651,325,518	-2.83%	5,543,298,814	1.95%
KWH Sold - Off System	-	-	3,987,000		14,666,000	
	12,810,000,000	5,816,199,000	5,655,312,518	-2.77%	5,557,964,814	1.75%

* Gross debt service

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

Water and Sewer System Budget vs. Actual March 2021 and 2020 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2020-21	2020-21	2020-21	%	2019-20	%
REVENUES						
Water & Sewer Revenues	\$ 465,323,338	\$ 38,994,691	\$ 41,998,633		\$ 41,332,566	
Capacity & Extension Fees	29,388,151	2,355,129	4,748,057		2,072,474	
Capital Contributions	-	-	-		50,000	
Investment Income	2,975,171	247,931	210,096		279,864	
Other Income	14,600,000	1,308,966	1,610,266		1,109,534	
Total	512,286,660	42,906,717	48,567,052	13.19%	44,844,438	8.30%
EXPENSES						
O & M Expenses	177,824,583	13,623,762	12,497,885		13,105,857	
Debt Principal - Water & Sewer	9,370,000	780,833	780,834		1,655,833	
Debt Interest - Water & Sewer	56,066,531	4,672,211	4,551,497		4,972,743	
Rate Stabilization - Environmental	-	-	681,126		952,764	
R&R - Water & Sewer	26,606,100	2,217,175	2,217,175		2,094,913	
Operating Capital Outlay	166,506,917	19,212,602	19,212,602		16,712,602	
Operating Capital Outlay - Capacity/Extension	29,388,151	2,449,013	4,748,057		2,072,474	
Operating Capital Outlay - Contributions	-	-	-		50,000	
Operating Capital Outlay - Environmental	16,783,512	1,398,626	715,880		489,544	
City Contribution Expense	26,402,695	2,200,225	2,200,225		2,079,420	
Uncollectibles & Fees	1,395,970	116,331	114,000		44,000	
Interlocal Agreements	942,201	942,201	-		-	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	512,286,660	47,612,979	47,719,281	-0.22%	44,230,150	-7.89%
Total Balance	\$ -	\$ (4,706,262)	\$ 847,771		\$ 614,288	
Sales kgals						
Water	40,425,000	3,409,620	3,190,190	-6.44%	3,429,118	-6.97%
Sewer	34,650,000	2,884,021	2,883,471	-0.02%	3,019,073	-4.49%
Total	75,075,000	6,293,641	6,073,661	-3.50%	6,448,191	-5.81%

Budget vs. Actual March 2021 and 2020 (unaudited)	Year-To-Date				Prior Year to Date	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2020-21	2020-21	2020-21	%	2019-20	%
REVENUES						
Water & Sewer Revenues	\$ 465,323,338	\$ 223,782,435	\$ 218,008,819		\$ 222,074,561	
Capacity & Extension Fees	29,388,151	12,649,438	19,190,525		16,163,650	
Capital Contributions	-	-	61,057		50,000	
Investment Income	2,975,171	1,487,585	1,277,488		1,776,392	
Other Income	14,600,000	10,864,527	7,751,622		41,732,882	
Total	512,286,660	248,783,985	246,289,511	-1.00%	281,797,485	-12.60%
EXPENSES						
O & M Expenses	177,824,583	88,217,028	75,085,707		76,763,453	
Debt Principal - Water & Sewer	9,370,000	4,685,000	4,685,002		9,935,001	
Debt Interest - Water & Sewer	56,066,531	28,033,265	25,859,336		27,558,546	
Early Debt Retirement	-	-	-		48,195,881	
Rate Stabilization - Debt Management	-	-	-		(14,209,250)	
Rate Stabilization - Environmental	-	-	5,402,037		3,929,184	
R&R - Water & Sewer	26,606,100	13,303,050	13,303,050		12,569,475	
Operating Capital Outlay	166,506,917	83,675,612	83,675,610		82,875,611	
Operating Capital Outlay - Capacity/Extension	29,388,151	14,694,075	19,190,525		16,163,650	
Operating Capital Outlay - Contributions	-	-	61,057		50,000	
Operating Capital Outlay - Environmental	16,783,512	8,391,756	2,393,567		2,985,445	
City Contribution Expense	26,402,695	13,201,347	13,201,347		12,476,521	
Uncollectibles & Fees	1,395,970	697,985	637,881		271,132	
Interlocal Agreements	942,201	942,201	942,201		536,771	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	512,286,660	255,841,319	244,437,320	4.46%	280,101,420	12.73%
Total Balance	\$ -	\$ (7,057,334)	\$ 1,852,191		\$ 1,696,065	
Sales kgals						
Water	40,425,000	18,976,957	17,112,008	-9.83%	18,191,638	-5.93%
Sewer	34,650,000	16,418,512	15,377,643	-6.34%	15,672,426	-1.88%
Total	75,075,000	35,395,469	32,489,651	-8.21%	33,864,064	-4.06%

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District Energy System

Budget vs. Actual March 2021 and 2020 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET 2020-21	BUDGET 2020-21	ACTUAL 2020-21	Variance %	ACTUAL 2019-20	Variance %
REVENUES						
Revenues	\$ 9,328,327	\$ 624,412	\$ 558,917		\$ 602,556	
Investment Income	-	-	145		3,327	
Total	9,328,327	624,412	559,062	-10.47%	605,883	-7.73%
EXPENSES						
O & M Expenses	5,193,927	414,981	308,025		297,866	
Debt Principal - Water & Sewer	1,770,000	147,500	147,500		143,750	
Debt Interest - Water & Sewer	1,253,891	104,491	104,491		107,963	
R&R - Water & Sewer	437,313	36,443	36,079		49,100	
Operating Capital Outlay	673,196	-	-		-	
Total Expenses	9,328,327	703,415	596,095	15.26%	598,679	0.43%
Total Balance	\$ -	\$ (79,003)	\$ (37,033)		\$ 7,204	

Budget vs. Actual March 2021 and 2020 (unaudited)	Year-To-Date				Prior-Year-to-Date	
	ANNUAL BUDGET 2020-21	BUDGET 2020-21	ACTUAL 2020-21	Variance %	ACTUAL 2019-20	Variance %
REVENUES						
Revenues	\$ 9,328,327	\$ 4,277,399	\$ 3,658,763		\$ 3,957,818	
Investment Income	-	-	1,463		50,640	
Total	9,328,327	4,277,399	3,660,226	-14.43%	4,008,458	-8.69%
EXPENSES						
O & M Expenses	5,193,927	2,562,996	1,994,770		2,095,817	
Debt Principal - Water & Sewer	1,770,000	885,000	885,000		862,500	
Debt Interest - Water & Sewer	1,253,891	626,946	626,946		647,775	
R&R - Water & Sewer	437,313	218,656	216,475		294,600	
Operating Capital Outlay	673,196	-	-		-	
Total Expenses	9,328,327	4,293,598	3,723,191	13.29%	3,900,692	4.55%
Total Balance	\$ -	\$ (16,199)	\$ (62,965)		\$ 107,766	



BOARD RESOLUTION: 2021-09
April 27, 2021

REVISIONS TO PROCUREMENT CODE

WHEREAS, The JEA Procurement Code (P-Code) was adopted via a JEA Board resolution in 1996 as a comprehensive purchasing code for use in governing all JEA purchases and related administrative activities. The P-Code provides a solid foundation for JEA's procurement activities and has been amended over the years to remain current with industry best practices;

WHEREAS, JEA's Chief Procurement Officer is responsible for updating JEA's P-Code and ensuring it is in compliance with all applicable laws and regulations. The last significant Procurement Code revision was made in 2015. Since that time, the JEA Charter has been updated and a Procurement Best Practice Study was completed in 2020. JEA has reviewed the requirement changes in the JEA Charter and recommendations from the study, and incorporated those into our processes and procedures in the P-Code and Operational Procedures;

BE IT RESOLVED by the JEA Board of Directors that:

The Board grants approves the revisions to the JEA Procurement Code.

Dated this _____ day of April 2021.

JEA Board Chair

JEA Board Secretary

Form Approved by

Office of General Counsel

VOTE	
In Favor	
Opposed	
Abstained	



Revisions to Procurement Code Policy

Jenny McCollum
Chief Procurement Officer &
Director of Procurement and Inventory
Planning



April 27, 2021

Revisions to the Procurement Code Policy

The JEA Procurement Code (P-Code) was adopted in 1996 as a comprehensive purchasing code for use in governing all JEA purchases and related administrative activities that:

- Provides a solid foundation for JEA's procurement activities and is supplemented by Operational Procedures
- Has been reviewed by JEA's Chief Procurement Officer, ensuring it is in compliance with all applicable laws and regulations, and has been reviewed and approved by The Office of General Counsel
- Was last revised significantly in 2015; the Charter has since been updated, and a Procurement Best Practice Study was completed in 2020



Other Agencies and Utilities

- Benchmark organizations were selected to provide a mix of Florida and non-Florida comparisons
- Charters, P-codes, Operating Procedures and other documents from the benchmark organizations were shared and analyzed

Suppliers

- Suppliers were selected to represent large and small JSEB suppliers, electric engineering and energy inventory suppliers
- Questions focused on supplier experiences related to open, fair and transparent procurement as well as the overall experience of working with JEA

Complete Services Well Drilling, Inc.
Donna J. Hamilton, Inc.
The Worley Group
Irby

Suppliers



Revisions to the Procurement Code Policy

Summary of Charter Revisions included in the P-Code:

- Board must approve changes to the P-Code.
- Annual survey shall be completed with current and perspective bidders to obtain feedback on procurement processes such as transparency, accessibility, pre-bids, bid submittal and evaluation.
- Review P-Code and Operational Procedures biennially
- Annual Report to Council and Mayor to include the following:
 - The number of contract awards presented to the Awards Committee for the previous reporting fiscal year
 - A detailed listing of all contract awards and JSEB contracts categorized by service type, award type and a brief description of each contract award containing the contractor name, contract amount and procurement method used
 - The number of bid protests for the reporting fiscal year and the outcome of each protest
 - The annual survey results
- All contracts must have maximum indebtedness included in the executed contracts
- All procurement governing documents and reports will be posted to the JEA website



Revisions to the Procurement Code Policy

Recommended Revisions:

- Amended and Restated JEA Procurement Code as of April, 2021.
- Standardized definitions across the P-Code and Operating Procedures.
- Revised language to be consistent with the JEA Charter requirements, and updated reporting requirements to be consistent with the Charter (Article 1 Sections 1-101, 1-109 and 1-110).
- Removed the Chief Procurement Officer and Budget Representative as non-voting members of the Awards Committee, and made them liaisons to the committee. (Article 2 Section 2-106).
- Restructured non-competitive awards into Single Source and Emergency purchases only. Deleted Sole Source, Proprietary, Original Equipment Manufacturer (OEM) and Standard as procurement methods (Article 3 Sections 3-112 and 3-113).
- Added Pilot Projects, Reverse Auctions, Construction Manager (including Construction Manager at Risk (CMAR)) and Program Manager (including Program Manager at Risk (PMAR)) as new sourcing procurement methods (Article 3 Sections 3-118, 3-119 and 3-109).
- Removed the ability of Vendors to use Solicitation and Award protest process for Contract disputes (Article 5 Section 5-101).
- Removed from the scope of the Procurement Appeals Board protests relating to Informal Solicitations and Awards. Chief Procurement Officer's decisions on Informal Procurements are final (Article 5 Sections 5-106).
- Moved Procurement Directive Procedures in Appendix B to the Operational Procedures. Format has been updated to a table with approval thresholds to provide a more consistent delegation of authority across the different procurement categories.
- Made other reformatting and clean up revisions.

**Amended and Restated
JEA Procurement Code**
Effective April 27, 2021

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DEFINITIONS

Addendum means a document issued by JEA which modifies a Solicitation.

Appeal shall have the meaning set forth in Section 5-106 of this Code.

Award means the written approval of the JEA Awards Committee with the written concurrence of the Chief Executive Officer that a Formal Purchase will be in accordance with this Code and the best interest of JEA.

Awards Committee means the body appointed by the Chief Executive Officer in accordance with Section 2-106 of this Code.

Best and Final Offer or *BAFO* means a Vendor's final offer following the conclusion of contract negotiations in connection with an Invitation to Negotiate.

Bid means a Vendor's offer to provide Services or Supplies in response to an Invitation for Bid.

Bidder means a Vendor submitting a Bid in response to an Invitation to Bid.

Bond Insurance means an agreement supplied by an insurance company in conjunction with a debt issue that provides for the guarantee of payment of principal and interest to the debt holder.

Business Day is any day except any Saturday, any Sunday or any holiday observed by JEA's Procurement office.

Cap means an agreement obligating the seller of the Cap to make payments to the buyer of the Cap, each payment under which is based on the amount, if any, by which a reference price or level or the performance or value of one or more underlying interests exceeds a predetermined number, sometimes called the strike/Cap rate or price.

Chief Procurement Officer or *CPO* means the person holding the position appointed in accordance with Section 2-103 of this Code.

Code means this Amended and Restated JEA Procurement Code.

Collar means an agreement to receive payments as the buyer of an Option, Cap, or Floor, and to make payments as the seller of the Collar of a different Option, Cap, or Floor.

Construction means the process of building, altering, repairing, improving, or demolishing any structure or building, or other improvements of any kind to any real property. It does not include the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property.

Construction Management Entity means a licensed general contractor or a licensed building contractor, as defined in Section 489.105, Florida Statutes, as amended, who coordinates and supervises a Construction project from the conceptual development stage through final Construction, including the scheduling, selection, contracting with, and directing of specialty trade contractors, and the value engineering of a project.

Construction Manager at Risk or *CMAR* shall have the meaning set forth in Section 3-109 of this Code.

Consultants' Competitive Negotiation Act or CCNA means Section 287.055, Florida Statutes, as amended, relating to the Procurement of certain architectural, engineering, landscape architectural, and mapping and surveying Services.

Contract means all types of agreements for the Procurement of Supplies or Services, regardless of what these agreements may be called, and shall include, but not be limited to, a Purchase Order issued by JEA and accepted by a Vendor.

Contract Amendment means a written amendment executed after the execution of the Contract formalizing any revisions to the Contract.

Collaborative Procurement means a Procurement undertaken by JEA in accordance with Section 3-115 of this Code.

Data means recorded information, regardless of form or characteristic.

Design-Build Contract means a single Contract with a Design-Build Firm for the design and Construction of a Construction project as defined in CCNA.

Designee has the meaning set forth in Section 4-302 of this Code.

Determination means a finding or decision by JEA made in the course of the process of procuring Supplies or Services under this Code.

Emergency shall have the meaning set forth in Section 3-113 of this Code.

Ex Parte Communication has the meaning set forth in Section 1-107 of this Code.

Floor means an agreement obligating the seller of the Floor to make payments to the buyer of the Floor, each payment under which is based on the amount, if any, that a predetermined number, sometimes called the strike/Floor rate or price, exceeds a reference price, level, performance or value of one or more underlying interests.

Florida's Open Meetings Laws means the laws found in Chapter 286, Florida Statutes, as amended.

Formal Purchase shall have the meaning set forth in Section 3-101 of this Code.

Forward Supply Agreement means a supplier has agreed to supply or cause to be supplied appropriate investments in appropriate amounts and for appropriate periods and to pay consideration to an entity either over time or up-front in an amount determined by bid or negotiation for the right to supply such investments to the escrow holder or other recipient identified by the entity.

Governmental Entity means any state or territory of the United States, or any county, city, town or other subdivision of any state or territory of the United States, or any public agency, public authority, educational, health, or other institution of such subdivision.

Hedge means any transaction which is entered into and maintained to reduce the risk of a change in the value, yield, price, cash flow, or quantity of, or the degree of exposure with respect to, assets or liabilities which the buyer has acquired or incurred or anticipates acquiring or incurring.

Informal Purchase shall have the meaning set forth in Section 3-102 of this Code.

Intent to Award means JEA's announcement via an email, posting of the Awards Committee agenda, or issuance of an Addendum stating its intent to award a Formal or Informal Contract.

Invitation for Bid or IFB means a type of Solicitation requesting price offers and qualification information for defined Supplies or Services.

Invitation to Negotiate or ITN means a type of Solicitation requesting competitive sealed replies with the intent to select one or more Vendors with which to commence negotiations for the procurement of Supplies or Services, and usually concluding with a Best and Final Offer from Respondents.

JEA means that body politic and corporate created and established in Article 21 of the Charter of the City of Jacksonville.

JEA Board means the members of the JEA appointed to serve as provided by Section 21.03 of the JEA Charter.

JEA Charter means Article 21 of the Charter of the City of Jacksonville, as amended from time to time.

Letter of Credit means a commitment, usually made by a commercial bank, to honor demands for payment of an obligation upon compliance with conditions and/or the occurrence of certain events specified under the terms of the commitment.

Liquidity Support means lines of credit, usually made by a commercial bank, provided to a debt issuer to pay the principal amount of debt either upon maturity or upon demand by the debt holder for payment in conjunction with the issuance of debt, often in the form of commercial paper, in the event that the remarketing agent or the dealer is unable to remarket the debt.

Office of General Counsel means the City of Jacksonville's Office of the General Counsel.

Operational Procedures means the written process and procedures applicable to JEA Procurements and Procurement activities that have been promulgated in accordance with this Code.

Option means an agreement giving the buyer the right to buy or receive, sell or deliver, enter into, extend or terminate, or effect a cash settlement based on the actual or expected price, level, performance, or value of, one or more underlying interests.

Organizational Element means any subdivision of JEA — for example, a team, area, activity, department, group, business unit. — that utilizes Supplies or Services procured under this Code.

Organizational Element Manager means the person designated by the Chief Executive Officer to have responsibility for Procurement policies and procedures for certain categories of Supplies and Services under Section 2-102 of this Code.

Pre-Source Selection Methods means the pre-source selection methods described in Section 3-103 of this Code.

Pilot Project shall have the meaning set forth in Section 3-118 of this Code.

Post, Posting or Posted means placing documents or information on JEA's centralized internet website in the manner and location in which similar documents or information are typically posted.

Procurement means purchasing, renting, leasing, or otherwise acquiring; or selling, renting, leasing or otherwise disposing of any Supplies or Services, including, but not limited to, all functions that pertain to such activities – e.g., description of requirements, selection and solicitation of sources, and preparation and Award.

Procurement Appeals Board means the body comprised of at least three members of the Awards Committee as designated in this Code to hear Appeals regarding Procurement actions in accordance with Article 5 of this Code.

Professional Services shall have the meaning set forth in the CCNA.

JEA Project Manager shall have the meaning set forth in Section 3-122.

Proposer means a Vendor submitting a Proposal in response to a Request for Proposals.

Proposal means a Vendor's submittal of its offer in response to a Request for Proposals.

Protest shall have the meaning set forth in Section 5-101 of this Code.

Protestant means a Vendor who files a timely and proper Protest in accordance with Article 5 of this Code.

Purchase Order means a document issued by JEA requesting that a Vendor provide specified Supplies and Services to JEA and may contain additional terms and conditions related to the provision of such Supplies and Services.

Real Estate means land, including buildings and improvements, its natural assets, easements or a permanent interest therein.

Repurchase Agreement means a transaction in which one party (seller) agrees to transfer to the other party (buyer) securities against the transfer of funds by the buyer with a simultaneous agreement by the buyer to transfer to the seller such securities at a date certain or upon demand against the transfer of funds by the seller.

Request for Information has the meaning set forth in Section 3-103 of this Code.

Request for Proposals means a type of competitive Solicitation requesting offers that includes qualifications, methods or other information, and may or may not include price, in the form of a Proposal.

Request for Qualifications or RFQ has the meaning set forth in Section 3-103 of this Code.

Response means a Vendor's submittal of its qualifications and price to in response to an ITN or other Solicitation.

Respondent means a Vendor submitting a Response to an ITN or other Solicitation.

Responsible Bidder (or Responsible Proposer or Responsible Respondent) means a Vendor that, in the Chief Procurement Officer's Determination, has the business judgment, experience, facilities and capability in all respects to perform fully the Solicitation requirements, and the integrity and reliability that will assure good faith performance.

Responsive Bidder (or Proposer or Respondent) means a Vendor that, in the Chief Procurement Officer's Determination, has submitted a Bid, Response or Proposal that conforms in all material respects to a Solicitation.

Reverse Auction means a type of auction in which sellers bid for the prices at which they are willing to sell their Supplies or Services.

Securities Lending means an activity in which securities are loaned to a dealer or financial institution by a lending party in exchange for a fee and collateral comprising securities with a market value greater than the loaned securities. Loaned securities are due upon demand by the lending party.

Services means the furnishing of labor, time or effort by a Vendor, and includes, but is not limited to, work performed on Construction projects and the receipt, delivery and transmission of electric power, fuel, by-products or thermal energy, work customarily rendered by attorneys, certified public accountants, insurance agents, financial advisors, personnel consultants, health care providers and consultants, systems consultants, software or technology consultants, temporary staffing providers, and management consultants, and administrative, maintenance, repair, installation and other technical services. This term shall not include employment agreements or collective bargaining agreements.

Single Source has the meaning set forth in Section 3-112 of this Code.

Solicitation means a document (which may be electronic) issued by JEA for the Formal Purchase of Supplies, Services, or Real Estate.

Source Selection means the type of Solicitation advertised or Procurement method JEA utilizes to obtain responses from Vendors to provide Services or Supplies (e.g., Invitation for Bids, Request for Proposals, Invitation to Negotiate)

Specifications means any description of the physical or functional characteristics, or of the nature of an item of Supply or Service. It may include a description of any requirement for inspecting or testing an item of Supply or Service or preparing such item for delivery. Also commonly referred to as Technical Specifications.

Supplies means all property, including but not limited to, equipment, materials, repair parts, consumables, tools, printing, and leases of real property.

Swap (Interest Rate or Commodity) means an agreement to exchange, or net, payments at one or more times based on the actual or expected price, level, performance, or value of one or more underlying interests.

Tri-party Repurchase Agreement means an agreement between the buyer, seller and custodian whereby the custodian is not affiliated with either the buyer or the seller, and the custodian is the safekeeping agent for securities involved in a Repurchase Agreement transaction.

Utility Industry Partner means a publicly-owned or privately-owned utility, utility industry trade association; exempt wholesale generator; co-generator or small power producer, or other entity whose business purpose is the generation or transmission or distribution or the promotion of the efficient use of electricity or water, approved by the Chief Procurement Officer, with whom JEA may legally engage in a Collaborative Procurement provided in Section 3-115 of this Code or a Joint Project as provided in Section 3-117 of this Code.

Vendor means any person or legal entity that provides, agrees to provide, or is interested in providing, Supplies or Services to JEA.

ARTICLE 1- GENERAL PROVISIONS

1-101 Purposes, Rules of Construction

(1) *Interpretation.* This Code shall be construed to be consistent with the guiding principles and to promote its underlying purposes and policies set forth in this Section 1-101.

(2) *Guiding Principles.* This Code shall at all times be subject to the provisions of the JEA Charter found in Article 21 (JEA), Charter of the City of Jacksonville and the following guiding principles:

(a) *Open and Fair Competition.* To the greatest extent reasonably possible, JEA shall use fair, competitive, and generally accepted government Procurement methods that seek to encourage the most competition and best price for the purchase of supplies, construction, professional and other contractual services. JEA should adhere to all applicable state procurement laws, including but not limited to laws governing the purchase of construction services and professional design services.

(b) *Transparency in Procurement processes.* This Code and all Procurement policies, Operational Procedures, rules, directives, standards, and other procurement governing documents, including any amendments thereto, shall be posted on JEA's website in a conspicuous manner for the public to view. All records of JEA Procurement activities shall be subject to disclosure under Florida's public records laws, including, but not limited to those laws codified in Section 119, Florida Statutes, as amended.

(c) *Use of certain agreements.* The use of confidentiality, nondisclosure or similar agreements by government agencies are contrary to open and transparent government. Except regarding information or records deemed by JEA to be confidential or exempt information or records by law, JEA should not enter into confidentiality or nondisclosure agreements with third parties and should use confidentiality, nondisclosure or similar agreements sparingly in the conduct and operation of its Procurement activities. Additionally, JEA shall not require a member, officer or employee to maintain the confidentiality of information or records that is not confidential or exempt by law.

(3) *Purposes and Policies.* The underlying purposes and policies of this Code are:

(a) to provide for increased public confidence and consistency in the procedures followed in JEA Procurement;

(b) to ensure the fair and equitable treatment of all persons who deal with the JEA Procurement system;

(c) to maximize, to the fullest extent practicable, the purchasing value of JEA funds;

(d) to foster effective, broad-based competition among vendors purchasing good and services from JEA;

(e) to provide safeguards for the maintenance of the quality and integrity of the JEA Procurement system, and

(f) to ensure JEA's Procurement activities comply with all applicable Florida Statutes.

(4) *Singular-Plural and Gender Rules.* In this Code, unless the context requires otherwise, words in the singular include the plural, and those in the plural include the singular.

(5) *Use of Capitals in Text.* Capitalized terms used in this Code shall have the meanings given to them in the Definitions section of this Code.

(6) *Job Titles.* If a JEA job title used in this Code is changed in the future due to JEA organizational changes, this Code shall be construed by substituting the appropriate successor job title.

(7) *Interpretation:* Where the word "shall" is used, it connotes a mandatory requirement. Where the word "may" is used, it connotes a permissive requirement.

1-102 Application of this Code

(1) *General Application.* This Code, and any amendments to this Code, apply only to Procurement activities, Contracts and Contract Amendments solicited or entered into after the effective date of this Code or an Amendment, as the case may be.

(2) *Application to JEA Procurement.* This Code shall apply to expenditures of public funds under Contract by JEA, irrespective of their source. It shall also apply to the sale or other disposal of JEA property and Supplies.

1-103 Determinations

Written Determinations required by this Code shall be retained in the appropriate official Procurement or Contract file maintained in accordance with promulgated by the Chief Procurement Officer.

1-104 Policy of Continuous Improvement

Suggestions for Improvements. The JEA Board intends for this Code to be a dynamic document comprising the best available public sector Procurement practices. To this end, the Chief Executive Officer encourages employees of JEA and others who deal with the JEA Procurement system to submit to the Chief Procurement Officer any ideas or suggestions for improvements to this Code.

1-105 Jacksonville Small Emerging Business (JSEB) Program; Minority Business Enterprises

JEA shall adhere to the City of Jacksonville's Small Emerging Business (JSEB) Program, or successor city program, in its Procurement procedures. Subject to applicable federal, state and local laws, with the JEA Board's approval, JEA is authorized to implement and to take all actions necessary to administer a race-conscious purchasing and Procurement program to remedy the present effects of past discrimination by JEA, if any, in the awarding of Contracts. Any such race-conscious program implemented by JEA to remedy the present effects of past discrimination by JEA, if any, in the awarding of Contracts must be supported by evidence and based on the required criteria and standards as set forth in applicable federal and state laws.

1-106 General Counsel of the City of Jacksonville

The General Counsel of the City of Jacksonville has the responsibility for providing all legal Services to JEA, including, but not limited to, legal Services relating to Procurement matters. The General Counsel may employ, supervise and terminate assistant counsels to assist with the efficient provision of legal Services for JEA. The General Counsel may authorize JEA to engage outside counsel upon certification by the General Counsel of compliance with the City of Jacksonville's Charter and JEA's authority, and a written finding of necessity by the General Counsel. The General Counsel shall consult with JEA before the General Counsel selects outside counsel. The provision of all outside legal Services to JEA shall be in accordance with the terms of an engagement letter authorized and approved by the General Counsel, including, but not limited to, the scope of the services provided and the maximum indebtedness of JEA's obligations in connection with the engagement.

The provision of legal Services as contemplated by this Section 1-106 shall include all legal related services, e.g., court reporters, expert consultants or witnesses, and Real Estate property appraisers. Legal counsel engaged by JEA shall have the authority to engage such related legal Services only to the extent that the vendor of such related legal Services and the maximum indebtedness of JEA's obligations in connection with such services is approved in by the General Counsel and described in the engagement letter for such legal counsel. The engagement of related legal Services by outside counsel shall not be used as a means to circumvent the competitive bidding requirements or any other provisions of this Code.

1-107 Ex Parte Communication Prohibited

Adherence to procedures that ensure a fair open and impartial Procurement process is essential to the maintenance of public confidence in the value and soundness of the important process of public Procurement. Therefore, except as provided in subsection (3) of this Section 1-107, employees, agents and all other representatives of a Vendor shall be strictly prohibited from communicating, directly or indirectly,

with any of the JEA representatives described in subsection (1) below during a period described in subsection (2) below.

(1) *Persons covered.* The prohibitions of this Section 1-107 shall apply to all JEA Board members, employees, agents, and other representatives if such persons are involved in JEA's Procurement process, or have any decision-making authority with respect to an Award.

(2) *Periods.* Ex Parte Communications are prohibited during the following periods:

(a) from the advertisement of a Solicitation through the Award of a Contract or cancellation of the Solicitation prior to Award; and

(b) from the initiation of a Protest through final resolution of such Protest under this Code.

(3) *Exclusions.* This Section 1-107 shall not prohibit:

(a) communications concerning process and questions regarding a Solicitation addressed to the JEA Procurement staff member designated in a Solicitation to answer questions about the Solicitation, including, but not limited to, communications initiated by such staff member in order to clarify aspects of a Bid, Proposal or Response;

(b) communications during public meetings held in accordance with Florida's Open Meetings Laws, for the purpose of discussing a Solicitation or an evaluation or selection process including, but not limited to, substantive aspects of the Solicitation document (Such public meetings may include, but are not limited to, pre-Bid, pre-Proposal or pre-Response meetings, site visits to JEA's or a Vendor's facilities, interviews or negotiation sessions as part of the selection process, and other presentations by Bidders, Proposers, or Respondents. Exempted communications at such public meetings shall be limited to those consistent with the advertised purpose of the meeting and shall be communicated in a manner which can be heard by all those present at the meeting.);

(c) communications during negotiation sessions with Vendors to the extent exempt under Section 286.0113(2), Florida Statutes, as amended;

(d) Awards Committee and the Procurement Appeals Board at meetings advertised and conducted pursuant to Florida's Open Meetings Laws;

(e) contact by a Vendor currently under Contract with JEA, but only regarding work under that Contract and unrelated to the Solicitation or Protest currently in process; or

(f) communications between a Vendor and the Chief Procurement Officer, or JEA's legal counsel in accordance with the requirements of Article 5 of this Code.

(4) Violation of this Section 1-107 by a Vendor or any of its employees, agents or other representatives may be grounds for any one or more of the following: (i) disqualification of the Vendor from eligibility for an Award; (ii) rescission of any Award to the Vendor; (iii) termination of any Contract with the Vendor; or a decision to suspend or debar the Vendor.

1-108 Retention of Procurement Records

All Procurement records shall be retained, made available and disposed of in accordance with the requirements of all applicable laws, including but not limited to Chapter 119, Florida Statutes (Florida's Public Records Laws), as amended, and the rules and regulations promulgated by the Division of Library and Information Services of the Florida Department of State.

1-109 Collection of Data Concerning JEA Procurement; Annual Vendor Survey

The Chief Procurement Officer shall prepare and maintain statistical Data concerning the Procurement, usage, and disposition of all Supplies and Services, except for Procurements exempt under Section 2-102 of this Code and not procured under a process overseen by the Chief Procurement Officer. Organizational Element Managers overseeing Procurements exempt under Section 2-102 shall furnish such reports as the Chief Procurement Officer may require concerning usage and needs, and the Chief Procurement Officer shall have authority to prescribe forms to be used by such Organizational Element Managers in requisitioning, ordering, and reporting of Supplies and Services.

The Chief Procurement Officer shall annually conduct a survey of actual, interested and prospective Bidders, Proposers, Respondents, and Vendors to obtain feedback on JEA's Procurement process. Such survey shall be on a form approved by the JEA Board and participation in the survey shall be open to actual, interested and prospective Bidders, Respondents, and Vendors. survey topics may include, without limitation, various aspects of JEA's Procurement process such as information transparency and accessibility, pre-conferences, bid submittal packages, evaluations, and Awards. The Chief Procurement Officer shall report the results of such survey to the JEA Board and the JEA Board shall consider such survey results during the JEA Board's biennial review of this Code.

1-110 Record of Procurement Actions

The Chief Procurement Officer shall prepare and deliver a written report to the JEA Board on or before the JEA Board's last regularly scheduled meeting held in each calendar year summarizing all Awards made during the immediately preceding fiscal year. Such written report shall contain at a minimum the following information:

- (a) The number of Awards for the reporting fiscal year;
- (b) A detailed listing of all Awards categorized by service type (e.g., Construction, Professional Services, Supplies, etc.), Award type (e.g., Single Source, Emergency, Request for Proposals, Invitation to Negotiate, piggyback, etc.) and a brief description of each Award containing the Vendor name, Contract amount and Contract term;
- (c) The number of JSEB Awards categorized by service type (e.g., Construction, Professional

Services, Supplies, etc.), Award type (e.g., Single Source, Emergency, Request for Proposals, Invitation to Negotiate, piggyback, etc.), and a brief description of each Award containing the JSEB contractor name, Contract amount and Contract term;

(d) The number of Protests for the reporting fiscal year and the outcome of each Protest (i.e., whether JEA prevailed); and

(e) The annual survey results pursuant to the survey requirement in Section 1-109 of this Code.

After providing such written report to the JEA Board, the Chief Procurement Officer shall deliver the report to the Jacksonville City Council and the Mayor and post the report on JEA's website in a conspicuous manner for the public to view.

ARTICLE 2 - PROCUREMENT AUTHORITY, DESIGNATIONS, AND COMMITTEES

2-101 Procurement Authority and Duties of the JEA Board

Pursuant to Article 21 of the Charter of the City of Jacksonville, the JEA Board shall review and approve this Code and all amendments to this Code. The JEA Board may not delegate its approval of this Code, including any amendments thereto, to the Chief Executive Officer or any other officer, employee or agent of JEA.

The Chief Procurement Officer shall biennially review this Code and JEA's other Procurement procedures and shall report to the JEA Board on the results of such review including any recommendations for changes the Chief Procurement Officer deems appropriate.

2-102 Procurement Code Exemptions

(1) Due to the nature of the following Supplies and Services, such Supplies and Services need not be procured through the Chief Procurement Officer and are not subject to approval by the Awards Committee, but may be procured using Procurement policies and procedures established by an Organizational Element Manager designated by the Chief Executive Officer for that category of Supplies and Services:

- (a) Generation Fuels, Emission Allowances, and Associated Transport;
- (b) Byproducts;
- (c) Purchase or Sale of Electric Energy, Electric Generation Capacity, Electric Transmission Capacity and Transmission Services – Short- and Long-Term Transactions;
- (d) Sale of JEA Owned Transmission and Ancillary Services, including applicable Enabling Agreements;
- (e) Environmental Allowances;
- (f) Real Estate, including easements; and
- (g) Community Outreach Procurements.

The Operational Procedures shall provide more detail concerning the types of Supplies and Services included within the exempt categories of Procurements listed above.

(2) Prior to the Procurement of Supplies or Services by an Organizational Element Manager, the Organizational Element Manager shall establish Procurement policies and procedures for the exempt category of Supplies and Services and obtain all appropriate approvals required by the Operational Procedures.

(3) In the absence of an Organizational Element Manager for a category of Supplies and Services exempt under subsection (1) of this Section 2-102, the Supplies and Services shall be procured through the Chief Procurement Officer in accordance with this Code and Operational Procedures.

(4) Any and all insurance coverage may be awarded through a broker or consultant for those services with ultimate approval by the Awards Committee.

2-103 Appointment and Authority of the Chief Procurement Officer

(1) *Central Procurement Officer of JEA.* The Chief Executive Officer shall appoint a Chief Procurement Officer. The Chief Procurement Officer shall be a full-time, appointed employee of JEA with demonstrated executive and organizational ability. The Chief Procurement Officer shall serve as the central point of contact for JEA Procurement matters.

(2) *Operational Procedures.* The Chief Procurement Officer shall promulgate Operational Procedures governing JEA Procurement activities that are consistent with the provisions of this Code. Whenever practicable, the Operational Procedures shall be updated to incorporate the use of new technologies, best practices, and streamlined procedures for continuous improvement of JEA's Procurement activities. Material revisions to the Operational Procedures shall be approved by the Office of General Counsel prior to the revisions becoming effective.

(3) *Duties.* Except as otherwise specifically provided in this Code, the Chief Procurement Officer duties shall include, but are not limited to:

- (a) supervise and coordinate the Procurement of all Supplies and Services by JEA;
- (b) make Determinations as to what constitutes a minor irregularity in Bids, Proposals and Responses and when Bids, Proposals and Responses should be rejected as unresponsive;
- (c) conduct or coordinate training on JEA's Procurement policies and processes and related matters;
- (d) develop and maintain the standard contract language for Solicitations, Contracts and other documents used in the JEA's Procurement process in consultation with the Office of General Counsel; and
- (e) exercise the duties given to the Chief Procurement Officer in Article 5 of this Code.

2-104 Delegation of Authority by the Chief Procurement Officer

The Chief Procurement Officer may delegate any duty or authority given to the Chief Procurement Officer under this Code in writing to one or more designees.

2-105 Procurement Document Review

The Chief Procurement Officer shall create a process and procedures to ensure all Solicitations and

other documents used in JEA's Procurement process are reviewed to ensure compliance with this Code, the Operational Procedures and all applicable laws and regulations. The process and procedures for review of all Solicitations shall be set forth in the Operational Procedures.

2-106 Awards Committee

(1) *Awards Committee Membership.* The JEA Awards Committee shall consist of three to five Vice Presidents or other senior Officers of JEA appointed by the Chief Executive Officer. Members of the Awards Committee shall serve until their successors have been appointed. Members of the Awards Committee may be removed at any time with or without cause by the Chief Executive Officer. If an Awards Committee member shall cease to be qualified to serve, then the member's term shall be vacant until the Chief Executive Officer appoints a replacement.

(2) *Liaisons.* There shall be three permanent liaisons present at all meetings of the Awards Committee which shall include the Chief Procurement Officer, a representative from the Budget Organizational Element designated by the Chief Executive Officer and a representative from the Office of General Counsel. These liaisons shall not be considered voting members of the Awards Committee for purposes of Florida's Open Meetings Laws.

(3) *Quorum.* The presence of at least three voting members of the Awards Committee shall constitute a quorum. If a quorum is not present or any one of the three Liaisons is not in attendance, the meeting shall be cancelled. If a voting member of the Awards Committee or a liaison is unable to attend a meeting of the Awards Committee, that voting member or liaison may designate an alternate to serve for that meeting, and the alternate shall for all purposes (including, but not limited to satisfying quorum requirements and voting) be considered a member or liaison, as the case may be, for that meeting.

2-107 Awards Committee Procedures

(1) All meetings of the Awards Committee shall be held in accordance with this Code and the requirements of Florida's Open Meetings Laws and shall be properly noticed, and minutes shall be taken. The voting members of the Awards Committee shall not discuss any matter which foreseeably could come before the Awards Committee with another voting member of the Awards Committee unless such discussions take place in a duly noticed meeting held in accordance with Florida's Open Meetings Laws.

(2) Each voting member of the Awards Committee shall have one vote. It shall take a majority of the voting members of the Awards Committee for an item to be approved.

(3) The Chief Procurement Officer shall conduct all meetings of the Awards Committee and shall present each Award item to the Committee for its consideration. The Chief Procurement Officer shall have the authority to determine the presence of a quorum and whether any voting requirement has been met and

shall be responsible for all administrative matters relating to the conduct of the Committee's business including, but not limited to, ensuring that proper notice is given and minutes are taken.

2-108 Duties of the Awards Committee

(1) *Scope of Review.* The Awards Committee shall review each Award item presented to the Committee and shall consider whether the proposed item is in compliance with this Code and in the best interest of JEA.

(2) *Required Approvals.* The following Procurements of Supplies and Services by JEA shall require approval of, or ratification by, the Awards Committee:

(a) Formal Purchases of Supplies and Services by JEA unless exempt under Section 2-102 (Procurement Code Exemptions) or specifically provided otherwise in this Code;

(b) rescissions of Formal Solicitations and rejection all Bids, Proposals and Responses after Bids, Proposals after Bids, Proposals or Responses have been received;

(c) rescissions of Awards previously approved by the Awards Committee;

(d) terminations of Contracts executed in accordance with Awards approved by the Awards Committee;

(e) changes to, and renewals of, any Contracts executed in connection with an Award approved by the Awards Committee if:

(i) the financial impact of the change or renewal exceeds 10% of the amount of the most recent Award approved by the Awards Committee;

(ii) the financial impact of the change or renewal exceeds \$1,000,000;

(iii) the change or renewal causes an Informal Purchase to exceed the threshold for a Formal Purchases set forth in Section 3-101 of this Code;

(iv) the change is an assignment of a Contract; provided, however, that if the assignment arises in connection with a merger, sale of a Vendor or one of its business units or other similar extraordinary event involving the Vendor, the Chief Procurement Officer may authorize the assignment without the approval of the Awards Committee unless the assignment requires Awards Committee approval under the Operational Procedures; or

(v) the change or renewal, in the opinion of the Chief Procurement Officer, changes the Award approved by the Awards Committee in any material respect.

(f) sales of Supplies or Services by JEA that exceed \$300,000, including, but not limited to the sale of any surplus items;

(g) Procurements exempt under Section 2-102 (Procurement Code Exemptions) of this Code if required by the Procurement processes and procedures established by the applicable Organizational Manager; and

(h) ratification of all Formal Purchases procured under Section 3-113 (Emergency Procurements) of this Code.

(3) *Concurrence of Chief Executive Officer.* All approvals and ratifications of the Awards Committee shall be subject to the written concurrence of the Chief Executive Officer.

(4) *Availability of Funding for Procurement Items.* The Awards Committee shall approve Awards items only after receiving confirmation as provided in this Section 2-108(4) that sufficient funds are available for the Award. Prior to presentation to the Awards Committee, each Award item shall be reviewed and approved by the Budget Organizational Element to determine whether sufficient funding is available for the Award. If the Budget Organizational Element is unable to confirm that sufficient funds are available, the senior executive Officer for the Organizational Element requesting the Award may confirm by signature on the Award document that sufficient funding is or is expected to be available in that Organizational Element's Budget.

(5) *Effect of Approval.* Once an Award item is reviewed and approved by the Awards Committee and the Chief Executive Officer, JEA is authorized to proceed with actions to finalize the Procurement of the Supplies or Services consistent with the Award, including but not limited to, execution of a Contract, issuance of a Purchase Order and notice to proceed, and acceptance of delivery of Supplies and Services, subject to lawfully appropriated funds.

ARTICLE 3 – SOURCE SELECTION AND CONTRACT FORMATION

3-101 Formal Purchases

(1) Unless exempt under Section 2-102 of this Code, the following Procurements shall be considered Formal Purchases under this Code:

- (a) the Procurement of Supplies or Services where the estimated aggregate costs and fees for the Procurement exceed \$300,000;
- (b) “Public construction works” required to be competitively awarded under Section 255.20, Florida Statutes, as amended;
- (c) “Electrical work” required to be competitively awarded under Section 255.20, Florida Statutes, as amended; and
- (d) “Professional Services” required to be publicly announced under Section 287.055, Florida Statutes, as amended.

(2) Formal Purchases shall be procured using the process and procedures for Formal Purchases detailed in the Operational Procedures.

3-102 Informal Purchases

(1) Unless exempt under Section 2-102 of this Code, all Procurements not considered to be Formal Purchases under Section 3-101 of this Code shall be considered Informal Purchases.

(2) Informal Purchases may be made in accordance with Operational Procedures.

(3) Procurements shall not be artificially divided to constitute an Informal Purchase under this Section 3-102.

(4) Unless the Procurement is otherwise exempt under this Code, the Operational Procedures for Informal Purchases shall require, at a minimum, the following kind and number of quotations from prospective Vendors:

- (a) one properly documented quotation for Informal Purchases of \$10,000 or less; or
- (b) three properly documented quotations for Informal Purchases exceeding \$10,000; provided, however that if JEA fails to receive 3 quotations despite using all reasonable efforts to obtain 3 quotations, the Chief Procurement Officer may waive this requirement.

(5) Informal Purchases exceeding \$50,000 shall be Posted for 7 to 10 calendar days.

(6) Architectural, engineering, landscape architectural, or registered surveying and mapping services considered “Professional Services” under the CCNA in the amount of \$35,000 or less shall be exempt from competitive bidding under this Code. JEA may procure such services directly without competition.

3-103 Methods of Pre-Source Selection

The Chief Procurement Officer may authorize any one or more of the following Pre-Source Selection Methods:

(1) A Request for Information (“RFI”) is a Pre-Source Selection Method that requests written information about the capabilities of Bidders, Proposers or Respondents and may prepare interested Vendors for participation in future Solicitations. The publication of an RFI does not obligate JEA to make the purchases referred to in the RFI. JEA may use information obtained from RFIs to develop scopes of work for future Solicitations.

(2) A Request for Qualifications (“RFQ”) is a Pre-Source Selection Method used to qualify a pool of two or more Vendors which will be eligible to respond to future Solicitations.

(3) An Intent to Bid is a Pre-Source Selection Method intended to provide notice and information to potential Vendors of JEA’s intent to issue a Solicitation for Supplies or Services. The Intent to Bid may request a response from Bidders confirming their intent to submit a Bid, Proposal or Response to a future JEA Solicitation. The publication of an Intent to Bid does not obligate JEA to make the purchases referred to in the Intent to Bid.

3-104 Methods of Source Selection

Unless exempt under Section 2-102 of this Code, all Formal Purchases shall be procured using one of the following Methods of Source Selection:

- (a) Section 3-105 (Invitation for Bids (IFB));
- (b) Section 3-106 (Request for Proposals (RFP));
- (c) Section 3-107 (Consultants’ Competitive Negotiation Act (CCNA) (Architectural, Engineering, Landscape Architectural, or Surveying & Mapping Services));
- (d) Section 3-108 (Design-Build Contracts);
- (e) Section 3-109 (Construction Management and Program Management);
- (f) Section 3-110 (Multi-Step Competitive Bidding);
- (g) Section 3-111 (Invitation to Negotiate (ITN));
- (g) Section 3-112 (Single Source);
- (h) Section 3-113 (Emergency Procurements);

- (i) Section 3-114 (Public Private Ventures);
- (j) Section 3-115 (Collaborative Procurements);
- (k) Section 3-116 (Joint Projects);
- (l) Section 3-117 (Use of Publicly Procured Contracts);
- (m) Section 3-118 (Pilot Projects);
- (n) Section 3-119 (Use of Reverse Auctions);
- (o) Article 4 (Procurement of Financial Instruments and Services).

The Chief Procurement Officer may elect to use any one of the Methods of Source Selection listed in this Section 3-104 if the Method of Source Selection is deemed by the Chief Procurement Officer to be in the best interest of JEA consistent with the purposes and guiding principles set forth in Section 1-101 of this Code. Notwithstanding the foregoing, the Method of Source Selection shall comply with the requirements of this Code, the provisions of any grant or other funding or cooperative agreements to which JEA is a party, and all applicable laws and regulations, including but not limited to, statutory requirements for the Procurement of Professional Services subject to the CCNA and Construction services meeting certain statutory thresholds. The Operational Procedures shall establish a process and procedures for each Method of Source Selection.

3-105 Invitation For Bids (IFB)

An IFB may be used when JEA is capable of defining the Specifications for a Supply or Service. An Award generally will be made to the Responsive and Responsible Bidder who submits the lowest Bid in a sealed competitive bidding process. Notwithstanding the foregoing, the Chief Procurement may waive minor irregularities in a Bid and may reject all Bids if the Chief Procurement Officer deems such actions to be in the best interest of JEA.

3-106 Request for Proposal (RFP)

An RFP may be used when the Chief Procurement Officer determines that a Solicitation should include selection criteria in addition to price. Various combinations or versions of Supplies or Services may be proposed by a Vendor to meet the Specifications in the RFP.

An RFP may be used to procure Construction Services to the extent permitted by Section 255.20(1)(d)(2), Florida Statutes.

3-107 Consultants' Competitive Negotiation Act (CCNA) (Architectural, Engineering, Landscape Architectural, or Surveying & Mapping Services)

Architectural, engineering, landscape architectural, or registered surveying and mapping services considered "Professional Services" under the CCNA shall be procured in accordance with the requirements of the CCNA.

3-108 Design-Build Contracts

A Design-Build Contract may be used when the general design and construction requirements are known, but the detailed design and engineering has not been completed. Design-build contracts as defined in Section 287.055(2)(i), Florida Statutes, shall be procured in accordance with the CCNA and the Operational Procedures.

3-109 Construction Management and Program Management

Services may be procured from Construction Management Entities and program management entities in accordance with the provisions of Section 255.103, Florida Statutes. After selection and competitive negotiations, a Construction Management Entity may be required to offer a guaranteed maximum price and a guaranteed completion date or a lump-sum price and a guaranteed completion date as a construction manager "at risk" in accordance with the provisions of Section 255.103, Florida Statutes (a "Construction Manager at Risk" or a "CMAR").

3-110 Multi-Step Competitive Bidding

The Multi-Step Bidding Method of Source Selection involves a two-phase process in which Bidders first submit proposed revisions to both the commercial and technical terms of the Solicitation. During the second phase of the process, Bidders submit a bid price based on a revised Solicitation issued by JEA. An Award is based solely on the price of the Bid and does not include additional discussions or negotiations of material terms and conditions with Bidders after Bids are received. Multi-Step Competitive Bidding allows JEA to obtain Vendor feedback before finalizing commercial and technical terms to be used in an Invitation for Bids.

3-111 Invitation to Negotiate (ITN)

The Invitation to Negotiate is a Method of Source Selection that allows JEA to directly negotiate with Vendors to obtain best overall value for JEA. Under the ITN, JEA first evaluates initial Proposals with the intent to identify one or more Responsive and Responsible Respondent with which JEA may enter into

one or more rounds of negotiations. Negotiations may result in modifications to the scope of work and terms and conditions of the ITN, submission of revised Bids or Responses, and may conclude with the submission of Best and Final Offers from one or more Vendors. The procedures for conducting an Invitation to Negotiate shall be described in the ITN Solicitation and the Operational Procedures.

ITNs may provide best value for JEA when establishing master contracts or definite delivery contracts for complex Supplies or Services, or when determining or refining scope, methods, or other non-price aspects of a Solicitation.

For each use of the ITN Method of Source Selection, prior to issuance of the ITN, the Chief Procurement Officer shall document the reasons an ITN will produce the best value for JEA compared to an IFB or RFP. In addition to negotiating price, additional reasons must be stated as to why negotiations are needed to realize best value for JEA. Examples of such reasons are “the ITN method allows refining approaches, methods, tools, requirements, deliverables, and systems;” or, “identifying and incorporating value added services offered by Vendors into final requirements.”

3-112 Single Source

A Contract may be awarded for Supplies or Services as a Single Source when, pursuant to the Operational Procedures, the Chief Procurement Officer determines that:

- (a) there is only one justifiable source for the required Supplies or Services;
- (b) the Supplies or Services must be a certain type, brand, make or manufacturer due to the criticality of the item or compatibility within a JEA utility system, and such Supplies or Services may not be obtained from multiple sources such as distributors;
- (c) the Services are a follow-up of Services that may only be done efficiently and effectively by the Vendor that rendered the initial Services to JEA, provided the Procurement of the initial Services was competitive;
- (d) at the conclusion of a Pilot Project under Section 3-118 of this Code, the Procurement of Supplies or Services tested during the Pilot Project, provided the Vendor was competitively selected for the Pilot Project

3-113 Emergency Procurements

In the event of an Emergency, the Chief Procurement Officer may make or authorize an Emergency Procurement, provided that Emergency Procurements shall be made with as much competition as practicable under the circumstances. A written Determination of the basis for the Emergency and for the selection of the particular Vendor shall be included in the Procurement file.

For purposes of this Section 3-113, an “Emergency” means any one of the following:

- (a) a reasonably unforeseen breakdown in machinery;
- (b) an interruption in the delivery of an essential governmental service or the development of a circumstance causing a threatened curtailment, diminution, or termination of an essential service;
- (c) the development of a dangerous condition causing an immediate danger to the public health, safety, or welfare or other substantial loss to JEA;
- (d) an immediate danger of loss of public or private property;
- (e) the opportunity to secure significant financial gain, to avoid delays to any Governmental Entity or avoid significant financial loss through immediate or timely action; or
- (f) a valid public emergency certified by the Chief Executive Officer.

The Chief Procurement Officer shall submit all Formal Purchases made under this Section 3-113 to the Awards Committee for ratification as soon as reasonably practicable after the Formal Purchase is made.

3-114 Public-Private Partnerships

JEA may receive unsolicited proposals or may solicit proposals for a qualifying project and may thereafter enter into a comprehensive agreement with a private entity, or a consortium of private entities, for the building, upgrading, operating, ownership, or financing of JEA’s facilities in accordance with the provisions of Section 255.065, Florida Statutes, as may be amended from time to time. The Operational Procedures shall set forth a process and procedures for the receipt and solicitation of such proposals that meet the requirements of Section 255.065, Florida Statutes, as amended from time to time.

3-115 Collaborative Procurements

JEA may participate in, sponsor, conduct, or administer a Collaborative Procurement for the Procurement of any Supplies or Services or Real Estate with one or more Governmental Entities, utility industry partners, nonprofit organizations or purchasing alliances in accordance with the terms of an agreement entered into between the participants. Such Procurements shall be in accordance with this Code and the Operational Procedures.

JEA shall not participate in, sponsor, conduct, or administer a Collaborative Procurement agreement for the purpose of circumventing this Code.

3-116 Joint Projects

Except where doing so is to circumvent the purpose of this Code, JEA may enter into joint projects with public or utility industry partners, the City of Jacksonville and its other independent agencies, political subdivisions or other Governmental Entities (e.g., the United States Navy, the Florida Department of Transportation, etc.). Joint projects may include, but shall not be limited to, combined water, sewer, drainage and road projects with the City of Jacksonville and Florida Department of Transportation.

Notwithstanding the foregoing, the Procurement of Supplies and Services by JEA in a Joint Procurement shall be consistent with the guiding principles and purposes of this Code set forth in Section 1-101.

3-117 Use of Publicly Procured Contracts

JEA may procure Supplies or Services by using or “piggybacking” on contracts of the City of Jacksonville or its independent agencies, political subdivisions, other city and state or governmental agencies, school board districts, community colleges, federal agencies, Governmental Entities, or public colleges or universities, provided that the contracts of such other entities were competitively procured and the terms and conditions of JEA’s Contract are at least as favorable as the terms and conditions of the contract on which JEA is piggybacking. Formal Purchases using this Method of Source Selection shall be awarded through the Awards Committee.

3-118 Pilot Projects

A Pilot Project allows JEA to procure Supplies or Services on a trial basis in limited amounts and for a limited period of time in order to determine whether to proceed with a Formal Solicitation for the Procurement of such Supplies or Services.

If the estimated aggregate cost of Supplies and Services to be procured during a Pilot Project do not exceed \$100,000, and the term of the Contract for the Pilot Project does not exceed two years, the selection of a Vendor to participate in the Pilot Project is not required to be selected using a competitive solicitation process unless required by applicable law. However, after the conclusion of the Pilot Project, the Supplies or Services evaluated during the Pilot Project shall be procured using one of the other Methods of Source Selection provided in Section 3-104 of this Code.

Where the cost to JEA of the Supplies and Services during the Pilot Project is \$100,000 or more, JEA shall publicly advertise the Pilot Project so that Vendors may submit their qualifications to provide such Supplies or Services. Based on the qualifications submitted by Vendors in response to such public advertisement, JEA will select one or more Vendors to participate in the Pilot Project. Once the Pilot Project

is complete, the Chief Procurement Officer will determine whether JEA will initiate a competitive bidding process to obtain the Supplies or Services.

3-119 Use of Reverse Auctions

When the Chief Procurement Officer determines that procurement by a Reverse Auction is in the best interest of JEA, the Chief Procurement Officer may procure Supplies or Services by Reverse Auction. Reverse Auctions may be used with the following Solicitation types:

- (a) Invitation for Bids (IFB) – With Reverse Auction
- (b) Request for Proposals (RFP) – With Reverse Auction
- (c) Invitation to Negotiate (ITN) – With Reverse Auction

Reverse Auctions are to be used solely for obtaining lowest pricing. Prior to conducting a Reverse Auction, the following must be established for each Bidder, Proposer or Respondent:

- (a) Invitation for Bids – Bidders must provide documentation that they meet the minimum qualifications and any other requirements set forth in the IFB.
- (b) Request for Proposals – The Proposers must provide fully responsive Proposals. JEA shall evaluate Proposals and select at the top three, or more, ranked Proposers to participate in a Reverse Auction to establish pricing.
- (c) Invitation to Negotiate – At the conclusion of the negotiation process for an ITN, where all terms other than price have been agreed, JEA may choose to use a Reverse Auction to establish pricing.

3-120 Form of Contract Documents

The Office of General Counsel shall approve as to form all Contract documents for Formal Purchases. Contract Amendments do not require OGC form approval, unless otherwise provided in the Operational Procedures.

Purchase Orders may be used to form a Contract for Informal Purchases and Formal Purchases when the Chief Procurement Officer determines that a Formal Contract is not necessary. Purchase Orders shall be on a form that incorporates general terms and conditions reviewed and approved by the Office of General Counsel. If a Contract other than a Purchase Order is executed for an Informal Purchase, the Contract does not require form approval by the Office of General Counsel, unless specifically requested by JEA, or unless

such Contract contains terms materially different than JEA's standard terms and conditions, and can be executed as set forth in the Operational Procedures.

In accordance with the JEA Charter, unless otherwise provided in the JEA Charter or by law, all Contracts of any kind, and in any form entered into by JEA, including, but not limited to, Procurement Contracts, Joint Project Contracts, interlocal agreements, and Purchase Orders for Informal Purchases shall contain a provision clearly specifying a fixed, maximum monetary indebtedness of JEA thereunder. Such Contracts may, however, provide for a lesser variable indebtedness of JEA upon a reasonable basis, subject to such fixed, maximum monetary indebtedness.

3-121 Execution of Contract Documents

The Chief Executive Officer shall execute all Contracts. The Chief Executive Officer may delegate to the Chief Procurement Officer the authority to execute Contracts. Contracts and Purchase Orders may be executed by electronic means or by facsimile signatures.

3-122 JEA Project Manager

All Contracts shall provide for a JEA Project Manager who will have the responsibility for overseeing all Work under the Contract and all payments made by JEA under the Contract. The Operational Procedures shall contain additional details concerning the responsibilities of JEA's Project and Contract Managers.

3-123 Continuing Services Contracts

Continuing services contracts, and continuation contracts based on unit prices, may be utilized for recurring Procurements of Supplies and Services that are projected to be made over a period of time. The total amount of all Procurements issued under a continuing services contract shall not exceed JEA's maximum indebtedness set forth in the Contract or the amount as authorized by Florida Statutes for the specific category of work, if any, and shall comply with all other applicable laws.

3-124 Contract Pricing Terms

Contract pricing terms are required in all Contracts and are the basis for payment approvals. The appropriate type of pricing terms will depend on the type of Contract and work being performed. The Operational Procedures may contain additional guidance concerning the type of pricing terms what are appropriate for certain types of Contracts.

ARTICLE 4 - PROCUREMENT OF FINANCIAL INSTRUMENTS AND SERVICES

4-101 [Deleted]

4-201 Types of Procured Financial Instruments and Services

This Article applies to the Procurement of the following financial instruments and Services:

- (1) authorized investments pursuant to the electric system bond resolution, the electric system subordinated bond resolution, the St. Johns River Power Park bond resolution, the bulk power supply system bond resolution, water and sewer bond resolution and any future bond resolutions authorized by the JEA Board;
- (2) financial instruments and arrangements, including but not limited to interest rate Swaps, Caps, Floors, Collars, Options and related hedging instruments and Forward Supply Agreements, Float Contracts, Guaranteed Investment Contracts (GICs) and related investment instruments used primarily in escrow agreements relating to debt instruments, Bond Insurance, surety policies, letters of credit, other credit enhancement facilities and Liquidity Support (e.g., continuing covenant agreements, standby bond purchase agreements, LOCs);
- (3) purchases in the secondary market of JEA debt issued under the resolutions listed above;
- (4) debt underwriting Services to underwrite variable or fixed rate bonds, notes, commercial paper or other debt-related financial instruments issued under the above resolutions, subject to a negotiated sale;
- (5) debt underwriting Services to underwrite bonds, notes or other debt-related financial instruments issued under the above resolutions, subject to a competitive bid;
- (6) bond counsel and related legal Services;
- (7) financial advisory Services;
- (8) trustee, registrar, paying agent, escrow agent, custody Services, and other similar fiduciary Services;
- (9) credit rating agencies Services;
- (10) dealers or remarketing agents that market commercial paper, variable rate demand obligations or other variable rate debt issued under the above resolutions;
- (11) Securities Lending arrangements;
- (12) financial printing Services, including but not limited to official statement printing;
- (13) banking Services;
- (14) escrow verification Services and accounting Services related to a debt issue or escrow restructuring; and
- (15) letters of credit or Revolving Credit Facilities.

- (16) Florida Voluntary Cleanup Tax Credits

4-301 Authorized Investments

(1) *Investments.* Investments shall be procured pursuant to the guidelines outlined in the most recent JEA investment policy approved by the JEA Board and shall be subject to the limitations contained in the bond resolutions under which the investments are to be held. The JEA Board authorizes the Chief Executive Officer or appointed managers designated by the Chief Executive Officer to:

- (a) open and close accounts at registered broker/dealers or banks;
- (b) purchase or sell securities which are authorized investments and sell securities provided to JEA as payment by customers in lieu of cash. The registered broker/dealer or bank is authorized to act upon any orders and instructions whether written or oral with respect to such account, and for the delivery of securities or money therefrom when received from the aforementioned appointed managers. Any of the aforementioned appointed managers may delegate to employees of JEA the authorization to transmit information regarding the execution and/or consummation of a trade described above. Securities transactions shall be approved in writing by any of the aforementioned appointed managers.

(2) *Execution of Certain Other Agreements.* Master Repurchase Agreements and tri-party master Repurchase Agreements and the related custody agreements shall be executed by the Chief Executive Officer or appointed managers designated by the Chief Executive Officer.

4-302 Financial Instruments and Arrangements

(1) *General.* Financial instruments and arrangements include interest rate Swaps, Caps, Floors, Collars, Options and related hedging instruments, Bond Insurance, surety policies, letters of credit, Forward Supply Agreements, float Contracts, Guaranteed Investment Contracts (GIC's), and related investment instruments used primarily in escrow agreements relating to debt instruments and other credit enhancement and Liquidity Support. Due to the dynamic nature of the marketplace for the foregoing, these types of instruments and arrangements shall be procured in a manner as authorized in this Section 4-302 or as authorized by the Chief Executive Officer, or designee authorized by the Chief Executive Officer in writing on a case-by-case basis (a "Designee"), based on prevailing practices in the marketplace for such financial instruments and arrangements. Written approval by the Chief Executive Officer or a Designee of the Procurement methodology shall be obtained prior to the Procurement, if the Procurement methodology is different than the methods specified below. Final approval of the winning Bidder for the various instruments in this 4-302 will be confirmed by the Chief Executive Officer or a Designee.

(2) *Selection.* Suggested methods of procuring the Vendors that provide these instruments and arrangements and/or executing the transactions are:

(a) competitive bid by the Organizational Element directly or through JEA's financial advisor. Such bid may be restricted to the group of Vendors selected to serve as underwriter or otherwise pre-qualified Vendors as recommended in writing by JEA's financial advisor (e.g., top rated banks to provide Liquidity Support for JEA's commercial paper program) for interest rate Swaps, Hedges, Caps, Floors, Collars, Options, Bond Insurance, surety policies, letters of credit, Forward Supply Agreements, float Contracts, Guaranteed Investment Contract (GIC's) and related investment instruments used primarily in escrows agreements relating to debt instruments, other credit enhancements, and Liquidity Support.

(b) Request for Information Solicitation by the Organizational Element or through JEA's financial advisor. Such Request for Information may be limited to the group of Vendors selected to serve as underwriter or other groups of prequalified Vendors as recommended in writing by JEA's financial advisor. If more than one Vendor is selected based on the RFI, a competitive bid shall be utilized among the Vendors selected; and

(c) if considered by the Chief Executive Officer to be in the best interest of JEA and upon the recommendation of JEA's financial advisor, the Chief Executive Officer may negotiate these types of instruments and agreements with one or more Vendors from within JEA's underwriting group or other groups of Vendors as recommended in writing by JEA's financial advisor. (e.g., an interest rate Swap executed in conjunction with a bond issue without being subject to (a) and (b) above). In the case of interest rate Swaps, interest rate Caps, Collars, Options and any related hedging agreements, the execution of such instruments or agreements shall be subject to the authorizations approved by the JEA Board on September 21, 1993, April 5, 1994 and April 19, 1994 and any subsequent approvals. In the case of interest rate Swaps, Caps, Floors, Collars, Options, and related hedging instruments, such agreements (and any related agreements or arrangements, including without limitation related collateral agreements, that are determined necessary) shall be executed by the Chief Executive Officer or a Designee upon confirmation by JEA's financial advisor that the terms and provisions thereof are commercially reasonable and consistent with customary practices in the relevant market for similar agreements.

(3) *Administration.* This Section 4-302 adopts and codifies those resolutions approved by the JEA Board on September 21, 1993, April 5, 1994 and April 19, 1994, and subsequent related resolutions. Any changes to those resolutions shall be approved by the JEA Board in the form of amendments to this Code or through additional resolutions approved by the JEA Board. Bond Insurance, surety policies, and other credit enhancements or Liquidity Support agreements shall be approved by the JEA Board in conjunction with the related debt financing. Vendors selected to serve as counterparties for Bond Insurance, surety policies, letters of credit, Forward Supply Agreements, float Contracts, Guaranteed Investment Contracts (GIC's) and related investment instruments used primarily in escrow agreements relating to debt instruments, other credit enhancements, Liquidity Support, and other similar instruments and arrangements, are subject to a written agreement executed by the Chief Executive Officer or a Designee.

COMMENTARY:

(1) It is expected that sufficient expertise will be available in the underwriting group so that the interest rate Swaps can be competitively bid within the underwriting group. If the JEA staff determines that a market rate will not be obtained from the existing underwriting group, then additional prequalified Bidders may, at the discretion of the Chief Executive Officer, be added to the group.

(2) It is anticipated that interest rate Swaps and other financial instruments outlined in this Section will usually be competitively bid.

4-303 Purchases in the Secondary Market of Debt

(1) Purchases in the secondary market of debt issued under bond resolutions cited in Section 4-201(d) (Types of Procured Financial Instruments and Services) shall be purchased pursuant to the most recent Investment Policy approved by the JEA Board, and any subsequent amendments to that policy approved by the JEA Board. Such purchases are subject to the applicable covenants contained in JEA's bond resolutions; or

(2) Policies, procedures, resolutions or related documents approved by the JEA Board relating to the purchase or retirement of JEA debt.

4-304 Debt Underwriting Services to Underwrite Bonds, Notes or Other Financial Instruments Issued Under Bond Resolutions, Subject to a Negotiated Sale

(1) *Selection.* The Procurement of debt underwriting Services cited in Section 4-201(4) (Types of Procured Financial Instruments and Services) subject to a negotiated sale shall be in accordance with Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer. Several underwriters may be selected to perform underwriting and related Services for JEA. A master underwriting agreement shall be executed by the Chief Executive Officer at the end of the Solicitation process and a separate bond purchase agreement with the underwriter(s) shall be executed by an authorized officer of JEA upon the approval of the JEA Board for each sale of debt. Each such bond purchase agreement shall specify, among other customary matters, the fee to the underwriters.

(2) *Negotiations - Sales.* JEA Board-approved resolutions authorize the sale of debt for each System. The Chief Executive Officer or a Designee shall negotiate the sale of bonds, notes or other financial instruments with the designated lead debt underwriter.

4-305 Debt Underwriting Services to Underwrite Bonds, Notes or Other Financial Instruments Issued Under Bond Resolutions, Subject to a Competitive Bid

(1) *General.* Debt underwriting services to underwrite bonds, notes or other financial instruments issued under bond resolutions cited in Section 4-201(5) (Types of Procured Financial Instrument and Services) subject to a competitive bid shall be procured in accordance with (2) below.

(2) *Selection.* Bonds or revenue certificates and refunding bonds or refunding revenue certificates issued pursuant to the JEA Charter if sold by competitive bid shall be sold to the Bidder whose bid produces the lowest true interest cost to JEA. The JEA Board may restrict the Bidders in any sale by pre-qualification or otherwise and may reserve the right to reject any or all bids. Prior to any sale by competitive bid of bonds or revenue certificates, the JEA Board shall cause notice to be given in such manner and at such time as the JEA Board shall determine. Said notice shall specify such matters relating to the bonds or revenue certificates offered for competitive sale as the JEA Board shall determine and shall state the manner in which bids shall be given. The JEA Board may reserve the right to waive any informalities or irregularities if the JEA Board determines that such action is in JEA's best interest. In no event shall said bonds or revenue certificates be sold at a net interest cost to JEA in excess of the legal limit as established by Section 215.84, Florida Statutes, or according to said section as it may from time to time be amended.

4-306 Bond Counsel and Related Legal Services

All legal Services and all legal related Services procured by JEA in connection with any Procurements under this Article 4, including, but not limited to, the Services of bond counsel, shall be procured in accordance with the provisions of Section 1-106.

4-307 Financial Advisory Services

The Procurement of financial advisory Services shall be in accordance with Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer.

4-308 Trustee, Registrar, Paying Agent, Escrow Agent, Custody Services relating to fixed rate debt or variable rate and similar fiduciary Services

The Procurement of these Services shall be in accordance with either (1) Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer, (2) Section 3-102 (Informal Purchases), (3) competitive bid by Organizational Element or through JEA's financial advisor, such bid limited to a group of Vendors as recommended by JEA's financial advisor, and shall be consistent with any applicable requirements contained in JEA's bond resolutions or (4) if considered by the Chief Executive Officer to be in the best interest of JEA and upon the recommendation of JEA's financial advisor, the Chief Executive Officer may negotiate these types of services and agreements with one or more Vendors as recommended in writing by JEA's financial advisor.

4-309 Credit Rating Agencies Services

Authority to select appropriate additional credit rating agencies, in addition to the nationally recognized credit rating agencies of Fitch Ratings, Moody's Investors Service and Standard and Poor's, to secure debt ratings and related Services for JEA is delegated to the Chief Executive Officer or a Designee. Terms and conditions for such Services shall be negotiated with the credit rating agency selected. Vendors selected must be nationally recognized credit rating agencies that comply with bond resolution requirements and are acceptable to JEA's debt underwriter, remarketing agent or dealer in order to provide marketability for bonds, notes, or other financial instruments issued by JEA. The Chief Executive Officer or a Designee has the authority to delete any of the Vendors providing this Service.

4-310 Dealers or Remarketing Agents that Market Commercial Paper, Variable Rate Demand Obligations (VRDO), or other Variable Rate Debt

Selection. Procurement for dealers or remarketing agents that market commercial paper, VRDO or other variable rate debt issued under bond resolutions cited in Section 4-201(d) (Types of Procured Financial Instruments and Services) shall be by a (1) Request for Information (RFI) by the Organizational Element or JEA's financial advisor; such RFI shall be limited to the group of Vendors selected to serve as debt underwriters and that participate as dealers or remarketing agents in the commercial paper market, VRDO or other variable rate debt markets, or other pre-qualified groups, as recommended in writing by JEA's financial advisor, (2) as outlined in the then current underwriters' agreement. or (3) if considered by the Chief Executive Officer to be in the best interest of JEA and upon the recommendation of JEA's financial advisor, the Chief Executive Officer may negotiate these types of services and agreements with one or more Vendors from within JEA's underwriting group or other qualified Vendors as recommended in writing by JEA's financial advisor.

4-311 Securities Lending Arrangements

(1) *General.* Securities Lending arrangements are authorized pursuant to the electric system and bulk power supply system bond resolutions. On November 2, 1993, the JEA Board approved a resolution outlining methods of procuring and entering into Securities Lending arrangements. Responsible Bidders for Securities Lending arrangements shall be selected pursuant to requirements outlined in the most recent JEA investment policy, as amended. This Section applies to future bond resolutions that authorize Securities Lending transactions.

(2) *Selection.* Suggested methods of procuring the Vendors that provide Securities Lending arrangements are:

- (a) competitive bid by the Organizational Element directly or through JEA's financial advisor. One or more counterparties shall be selected by the highest bid of security lending income

to JEA that complies with the provisions of the bond resolution under which the securities to be loaned are held;

- (b) Section 3-106 (Request for Proposals) or
- (c) if considered by the Chief Executive Officer to be in the best interest of JEA and upon the recommendation of JEA's financial advisor, the Chief Executive Officer may negotiate these types of services and agreements with one or more Vendors from within JEA's underwriting group as recommended in writing by JEA's financial advisor.

(3) *Administration.* Agreements with one or more counterparties and related custodial agreements shall be executed by the Chief Executive Officer or a Designee. These agreements shall also be approved by JEA's financial advisor and as to form by the Office of General Counsel.

COMMENTARY:

Based on the prevailing market practice at the time of selection, JEA shall determine the method expected to produce the best results for JEA in order to select the Vendors with which to enter into Securities Lending agreements.

4-312 Financial Printing Services, Including but not Limited to Official Statement Printing

Procurement for these Services shall be obtained by one of the following methods:

- (a) competitive bid for official statement printers by the Organizational Element directly or through JEA's financial advisor. JEA shall utilize the printer with the lowest responsible bid; or
- (b) Section 3-102 (Informal Purchases).

4-313 Banking Services

Procurement of these Services shall be in accordance with Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer. The JEA Board authorizes the Chief Executive Officer or appointed managers designated by the Chief Executive Officer to:

- (a) open and continue accounts at any bank under Contract with JEA;
- (b) sign and agree to the provisions of said bank's customary corporate signature card, and authorize the said bank to pay or otherwise honor any checks, drafts, or other orders issued from time to time, for debit to said accounts when signed manually or by facsimile impression by any two of certain appointed managers;
- (c) authorize the electronic transfer of funds;
- (d) act on behalf of JEA in all matters and transactions relating to any of its business with the bank, including the withdrawal of property at any time held by the bank for the account of JEA; and

- (e) provide the bank the authority to accept for deposit for the account of JEA, for credit, or for collection, or otherwise, any and all checks, drafts, and other instruments of any kind endorsed by any persons, or by hand stamp impression, in the name of JEA, or without endorsement.

4-314 Escrow Verification Services and Accounting Services Related to a Debt Issue or Escrow Restructuring

Included in JEA's Contract with its external auditors is a provision for the auditors to perform these Services. If these Services can be obtained for a lesser total cost, including internal JEA costs, than provided for in the current Contract with the external auditors, then proposals may be obtained and evaluated pursuant to (1) the provisions of Section 3-106 (Request for Proposals) (2) Section 3-102 (Informal Purchases) or (3) competitive bid by Organizational Element or through JEA's financial advisor.

4-315 Letters of Credit or Revolving Credit Facilities

JEA on occasion has the option to secure certain contractual obligations by providing a Letter of Credit instead of cash payment or deposit. Procurement of such instruments for this purpose shall be limited to the banks selected per Section 4-313 (Banking Services). The Chief Executive Officer is authorized by a JEA Board resolution approved March 7, 1989 to execute individual letters of credit or lines of credit in an amount not to exceed \$5,000,000, and in the aggregate not to exceed \$25,000,000 outstanding at any time. This section does not pertain to letters of credit or lines of credit that provide credit enhancement or Liquidity Support for JEA's demand obligations or commercial paper programs and which are procured under Section 4-302 (Financial Instruments and Arrangements).

In addition, JEA may determine pursuant to the requirements of the JEA Charter to utilize revolving credit facilities for any legal corporate purposes. The Chief Executive Officer shall determine the need for utilization of such instruments up to a maximum of \$25,000,000, and shall execute the applicable documents. The JEA Board shall approve any amount in excess of \$25,000,000. Procurement of such instruments for this purpose shall be by one of the following methods:

- (a) Request for Information or competitive bid by the Organizational Element or through JEA's financial advisor with banks as recommended by the financial advisor,
- (b) Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer, or
- (c) if considered by the Chief Executive Officer to be in the best interest of JEA and upon the recommendation of JEA's financial advisor, the Chief Executive Officer may negotiate these types of services and agreements with one or more banks as recommended in writing by JEA's financial advisor.

COMMENTARY:

Maximum limits for letters of credit or Liquidity Support for working capital purposes are in addition to those limits required for letters of credits or Liquidity Support utilized instead of cash payments or deposits.

4-316 Sale of Voluntary Florida Cleanup Tax Credits

Procurement for these Services shall be obtained by one of the following methods:

- (a) Request for Information or competitive bid by the Organizational Element,
- (b) Section 3-106 (Request for Proposals) and does not require the approval of the Chief Procurement Officer, or
- (c) if considered by the Chief Executive Officer to be in the best interest of JEA, the Chief Executive Officer may negotiate these types of services and agreements with one or more firms and approved as to form by the Office of General Counsel.

4-401 [Deleted]

4-402 Reimbursement of Certain Expenditures from Long-term Permanent Financing

United States Treasury regulations in effect upon the effective date of this Code require JEA to make an official written declaration of its intent to incur certain expenditures using temporarily available funds in anticipation of reimbursing such expenditures from the proceeds of debt obligations of JEA. The Chief Executive Officer or Chief Financial Officer or additional a Designee is authorized to declare JEA's intention in writing to reimburse previously incurred expenditures out of proceeds of debt obligations to be issued at a later date. The Chief Executive Officer or a Designee is authorized to execute documents that declare that intention and any additional documents necessary to satisfy the Treasury regulations regarding these transactions.

COMMENTARY:

United States tax regulations do change periodically. Future changes on this issue shall be automatically incorporated to this Code without further approval by the JEA Board.

ARTICLE 5 - ADMINISTRATIVE REMEDIES

5-101 Protests

(1) *Guiding Principles.* It is important that actual or prospective Bidders, Proposers and Respondents have confidence in JEA's Procurement process and procedures. One method of maintaining this confidence is to provide Vendors with an opportunity to file Protests relating to Solicitations and Awards as provided in this Section 5-101.

(2) *Right to Protest.* Any Vendor who is adversely affected by (i) the requirements of a Solicitation or a Determination made in connection with a Solicitation prior to the issuance of an Intent to Award, or (ii) an Award or an Intent to Award may submit a written Protest meeting all of the requirements of subsections (3) and (4) of this Section 5-101. Protests in connection with the requirements of a Solicitation or a Determination made in connection with a Solicitation shall include, but not be limited to, Protests concerning any event or aspect of the Procurement process that followed the issuance of the Solicitation and led to the Award or Intent to Award, Protests relating to the rejection of a Bid, Proposal or Response, including, but not limited to, whether a Bidder, Proposer or Respondent is Responsible or Responsive, and Protests relating to any ranking, scoring, or short-listing of Proposers or Respondents.

(3) *Protest Requirements.* Protests shall:

- (i) be submitted in writing in a letter or email addressed to the Chief Procurement Officer;
- (ii) identify the Solicitation, Award, or Intent to Award, by number and title or other language sufficient to enable the Chief Procurement Officer to identify the Solicitation, Award, or Intent to Award;
- (iii) demonstrate the timeliness of the Protest;
- (iv) state the Protestant's complete legal name and legal standing to protest; and
- (v) clearly state with particularity the issues and material facts supporting the Protest, and any legal authority upon which the Protest is based.

Contact information for the Chief Procurement Officer can be found at jea.com under the Procurement section of the website.

(4) *Timeliness.*

- (i) Protests concerning the requirements of a Solicitation, including, but not limited to, the choice of Procurement method, process or procedure, any minimum qualifications or any Specifications, must be received by the Chief Procurement Officer at least five Business Days prior to the date on which Bids, Proposals, or Responses are due to be submitted under the Solicitation.

(ii) All Protests concerning an Award or an Intent to Award, or a Determination made in connection with a Solicitation, must be received by the Chief Procurement Officer within two Business Days after the Posting or other written notification of JEA's decision or intended decision, whichever is earlier. Without limitation, the Posting of the Awards Committee agenda, or JEA's issuance of an Addendum or email to all Bidders, Proposers or Respondents stating its Intent to Award or establishing the short list of Respondents or Proposers, shall constitute notification of an Award or Intent to Award, or other Determination. The period for filing a Protest under this subsection (ii) shall begin at the time of the Posting or other such notification.

(iii) At the time of filing a timely Protest, a Protestant may request an extension of three Business Days after the date its Protest is timely received, in which to provide supplemental Protest materials. Failure to do so or to timely submit the supplemental Protest materials shall constitute a waiver of any right to supplement the Protest. All written information, documents, materials and legal authority the Protestant will provide to the Chief Procurement Officer must be received by the deadline established by the Chief Procurement Officer in a notice provided to the Protestant.

(5) Protests failing to meet the requirements of subsections (3) and (4) shall be rejected and shall constitute a waiver of all rights of the Protestant to file a Protest with respect to that subject matter. A Determination of whether a Protest meets the requirements of subsections (3) and (4) shall be made by the Chief Procurement Officer and is not subject to Protest or Appeal to the Procurement Appeals Board.

(6) JEA shall have the right to cancel, or rescind and re-issue, all Solicitations of any type, at any time until the time JEA executes a Contract under the Solicitation. Such right shall include the right to rescind an Award or an Intent to Award. After a Contract is executed, the terms of the Contract shall govern the parties to the Contract. Such cancelations and rescissions are not subject to Protest.

(7) *Notice of Protest to Affected Third Parties.* Upon receipt of a timely and proper Protest, JEA will notify Vendors known to JEA to be directly affected by the outcome of the Protest. All information, documents, materials and legal authority relating to the Protest that any such Vendor will provide to the Chief Procurement Officer must be received by the deadline established by the Chief Procurement Officer in such notice.

(8) *Protest Hearings.* Protestants shall not be entitled to a hearing of any kind prior to a decision of the Chief Procurement Officer concerning a Protest. The Chief Procurement Officer may conduct a hearing before making a decision. The Chief Procurement Officer shall be entitled to establish procedures for the conduct of any hearing and may set forth some or all of such procedures in the Operational Procedures or in the notice of the hearing. The Chief Procurement Officer shall provide Vendors known to JEA to be directly affected by the outcome of the Protest with a notice of the hearing providing the time, date, location and manner of the hearing.

(9) *Decision by Chief Procurement Officer.* After receipt of a Protest, and following a hearing, if any, and any period of time the Chief Procurement Officer may allow for other interested parties to respond to the Protest, the Chief Procurement Officer shall issue a written decision on the Protest. The written decision shall identify the Protestant, recite relevant facts material to the decision, and state the decision and briefly summarize the Chief Procurement Officer's reasoning leading to the decision. In the event the decision is subject to review by the Procurement Appeals Board under this Article 5, the written decision of the Chief Procurement Officer shall inform the Protestant of this right with a reference to the Sections of this Code and Operational Procedures outlining the procedures for Appeals.

(10) *Appeal Rights.* Protest decisions made by the Chief Procurement Officer may be appealed to the JEA Procurement Appeals Board pursuant to Section 5-106 below. Notwithstanding the foregoing, a Protestant shall not have the right to appeal a Determination by the Chief Procurement Officer about whether a Protest met the requirements of subsections (3) and (4) of this Section.

(11) *Stay of Procurement During Protests and Appeals.* During the pendency of a Protest meeting the requirements of subsections (3) and (4) or an Appeal properly filed under Subsection (10) above, JEA shall not proceed further with the Solicitation or with the Award unless the Chief Procurement Officer, after consultation with the Organizational Element Manager, makes a Determination that proceeding with the Solicitation or Award without delay is necessary to protect substantial interests of JEA.

(12) Nothing in this Article 5 shall affect the ability of the Office of General Counsel to settle Protests pending the outcome of decisions by the Chief Procurement Officer, the Procurement Appeals Board, or the courts.

5-102 Suspensions and Debarments

(1) *Authority.* The Chief Procurement Officer, after consultation with the Organizational Element Manager, shall have authority to suspend or debar a Vendor from consideration for participation in any Procurement undertaken by JEA. A suspension will be for a period of no more than 12 months, unless otherwise stated in the Operational Procedures. A debarment shall be for a period of no less than 13 months and no more than 36 months. Prior to a decision to suspend or debar a Vendor, the Chief Procurement Officer shall provide notice to the Vendor and an opportunity to be heard using a process determined by the Chief Procurement Officer to be fair and reasonable and consistent with this Code and the Operational Procedures.

(2) *Causes for Suspension or Debarment.* In making a decision of whether to suspend or debar a Vendor, and the length of any suspension or debarment, the Chief Procurement Officer shall consider the

seriousness of the facts leading to the suspension or debarment. The causes for suspension or debarment may include, but not be limited to, the following:

(a) conviction of a Public Entity Crime and inclusion on the State of Florida Convicted Vendor List pursuant to Section 287.133, Florida Statutes, as amended;

(b) violation of the terms or requirements of a Contract in a manner that is regarded by the Chief Procurement Officer to be so serious as to justify a suspension or debarment decision, including, but not limited to, the following:

(i) a failure, without good cause, to perform in accordance with a Contract, Specifications, performance levels, warranty provisions, bonding and insurance requirements, or to comply within the time limits provided in the Contract, or

(ii) failure to timely pay subcontractors or materialmen; or

(iii) continued failure to perform or of unsatisfactory performance in accordance with the terms of one or more Contracts, provided that the failure to perform or unsatisfactory performance was not caused by acts beyond the control of the Vendor; or

(c) suspension or debarment by another Governmental Entity including, but not limited to, the City of Jacksonville;

(d) actions by the Vendor that are determined by the Chief Procurement Officer to be fraudulent or in bad faith;

(e) violation of JEA's or the City of Jacksonville's Ethics Code;

(f) violation of provisions of this Code relating to Ex Parte Communications;

(g) existence of delinquent obligations of the Vendor to JEA, including claims by JEA for liquidated damages under any Contract; and

(h) any other cause the Chief Procurement Officer determines to be so serious and compelling as to justify a Vendor's suspension or debarment.

(3) *Effect of Suspension or Debarment.* A Vendor that is suspended or debarred under this Section 5-102 shall be ineligible to participate in any manner in any Procurement undertaken by JEA. The suspension or debarment shall extend to all entities with common ownership or common management as the Vendor that has been suspended or debarred and shall include work undertaken by the debarred Vendor (or such related entity) as a subcontractor or materialman.

(4) *Decision.* The Chief Procurement Officer shall issue a written letter to the Vendor informing it of the decision to suspend or debar that Vendor. The decision shall:

(a) recite relevant facts material to the Chief Procurement Officer's decision;

(b) state the reasons for the decision;

(c) state whether the Vendor is a suspension or debarment;

(d) state the timeframe for suspension or debarment; and

(e) inform the suspended or debarred Vendor involved of any rights to administrative review as provided in this Article 5.

(5) *Finality of Decision.* A suspension or debarment decision by the Chief Procurement Officer shall be final and conclusive, unless appealed.

5-103 Creation of the Procurement Appeals Board

The Chief Executive Officer shall appoint a Procurement Appeals Board composed of a chair and two other members of the Awards Committee who shall serve until their successors are appointed by the Chief Executive Officer. A representative from the Office of General Counsel shall serve as counsel to the Procurement Appeals Board. The chair and two other members of the Procurement Appeals Board must be present to constitute a quorum of the Procurement Appeals Board.

5-104 Procurement Appeals Board Procedures

(1) Meetings of the Procurement Appeals Board shall be held in accordance with Florida's Open Meetings Laws. Accordingly, meetings will be publicly noticed, minutes will be taken, and a member of the Procurement Appeals Board shall not discuss with another member any matter which foreseeably may come before the Procurement Appeals Board unless the discussion occurs in a meeting held in accordance with Florida's Open Meeting Laws.

(2) Each member of the Procurement Appeals Board shall have one vote. A decision by the Procurement Appeals Board shall require a majority vote of the members of the Procurement Appeals Board.

(3) The chair of the Procurement Appeals Board shall have the authority to establish procedures for the Procurement Appeals Board and its meetings, provided that such process and procedures are consistent with this Code and the Operational Procedures.

5-105 Authority of Procurement Appeals Board

The Procurement Appeals Board is authorized to review and make a final decision on any Appeal of a written decision issued by the Chief Procurement Officer under:

- (a) Section 5-101 (Protests) of this Code; or
- (b) Section 5-102 (Suspensions and Debarments) of this Code.

The Procurement Appeals Board is not authorized to intercede in, or hear Appeals relating to, Determinations made in connection with Vendor disputes regarding performance under a Contract, other than

the authority granted to review and make decisions regarding Appeals of Suspensions or Debarments as provided in this Code.

5-106 Appeals

(1) *Appeal Submittal.* A Vendor seeking to appeal a decision of the Chief Procurement Officer under Section 5-101 or 5-102 of this Code shall submit its appeal in writing by letter or email to the Chief Procurement Officer in accordance with the timeliness and other requirements set forth in this Section 5-106 (an "Appeal"). The Appeal shall clearly state the following:

- (a) the grounds, relevant facts and legal authority supporting the Appeal; and
- (b) acts supporting the Vendor's standing to Appeal.

(2) *Timeliness and Standing.* An Appeal relating to a decision of the Chief Procurement Officer under Section 5-101 of this Code must be received by the Chief Procurement Officer no later than three Business Days after issuance of a written decision by the Chief Procurement Officer. An Appeal relating to a decision of the Chief Procurement Officer under Section 5-102 of this Code must be received by the Chief Procurement Officer no later than 30 days after issuance of a decision by the Chief Procurement Officer under Section 5-102. To have standing to Appeal, a Vendor must have been adversely affected by such decision.

(3) Failure to submit a timely Appeal or to have standing to Appeal under subsections (1) and (2) of this Section 5-106 shall result in dismissal of the Appeal and constitute a waiver of all rights to appeal a decision of the Chief Procurement Officer. A Determination of whether an Appeal meets the requirements of subsections (1) and (2) shall be made by the chair of the Procurement Appeals Board and is not subject to appeal to the Procurement Appeals Board.

(4) All written information, documents, materials and legal authority the Vendor making an Appeal desires to provide to the Procurement Appeals Board must be sent to the Chief Procurement Officer and received by the deadline established by the chair of the Procurement Appeals Board in the notice of hearing provided to the Vendor making the Appeal.

(5) Upon receipt of a timely and proper Appeal, the Chief Procurement Officer will notify Vendors known to JEA to be directly affected by the outcome of the Appeal. Any information, materials and legal authority relating to the Appeal that any such Vendor desires to provide to the Procurement Appeals Board must be received by the deadline established by the Chief Procurement Officer in such notice.

5-107 Review of Appeals

(1) Upon receipt of an Appeal, the Chief Procurement Officer shall forward the Appeal to the Procurement Appeals Board and, if the Appeal is determined by the chair of the Procurement Appeals Board to be proper and timely, a meeting of the Procurement Appeals Board to consider the Appeal shall be scheduled.

(2) Representatives of the Vendor appealing the decision, will be afforded an opportunity to present the merits of the Appeal based solely upon the grounds, facts and legal authority contained in its written Appeal submitted to the Chief Procurement Officer. Representatives of any other Vendors adversely affected by the resolution of the Appeal will also be given an opportunity to be heard and to present information before the Procurement Appeals Board. The Chief Procurement Officer and the Chief Procurement Officer's legal counsel shall also be given an opportunity to respond to the Appeal and the presentations to the Procurement Appeals Board. Formal rules of evidence, including, but not limited to, those found in the Florida Evidence Code, do not apply to presentations made at meetings of the Procurement Appeals Board. The Chair of the Procurement Appeals Board may impose reasonable limitations on the amount of time each Vendor has to present, allow members of the Procurement Appeals Board to ask questions of any party at any time, and may impose other reasonable requirements relating to all presentations and the conduct of the meeting. The chair of the Procurement Appeals Board shall have the authority to make all Determinations and resolve any disputes concerning the process and procedures for Appeals and the conduct of the meeting.

(3) The standard of review used by the Procurement Appeals Board in making its decision shall be whether the Chief Procurement Officer's decision is:

- (i) in conflict with this Code and the Operational Procedures;
- (ii) arbitrary;
- (iii) capricious;
- (iv) dishonest;
- (v) fraudulent;
- (vi) clearly erroneous;
- (vii) illegal; or
- (viii) without any basis in fact or otherwise must be reversed based on applicable law.

(4) The burden shall be on the Vendor appealing the Chief Procurement Officer's decision to demonstrate that the standard of review is met.

(5) A majority vote of the members of the Procurement Appeals Board shall be required to render a decision.

(6) The Procurement Appeals Board shall deliberate at the meeting held to consider the Appeal and announce its decision prior to adjourning the meeting. The decision of the Procurement Appeals Board shall be final and binding. Following the adjournment of the meeting, the Procurement Appeals Board will issue a written decision.



APPENDIX A

INTER-OFFICE MEMORANDUM

April 12, 2021

SUBJECT: JEA FY2020 ANNUAL DISCLOSURE REPORTS

FROM: Jay Stowe, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Each year, JEA files with the Municipal Securities Rulemaking Board (the "MSRB"), through the Electronic Municipal Market Access ("EMMA") website, Annual Disclosure Reports in compliance with JEA's continuing disclosure undertakings for certain of its bonds and various credit agreements. EMMA is the "central electronic post office" recognized by the United States Securities and Exchange Commission ("SEC") as the single national depository for continuing disclosure information that is required to be prepared and disseminated by issuers of municipal securities. Annual Disclosure Reports have been prepared for the Electric Utility System and separately for the Water and Sewer System and District Energy System, (together, the "Systems"), and will be incorporated by reference in official statements and reoffering memoranda subsequently used by JEA for its respective Systems' bond offerings and reofferings.

JEA, acting through its governing Board, is primarily responsible for the content of the Annual Disclosure Reports and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents. The antifraud provisions of the federal securities laws govern board member disclosure responsibilities. The requirements of the federal securities laws essentially require that disclosure documents of issuers such as JEA not contain an "untrue statement of a material fact" or omit to state a "material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." "Materiality" under the federal securities laws means whether there is a substantial likelihood that a reasonable investor would consider the facts at issue to be important to an investment decision.

Public officials (including board members) who have the ultimate responsibility to approve the issuance of debt securities and related disclosure documents have a duty under the federal securities laws and may not authorize disclosure he or she knows to be false or misleading or while recklessly disregarding facts that indicate there is a risk that the disclosure may be misleading. The SEC has stated that board members may reasonably rely on the work of governmental employees in the disclosure context. Nothing in the SEC's position mandates that a board member needs to read each page of every disclosure document before approving it. Reasonable reliance can be established when the board member:

- is satisfied that the disclosure process is reasonably designed to produce accurate and reliable information;
- has a reasonable basis to have confidence in the integrity and competence of the staff and financing team; and
- does not know of anything that would cause such board member to question the accuracy of the disclosures or that would indicate that they are misleading or know of any potentially material issues that should be brought to the attention of staff and the financing team for further explanation.

In accordance with existing practices, each Annual Disclosure Report presented for Board approval has been prepared by staff with the assistance of JEA's outside bond counsel in a manner which we believe is reasonably designed to produce disclosure documents meeting the requirements of the federal securities laws.

DISCUSSION:

Each Annual Disclosure Report prepared for the Systems, as referred to above, contains updated disclosure information regarding each of JEA's Systems and JEA's most recently completed fiscal year and will be used (a) to provide that information to all participants in the municipal securities market regarding JEA's outstanding debt and (b) as a basis for the disclosure information regarding JEA that is required to be given by JEA in connection with its issuances from time to time of refunding or additional debt. Among other things, the Annual Disclosure Reports contain JEA's audited financial statements for its fiscal year ended September 30, 2020, as Appendix A thereto. Official Statements and reoffering memoranda prepared by JEA in connection with its respective Systems' debt offerings and reofferings, subsequent to the date of the Annual Disclosure Reports for the Systems, incorporate by reference the relevant disclosure information contained in the respective Annual Disclosure Report and, if necessary, contain a "recent developments" section with respect to material changes in JEA's business and condition that have occurred after the date of the respective Annual Disclosure Report.

Drafts of the body portions of the Annual Disclosure Reports for the (i) Electric Utility System and (ii) Water and Sewer System and District Energy System for the fiscal year ended September 30, 2020 were distributed electronically to Board members on April 2 and are included in the materials for the April 27, 2021 Board meeting. Financial and operating statistics in these drafts are based on audited financial statements for FY2020.

Consistent with the JEA Disclosure Policies and Procedures, staff has provided these drafts at or prior to the regularly scheduled Board meeting that is one month prior to the meeting at which members will be asked to authorize the dissemination and use of the Annual Disclosure Reports. The Interim VP, Financial Services and Treasurer will also be available upon request to meet with Board members.

Please note that certain areas in the draft Annual Disclosure Reports remain under review for further developments to potentially be included in the final versions to be filed, including but not limited to:

- MEAG and Plant Vogtle developments;
- Water and Sewer System interlocal agreements;
- Potential regulatory or litigation developments; and,
- St. John River Power Park decommissioning and remediation

FINANCIAL IMPACT:

No direct financial impact. Preparation and filing of the Annual Disclosure Report information is a requirement of JEA's outstanding bonds' continuing disclosure agreements.

RECOMMENDATION:

No Board action is required. This item is presented for information only at the April 27, 2021 Board meeting.

Staff will recommend that the Board, at its May 25, 2021 meeting, approve and authorize (i) the Annual Disclosure Reports in substantially the forms accompanying this memo - with appendices added, with such changes as are approved by the Managing Director/Chief Executive Officer of JEA and (ii) authorize the filing and use of the Annual Disclosure Reports as described above.

Jay Stowe, Managing Director/CEO

JCS/JEO/RLH

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**ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2020**

**(Prepared pursuant to certain
continuing disclosure undertakings
relating to the Bonds listed
in APPENDIX H hereto)**

Filed on EMMA

Dated as of

[_____, 2021]

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JEA
21 W. CHURCH STREET
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(904) 665-7410
(<http://www.jea.com>)

JEA OFFICIALS

BOARD OF DIRECTORS

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Vice Chair
Secretary

John D. Baker II
Robert L. Stein
Martha T. Lanahan
Joseph P. DiSalvo
Dr. A. Zachary Faison, Jr.
Dr. Leon L. Haley, Jr.
Thomas VanOsdol

LEADERSHIP TEAM¹

Managing Director and Chief Executive Officer
Chief Operating Officer
Chief Customer Officer
Chief Human Resources Officer
Chief Financial Officer
Chief Administrative Officer
Chief External Affairs Officer
Chief Strategy Officer

Joseph C. Stowe III
Vacant²
Sheila E. Pressley
L. David Emanuel
Vacant²
Jody L. Brooks
Vacant²
Laura M. Dutton

EXTENDED LEADERSHIP TEAM¹

Vice President, Electric Systems
Vice President, Water/Wastewater Systems
Interim Vice President, Financial Services and Treasurer
Vice President, Supply Chain/Operations Support
Interim Vice President, Chief Information Officer
Chief Legal Counsel
Vice President, Government Relations
Vice President, Environmental Services
Vice President, Economic Development

Ricky D. Erixton
Hai X. Vu
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Alan D. McElroy
Stephen H. Datz
Vacant²
Kurtis R. Wilson
O. Wayne Young
Vacant²

GENERAL COUNSEL

Jason R. Gabriel, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

¹ Effective March 1, 2021, JEA implemented a new organizational structure comprised of the Leadership Team and the Extended Leadership Team. For additional information regarding the Leadership Team and the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein.

² JEA currently plans to complete its vacant position searches by July 30, 2021.

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**ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2020**

INTRODUCTION

General

This Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2020 (together with the Schedule and the Appendices hereto, this "Annual Disclosure Report") has been prepared and is being filed by JEA in connection with its annual continuing disclosure obligations as an "obligated person" (as defined in Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended), as set forth in the continuing disclosure undertakings of JEA entered into pursuant to Rule 15c2-12 relating to those certain series of bonds more particularly identified in APPENDIX H attached hereto. Information in this Annual Disclosure Report is reported as of September 30, 2020, except where expressly indicated otherwise.

This Annual Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website currently located at <http://emma.msrb.org>.

Each of the hereinafter defined Electric System, Water and Sewer System, and District Energy System is owned and operated by JEA separately. For information relating to JEA's Water and Sewer System and District Energy System, see the Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2020 (the "Water and Sewer/DES ADR"), which is available on EMMA. **The revenues of each system do not constitute revenues of the other two systems, and revenues of the Electric System are not pledged to the payment of any debt issued or to be issued by JEA to finance and refinance the other two systems.** JEA may, however, satisfy its annual obligation to transfer funds to the City of Jacksonville, Florida (the "City") with funds derived from any of its utilities systems. See "OTHER FINANCIAL INFORMATION - Transfers to the City" herein.

For purposes of this Annual Disclosure Report, the Electric System, JEA's interest in the St. Johns River Power Park Units 1 and 2 (such generating station, the "Power Park" or "SJRPP") and the Scherer 4 Project (hereinafter defined) are referred to collectively as JEA's "Electric Utility Functions." SJRPP ceased commercial operation on January 5, 2018. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein. This Annual Disclosure Report contains information regarding JEA's Electric Utility Functions. For financing purposes, the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by JEA from the sale of electricity and related services (including, in

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the case of certain debt of JEA relating to the Power Park referred to herein as the Power Park Issue Two Bonds, revenues received by JEA from the sale of a portion of JEA's capacity (and associated energy) of the Power Park to Florida Power & Light Company ("FPL"). **Accordingly, the information contained herein relating to JEA's Electric Utility Functions is not relevant to the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds or the District Energy System Bonds and should not be taken into account in evaluating such debt.**

The summaries of or references to the Electric System Resolution, the Subordinated Electric System Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, and certain proposed amendments thereto, where applicable, (as such terms are hereinafter defined) and certain statutes and other ordinances and documents included in this Annual Disclosure Report do not purport to be comprehensive or definitive; and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of such resolutions are available on the JEA website at https://www.jea.com/About/Investor_Relations/Bonds.aspx and the other documents referred to in this Annual Disclosure Report may be obtained from JEA; *provided, however*, that a reasonable charge may be imposed by JEA for the cost of reproduction.

Miscellaneous; Forward-Looking Statements

This Annual Disclosure Report is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of any of JEA's debt or securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy JEA's debt in any jurisdiction. The matters discussed in this Annual Disclosure Report and all other documents issued by JEA are for informational purposes only, and holders of JEA's debt, potential investors and/or other interested parties should not rely on such information as their sole source of information about matters related to JEA's debt or in making an investment decision with respect to JEA's existing debt or securities or any other debt or securities which may be offered by JEA. Neither this Annual Disclosure Report nor anything in it shall form the basis of any contract or commitment. By the filing of this Annual Disclosure Report, JEA makes no recommendations and is not giving any investment advice as to any of JEA's debt or securities. In no event shall JEA be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this Annual Disclosure Report and such information may not be relied upon in evaluating the merits of holding, purchasing or selling any of JEA's debt or securities. The information contained in this Annual Disclosure Report, including any forecast financial information, if any, should not be considered as advice or a recommendation to holders and potential investors in relation to holding, purchasing or selling any such securities. Before acting on any information contained in Annual Disclosure Report, holders and potential investors should consider the appropriateness of the information having regard to these matters, any relevant offering document and in particular, holders and potential purchasers should seek independent financial and/or legal advice. Certain of the information in this Annual Disclosure Report has been compiled from sources believed to be reliable, certain of which has not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions contained or expressed in this Annual Disclosure Report.

This Annual Disclosure Report may contain "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward looking statements. Accordingly, JEA cautions holders and potential purchasers not to place undue reliance on these statements. All statements other than the statements of historical fact could be deemed forward-looking and should not be considered a comprehensive representation of JEA's expected operational or financial performance. All opinions, estimates, projections, forecasts and valuations are

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preliminary, indicative and are subject to change without notice. The information in this Annual Disclosure Report is current as of the dates set forth in this Annual Disclosure Report and there may be events that have occurred or will occur subsequent to such dates that would have a material adverse effect on the operational or financial information that is presented in this Annual Disclosure Report. JEA has not undertaken any obligation to update any information in this Annual Disclosure Report.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to this Annual Disclosure Report, including any forward-looking statements or financial forecasts presented in this Annual Disclosure, and, accordingly, do not express an opinion or any other form of assurance on the information in this Annual Disclosure Report, except where expressly indicated otherwise.

JEA Establishment and Organization

JEA is a body politic and corporate organized and existing under the laws of the State of Florida (the "State") and is an independent agency of the City. The City is a consolidated city-county local government for Duval County, located in Northeast Florida. For information regarding the governing body of JEA (the "JEA Board"), see "INTRODUCTION - JEA Establishment and Organization" below. JEA (then known as Jacksonville Electric Authority) was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (the "Electric System"). In 1997, the Council amended the Charter of the City (the "Charter") in order to authorize JEA to own and operate additional utility functions and, effective on June 1, 1997, the City transferred to JEA the City's combined water and sewer utilities system (the "Water and Sewer System"). Effective as of October 1, 2004, JEA established a separate utility system (the "District Energy System") for its local district energy facilities, including its chilled water activities and any local district heating facilities JEA may develop in the future. The Charter assigns responsibility for the management of JEA's utility systems, including the Electric System, to the JEA Board. JEA operates and maintains its records on the basis of a fiscal year ending on each September 30th (a "Fiscal Year").

The JEA Board consists of seven members. The Council previously enacted an ordinance placing a referendum question on the November 3, 2020 general election ballot that asked the voters of the City to approve a change to the Charter that would require four members of the JEA Board be appointed by the Council president and three members be appointed by the Mayor of the City. In all cases the appointments would have to be confirmed by the Council. One of the Council president's appointments must be a former JEA employee or a person recommended by an employee, union or group of current or former JEA employees. The referendum item was supported by the majority of voters on November 3, 2020, and on December 8, 2020, the Council enacted an ordinance that codified these changes, among others, into the Charter. The members serve without pay for staggered terms of four years each, with a maximum of two consecutive full terms each.

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Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

<u>MEMBER</u>	<u>OCCUPATION</u>	<u>TERM⁽¹⁾</u>
John D. Baker II, Chair	Executive Chairman & CEO, FRP Holdings, Inc.	April 16, 2020 – February 28, 2024
Robert L. Stein, Vice Chair	President, The Regency Group	February 28, 2021 – February 28, 2025
Martha T. Lanahan, Secretary	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – February 28, 2023
Joseph P. DiSalvo	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2022
Dr. A. Zachary Faison, Jr.	President & CEO, Edward Waters College	April 16, 2020 – February 28, 2022
Dr. Leon L. Haley, Jr.	CEO, UF Health Jacksonville	April 16, 2020 – February 28, 2024
Thomas VanOsdol	President and CEO, Ascension Florida	April 16, 2020 – February 28, 2023

⁽¹⁾ At the January 28, 2020 JEA Board meeting, the previous Chair of the JEA Board announced her resignation and following such meeting, Mayor Lenny Curry announced that all of the members of the JEA Board would be leaving their positions effective February 29, 2020. Accordingly, all seven of the current members of the JEA Board were subsequently appointed and all of their terms commenced on April 16, 2020.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida ("Nassau County") in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (a) the Electric System, (b) the Water and Sewer System, (c) the District Energy System and (d) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

In addition to the powers conferred upon JEA by the Charter, the Bulk Power Act authorizes JEA to acquire, own and operate as separate bulk power supply utilities or systems, electric generating plants and transmission lines within the City and within and outside of the State. JEA's interests in the Power Park and the Scherer 4 Project are separate bulk power supply systems pursuant to the Bulk Power Act.

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JEA may develop other separate bulk power supply systems in connection with future generation and/or transmission projects. JEA has launched several initiatives to provide revenue diversity. Included in these initiatives are natural gas sales to commercial and industrial customers (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Natural Gas Sales*" herein), forestry management of JEA owned conservation lands, leasing of dark fiber and space on communication towers, transmission and distribution poles and partnering with the North Florida Transportation Planning Organization to encourage electrification.

Management and Employees

The Charter assigns responsibility for the management of JEA's utilities systems to the JEA Board. JEA employs a Managing Director and Chief Executive Officer as its chief executive officer. The Managing Director, executive officers, directors, managers, executive assistants and other appointed staff, numbering approximately 396 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

Management

JEA's senior level management has experienced significant changes from 2018 through 2020. JEA previously disclosed such changes in various voluntary notices and offering documents which are available on EMMA. Mr. Stowe assumed his responsibilities at JEA as Managing Director and Chief Executive Officer on November 30, 2020.

Effective March 1, 2021, JEA implemented a new organizational structure comprised of: (a) a "Leadership Team" comprised of a Chief Operating Officer, Chief Customer Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Administrative Officer, Chief External Affairs Officer, and Chief Strategy Officer and (b) an "Extended Leadership Team" comprised of a Vice President, Electric Systems; Vice President, Water/Wastewater Systems; Vice President, Financial Services; Vice President, Supply Chain/Operations Support; Vice President, Chief Information Officer; Chief Legal Counsel; Vice President, Government Relations; Vice President, Environmental Services; and Vice President, Economic Development. The Vice President, Financial Services and Vice President, Chief Information Officer positions are currently filled on an interim basis.

The Leadership Team reports to the Managing Director and Chief Executive Officer. The Vice President, Electric Systems and Vice President, Water/Wastewater Systems will report to the Chief Operating Officer. The Vice President, Financial Services; Vice President, Supply Chain/Operations Support; and Vice President, Chief Information Officer will report to the Chief Financial Officer. The Chief Legal Counsel will report to the Chief Administrative Officer; and the Vice President, Government Relations; Vice President, Environmental Services; and Vice President, Economic Development will report to the Chief External Affairs Officer. The Vice President, Electric Systems; Vice President, Water/Wastewater Systems; the Interim Vice President, Financial Services; Vice President, Supply Chain and Operations Support; and Interim Chief Information Officer will report to the Managing Director and Chief Executive Officer until the vacant positions of Chief Operating Officer and Chief Financial Officer are filled.

The Leadership Team positions of Chief Operating Officer, Chief Financial Officer, and Chief External Affairs Officer are currently vacant. In addition, the Extended Leadership positions of Chief Legal Counsel and Vice President, Economic Development are currently vacant. JEA currently plans to complete its vacant position searches by July 30, 2021.

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The following is information regarding the Managing Director and Chief Executive Officer of JEA and the Leadership Team.

Joseph "Jay" C. Stowe III, Managing Director and Chief Executive Officer. Mr. Stowe was named JEA's Managing Director and Chief Executive Officer in November 2020. In his role, he oversees Florida's largest community-owned water, wastewater and electric utility, which employs approximately 2,000 team members and serves more than one million residents and businesses across Northeast Florida.

For more than 25 years in the not-for-profit utility sector, Mr. Stowe has held executive leadership positions and supported groups including: operations, finance, engineering, administration, human resources, and customer experience. Mr. Stowe is a visionary who focuses on elevating employee satisfaction, customer satisfaction, community engagement and economic development – which he believes is critical to JEA's ability to best serve its customers and community.

Prior to joining JEA, Mr. Stowe was CEO of Stowe Utility Group in Chattanooga, Tennessee, where he provided consulting services in support of utility operations, business and functional needs to community-owned utilities across the Southeast and Midwest. He served in senior vice president roles over distributed energy resources and operations for the Tennessee Valley Authority ("TVA"), developing renewable energy, energy efficiency and electrification initiatives. Prior to TVA, he spent more than a decade at Huntsville (Alabama) Utilities, where he served as VP of Operations and COO before becoming President and CEO. Under Mr. Stowe's leadership, Huntsville Utilities grew to become the 15th largest public gas system in the country, the 20th largest public electric system in the country and one of the largest water systems in the Southeast. Earlier, he served as Utilities Director in Shelby, N.C. and Public Works and Utilities Director in Newton, N.C. He started his career working for private engineering firms in the Carolinas and Ohio.

Mr. Stowe earned a bachelor's degree in civil engineering from North Carolina State University.

Sheila E. Pressley, Chief Customer Officer. Ms. Pressley was named JEA's Interim Chief Customer Officer in November 2020. Over her 18-year tenure at JEA, she has provided a wealth of operational and strategic leadership, including service on the extended leadership team and the Customer Experience Business Unit executive leadership team. She has also held leadership positions in Revenue Cycle, Customer Assistance Programs, Call Center Operations, Meter Reading, and Commercial Client Relationships departments and was the Communications and Change Manager for the Customer Care & Billing Project. Additionally, she was among the team members who championed customer satisfaction initiatives that led to JEA's 51-point improvement in the 2013 JD Power Residential Customer Satisfaction Survey.

Ms. Pressley is heavily engaged in community and civic endeavors. She has served as a JAX Chamber Trustee and serves on the board of directors for several nonprofit agencies. She is a 2019 Leadership Jacksonville graduate and volunteers her time to support this longstanding leadership program. She is currently serving a second term as Chair of the Planning Committee for the Northeast Florida Community Action Agency (NFCAA), a nonprofit agency purposed to stabilize vulnerable households and empower families in Northeast Florida to achieve self-sufficiency through education, employment, and advocacy. She also serves on the National Energy & Utility Affordability Coalition (NEUAC) board of directors, a nationwide organization that advocates for the energy needs of low-income households. She is a former board member of Community Health Charities of Florida and a past mentor with Take Stock in Children.

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L. David Emanuel, Chief Human Resources Officer. Mr. Emanuel was named JEA's Senior Vice President and Chief Human Resources Officer in February 2021. He is responsible for the development and implementation of organizational re-design efforts, talent acquisition, succession planning, compensation plans, and employee engagement efforts critical to JEA's efficiency and productivity.

As a human resources executive with over 30 years of experience in a variety of sectors, Mr. Emanuel strives to help others navigate personnel and organizational matters in a thoughtful, progressive and meaningful manner. He has worked globally, while learning the value of diversity of cultures. He firmly believes that while rules, policies, standards, and expectations can differ, respect for the individual cannot.

Prior to joining JEA, Mr. Emanuel served in a number of senior leadership roles, most recently as Chief Human Resources Officer for APR Energy, a global organization responsible for designing, manufacturing, and operating emergency power sources to customers in 35 countries internationally. He also worked as Senior Vice President of Global Human Resources for CIT, where he was responsible for business process redesign of all human resources in the corporate functional, operations and administration areas across its global footprint. Additionally, Mr. Emanuel was Vice President of Global Human Resources for Anschutz Entertainment Group (AEG) Worldwide, where he was head of the global human resources sports and entertainment business, encompassing sports teams, entertainment, content management, product development, and facility management for over 35 major venues around the world.

Mr. Emanuel is the Chair of the Dean's Council at the University of North Florida, Co-Chair of the Talent Advancement Network for the Jacksonville Chamber of Commerce, and has been a speaker for the Minority Business Roundtable for over a decade. He earned a bachelor's degree in history from Wittenberg University.

Jody L. Brooks, Chief Administrative Officer. Ms. Brooks rejoined the Office of General Counsel of the City ("OGC") in April 2020 and prior to her appointment as Chief Administrative Officer on March 1, 2021, served as Chief Legal Counsel to JEA where she provided operational, transactional and governance legal services to the organization.

Ms. Brooks previously worked for OGC from April 2013 to March 2019 and served as the Chief Legal Officer for JEA from 2016 to 2019. Immediately prior to rejoining OGC, Ms. Brooks worked as an Assistant County Attorney for Clay County.

Prior to her public service, Ms. Brooks served as General Counsel at Allen Land Group Inc. and in-house counsel with The St. Joe Company. She began her legal career as an associate with Lewis, Longman and Walker, P.A.

Ms. Brooks received her Juris Doctor, with honors, from the University of Florida, Fredric G. Levin College of Law, with a Certificate in Environmental Land Use Law in December 2000.
[BIOGRAPHICAL SKETCH TO BE REVIEWED]

Laura M. Dutton, Chief Strategy Officer. Ms. Dutton assumed the new role of JEA's Chief Strategy Officer in March 2021. In her role, she leads a team focused on corporate strategy and support, including Analytics, Continuous Improvement, Board Services, Real Estate, New Solutions, Market Development and Learning and Development.

Ms. Dutton has served the public power industry for more than 17 years with experience in strategy development, planning and analysis. She also served as Senior Advisor in External Relations and

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Resources & Operations Support organizations. Most recently, she was responsible for Talent Planning at Tennessee Valley Authority (TVA) in Chattanooga, Tennessee

The following is information regarding the Extended Leadership Team.

Ricky D. Erixton, Vice President, Electric Systems. Mr. Erixton began his career as a co-op student at JEA in 1989 in the Substation Maintenance Department and joined JEA in a permanent role in 1991 as an engineer in the System Operations Department. During his 30-year career at JEA, Mr. Erixton has worked in the System Operations Department, managed Bulk Power Operations, had leadership positions in Transmission and Distribution Maintenance, Substation and Transmission Maintenance, and most recently was Senior Director of Transmission and Distribution where he was responsible for the maintenance of the entire Electric System from the generation resources to the customer.

Mr. Erixton holds a Bachelor of Science in Electrical Engineering from the University of Florida and holds a NERC System Operator Certification.

Hai X. Vu, Vice President, Water/Wastewater Systems. Mr. Vu has nearly 22 years of experience in the water and wastewater industry. Prior to joining JEA in 2004, Mr. Vu worked as a design engineer and project manager for a consulting firm. At JEA, he has served as the professional engineer for the Water and Sewer Expansion Authority, professional engineer for the development review group, project manager overseeing engineering and construction of various water and wastewater facilities, Manager of Water Plants Engineering and Construction, and Director of Water/Wastewater & Reuse Treatment and District Energy System.

Mr. Vu has a Bachelor of Science degree in Engineering Science and a Bachelor of Science degree in Environmental Engineering from the University of Florida. He received a Master of Business Administration from the University of North Florida and a Master of Science in Environmental Engineering from the University of Central Florida. He is a licensed Professional Engineer in Florida.

Joseph E. Orfano, Interim Vice President, Financial Services and Treasurer. Mr. Orfano has served as Interim Vice President, Financial Services, of JEA since February 2021 and as Treasurer beginning in December 2013. He also served as Interim Chief Financial Officer from December 2019 through June 2020. He is responsible for overseeing all financial affairs for the utility including financial reporting, treasury, rates, financial planning, budgeting and insurance. Mr. Orfano currently serves on the Finance and Audit Committee of The Energy Authority ("TEA").

Prior to joining JEA, Mr. Orfano was Director of Treasury at a mining company located in Scottsdale, Arizona. Before that, he held a variety of treasury management positions over the course of more than 20 years in a number of large diversified electric utility companies including NV Energy, Inc., SCANA Corporation and Florida Progress Corporation. Early in his career, Mr. Orfano gained experience in corporate banking in Florida and Pennsylvania. He holds a B.B.A. in Finance from the University of Notre Dame.

Alan D. McElroy, Vice President, Supply Chain/Operations Support. Mr. McElroy joined JEA in 2014 as the Director of Fleet Services. Most recently, he served as the Director of Operations Support Services, which includes fleet services, facilities, supply chain (warehousing, investment recovery operations), utility locates and emergency preparedness.

Mr. McElroy joined JEA after a 32-year career at Duke Energy, where he served as Vice President of Fleet Services and Meter Operations. After the 2006 merger of Duke Energy and Cinergy in the Midwest, Mr. McElroy led the combined Fleet Services and Meter Operations team.

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Mr. McElroy earned a Bachelor of Science in Civil Engineering from the University of Alabama, where he also received the Distinguished Fellow of Civil, Construction and Environmental Engineering recognition. He received a Master of Business Administration from Queens University.

Stephen H. Datz, Interim Vice President, Chief Information Officer. Mr. Datz has worked in the Information Technology field for more than 30 years. His career at JEA includes positions as Director, IT Infrastructure and Compliance Assurance; Director, Technology Infrastructure; Manager, Technical Services; as well as system project leader for data architect. His previous roles, working for the St. Johns River Power Park, included responsibilities for supporting a global network infrastructure in addition to leading the planning, analysis, design, construction, testing and implementation of several IT enterprise system upgrades.

Mr. Datz received his Bachelor of Science in Information Systems from the University of North Florida.

Kurtis R. Wilson, Vice President, Government Relations. Mr. Wilson joined JEA in March 2020 on an interim basis to lead its Office of Government Affairs, which is responsible for fostering relationships with federal, state and local partners and legislative bodies that impact JEA.

Prior to joining JEA, Mr. Wilson served 25 years with the Jacksonville Fire & Rescue Department, moving through the ranks from firefighter to Director/Fire Chief. It is there that his government affairs responsibilities began in 2011, when he was appointed to Division Chief of Administrative Services. Following that, he was appointed to Division Chief of Fire Prevention in 2012, Division Chief of Operations in 2013, and ultimately Chief of the Department in 2015. In that role he worked with most city agencies, department heads and local elected officials to help solve problems they faced in the realm of public safety. His responsibilities included managing 1,600 personnel, all budget and legislative affairs, delivering state-of-the-art fire-rescue services to Duval County residents, and managing responses to large-scale events such as hurricanes Matthew and Irma, industrial accidents and multi-alarm structure fires.

Mr. Wilson earned a Bachelor of Science in Public Administration from Flagler College and holds numerous certifications in Incident Command System, Hazardous Materials, and Urban Search and Rescue.

O. Wayne Young, Vice President Environmental Services. Mr. Young is a Jacksonville native. His 15 years at JEA were preceded by a highly decorated military career. During his career at JEA, Mr. Young has served as Director, Meter Reading, Billing and Revenue Collections; Director, Advanced Network Metering; Director, Industrial, Commercial and Business Client Relations; Director, Government Affairs and Economic Development; and Director, Environmental Programs. He currently serves in the position of Vice President Environmental Services.

Mr. Young's military career is highlighted by service in the Pentagon as Political Affairs Officer to numerous foreign countries and wartime Command of two Naval Warships - AEGIS Cruiser and Guided Missile Frigate. He also served as Director of the Navy's Surface Warfare Engineering School and has earned certifications in operating mechanical, electrical, and water generation and distribution systems.

Mr. Young holds a Bachelor of Science degree from the U.S. Naval Academy, and a Master of Science in Telecommunications Systems and Master of Arts in Strategic Policy and Decision Making.

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Employees

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2020, JEA had 2,158 budgeted employee positions (exclusive of the Power Park employees referred to below), of which 1,527 were budgeted to the Electric System, 625 were budgeted to the Water and Sewer System and six were budgeted to the District Energy System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,530 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2022.

Pension

Substantially all of JEA's employees participate in the City's general employees pension plan ("GEPP"). Employees of the Power Park participate in a separate pension plan. See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation and Review as of October 1, 2018 for the City's GEPP (the "2018 Actuarial Valuation Report") and the Actuarial Valuation and Review as of October 1, 2019 for the City's GEPP (the "2019 Actuarial Valuation Report") are available for viewing and downloading from the City's website link:<http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements> and selecting the October 1, 2018 Valuation or the October 1, 2019 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2015, 2016, 2017, 2018 and 2019, JEA contributed \$40,179,000, \$43,156,000, \$48,942,000, \$35,459,523 and \$33,855,607 to the GEPP. JEA's minimum required contribution to the GEPP for the Fiscal Year ending September 30, 2020 was \$37,592,034.

[Preparation of the Actuarial Valuation and Review as of October 1, 2020 for the City's GEPP has not been completed as of the date of this Annual Disclosure Report. The following discussion is based on the 2019 Actuarial Valuation Report and the 2018 Actuarial Valuation Report, the latest two reports available.]

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JEA expects that its annual contributions to GEPP will be at lower levels in the near term than it had been for Fiscal Year Ended September 30, 2017 primarily due to the recognition of a pension liability surtax beginning with Fiscal Year Ended September 30, 2017 and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP's unfunded actuarial accrued liability. JEA expects that the GEPP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2019, the aggregate unfunded actuarial accrued liability for the GEPP was \$1,278,140,150, which represented an increase of \$103,004,940 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2018 of \$1,175,135,210. For the Fiscal Year ended September 30, 2018, the aggregate unfunded actuarial accrued liability for the GEPP was \$1,175,135,210, which represented an increase of \$93,821,769 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2017 of \$1,081,313,441. JEA was informed by the City that the actuary for the GEPP calculated (a) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2019 of \$616,855,471 (an increase of \$51,062,602 from JEA's allocated share for Fiscal Year 2018) of the aggregate amount of \$1,278,140,150 and (b) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2018 of \$565,792,869 (an increase of \$42,416,322 from JEA's allocated share for Fiscal Year 2017) of the aggregate amount of \$1,175,135,210. The actuarial accrued liability is an estimate by the actuary for GEPP of the present value of the amount of earned benefit payments that GEPP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GEPP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GEPP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GEPP, JEA expects that its annual contributions to GEPP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also maintains a medical benefits plan that it makes available to its retirees. The medical plan is a single-employer, experience-rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries. JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees.

The SJRPP Plan is a single-employer contributory defined benefit plan covering former employees of the Power Park. As of October 1, 2020, and following cessation of commercial operations of the Power Park on January 5, 2018, no employees of the Power Park were engaged in performing tasks associated with operations of the Power Park. Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. Former Power Park non-managerial employees were represented by IBEW Local 1618. In a prior collective bargaining agreement and under statutory authority, certain terms and conditions of employment were imposed, including separating the existing JEA St. Johns River Power Park System Employees' Retirement Plan ("SJRPP Plan") into two tiers of employees. Tier One employees remained in the traditional defined benefit plan, and Tier Two employees (defined as employees with fewer than 20 years' experience) participated in a modified defined benefit plan, or "cash balance" plan, with an employer match provided for any Tier Two employee who contributes to the 457 Plan. Tier One was closed to all new employees hired on or after February 25, 2013.

Closure of the plant triggered SJRPP Plan provisions resulting in accelerated eligibility for retirement at age 55 regardless of years of service. Members with at least 10 years of service on the plant

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closure date are eligible for a benefit starting at age 55, while all other members not meeting conditions for the immediate unreduced retirement may be eligible for a reduced benefit starting at age 55. With the exception of a small number of actively employed members who were eligible to continue membership in the plan based on employment with JEA, benefit accruals were scheduled to cease on January 5, 2018. However, interest credits for Tier 2 participants are assumed to continue after the plant shutdown until the benefit distribution at age 55.

The number of active members declined rapidly during the decommissioning process with only a very few active members remaining employed by SJRPP. One consequence to JEA of the closure of the Power Park plant is that the annual required contribution to the SJRPP Plan is expected to increase as a percentage of covered payroll as such payroll decreases year to year. Another is that contributions will be required after the retirement of the last active member. Subsequent to the closure of the plant and the elimination of nearly all active employees in the SJRPP Plan, the assumed rate of return on the plan was lowered to 6.0 percent for use in the Actuarial Valuation performed as of October 1, 2018. The SJRPP Plan's assumed rate of return is 7.0 percent for use in the Annual Actuarial Valuation performed as of October 1, 2012 through October 1, 2017. **[The SJRPP Plan Actuarial Valuation as of October 1, 2020 has been completed as of the date of this Annual Disclosure Report, but will not be deemed final until approved by the SJRPP Pension Committee. The actuarial information in the following discussion is based on the Actuarial Valuations as of October 1, 2019, 2018 and 2017, respectively.]**

As of October 1, 2019, the SJRPP Plan's actuarial value of assets was \$149,807,117, the actuarial accrued liability entry-age normal was \$169,806,566, the unfunded actuarial accrued liability was \$887,024, the funded ratio was 88.2 percent, the covered payroll was \$452,525 and the unfunded actuarial accrued liability as a percentage of covered payroll was 196.0 percent. As of October 1, 2018, the SJRPP Plan's actuarial value of assets was \$150,969,730, the actuarial accrued liability entry-age normal was \$174,666,326, the unfunded actuarial accrued liability was \$4,001,546, the funded ratio was 86.4 percent, the covered payroll was \$443,955 and the unfunded actuarial accrued liability as a percentage of covered payroll was 901.3 percent. As of October 1, 2017, the SJRPP Plan's actuarial value of assets was \$152,797,764, the actuarial accrued liability entry-age normal was \$169,320,985, the unfunded actuarial accrued liability was \$16,523,221, the funded ratio was 90.2 percent, the covered payroll was \$11,988,122 and the unfunded actuarial accrued liability as a percentage of covered payroll was 137.8 percent.

In the current fiscal year, JEA intends to manage the SJRPP plan to maintain a funded ratio consistent with fiscal years 2016-2019. JEA made \$26,408,861 in contributions during the Fiscal Year ended September 30, 2018, satisfying its required employer contribution of \$8,422,270 for the Fiscal Year ended September 30, 2019. Excess contributions were set aside to create a reserve credit balance that can be used to pay future contributions. JEA made no additional contributions during the Fiscal Year ended September 30, 2019, and \$12,205,496 of excess contributions remained as of September 30, 2019. That amount, adjusted for projected interest earnings, will offset \$12,585,746 of the required employer contribution of \$17,167,965 for the Fiscal Year ended September 30, 2020, leaving JEA's required employer contribution for the Fiscal Year Ended September 30, 2020 of \$4,582,219. JEA's required employer contribution for the Fiscal Year ended September 30, 2021 is \$3,901,061 and will need to be made in full from JEA's resources. The decrease in the required total employer contribution to \$3,901,061 for the Fiscal Year Ended September 30, 2021 resulted from a combination of the Plan's prior funding policy, which included the objective of achieving a 100% funded ratio by October 1, 2019 and a statutorily-required change in the plan's mortality assumption to be the same as that used by the Florida Retirement System as updated in its July 1, 2019 valuation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein for additional information.

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Upon the cessation of commercial operations of the Power Park in January 2018 pursuant to the agreement entered into between JEA and FPL, JEA assumed all payment obligations and other liabilities related to any amounts due to be deposited into the SJRPP Plan. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" for additional information.

See Note 12, Note 13 and pages 106-113 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

Certain Demographic Information

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area ("MSA") is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,559,514 as of July 1, 2019. The Jacksonville MSA is currently the fourth most populous MSA in the State. The table below shows the population for the Jacksonville MSA.

<u>Year</u>	<u>Population</u> <u>Jacksonville MSA</u>
1980	722,252
1990	906,727
2000 ⁽¹⁾	1,122,750
2010	1,345,596
2019	1,559,514

Source: United States Census Bureau

⁽¹⁾ Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

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The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State and the United States for calendar years 2010 through 2019.

<u>Year</u>	<u>Jacksonville MSA Labor Force</u>			<u>Unemployment Rate (%)</u>	
	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment Rate (%)</u>	<u>Florida</u>	<u>U.S.</u>
2010	697,120	622,208	10.7	11.1	9.6
2011	701,533	633,405	9.7	10.0	8.9
2012	704,090	646,370	8.2	8.5	8.1
2013	709,351	659,773	7.0	7.2	7.4
2014	715,253	670,631	6.2	6.3	6.2
2015	718,820	680,220	5.4	5.5	5.3
2016	735,105	701,068	4.6	4.8	4.9
2017	759,045	728,247	4.1	4.2	4.4
2018	770,771	743,987	3.5	3.6	3.9
2019	785,189	760,810	3.1	3.1	3.7

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics database <https://www.bls.gov/lau/data.htm> (for Jacksonville MSA and Florida annual data) and Current Population Survey database <https://www.bls.gov/cps/cpsaat01.htm> (for U.S. annual data). Annual data are not seasonally adjusted.

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the 12 months ended December 2020.

	<u>Number of Employees</u>	<u>Percent of Distribution</u>
Trade, Transportation and Utilities	150,300	21.4
Education and Health Services	111,200	15.8
Professional and Business Services	109,300	15.5
Government	77,700	11.0
Leisure and Hospitality	75,000	10.7
Finance	67,500	9.6
Construction	45,700	6.5
Other Services ⁽¹⁾	34,700	4.9
Manufacturing	<u>32,300</u>	<u>4.6</u>
Total Non-Agricultural Employment (Except Domestic, Self-Employed And Unpaid Family Workers)	<u>703,700</u>	<u>100.0</u>

Source: Bureau of Labor Statistics Current Employment Statistics database, extracted from Florida Department of Economic Opportunity <http://www.floridajobs.org/workforce-statistics/data-center/statistical-programs/current-employment-statistics>.

⁽¹⁾ Consists of other services, information and natural resources and mining.

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The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Approximate No. of Employees</u>
Baptist Health System	Healthcare	10,650
Bank of America / Merrill Lynch	Banking	7,700
Mayo Clinic	Healthcare	6,400
Florida Blue	Health Insurance	5,700
Southeastern Grocers	Supermarkets	5,700
St. Vincent's Healthcare	Healthcare	5,380
Amazon	E-commerce Fulfillment	4,300
UF Health Jacksonville	Healthcare	4,200
Citibank	Banking	4,000
JP Morgan Chase	Banking	3,900

Source: Jacksonville Regional Chamber of Commerce Research Department.

The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Type of Entity/Activity</u>	<u>Approximate No. of Employees</u>
Naval Air Station, Jacksonville	United States Navy	20,000
Duval County Public Schools	Public Education	11,550 ⁽¹⁾
Naval Air Station, Mayport	United States Navy	10,030
City of Jacksonville	Municipal Government	7,639 ⁽²⁾
St. Johns County School District	Public Education	5,298 ⁽³⁾
Clay County School Board	Public Education	5,000
Fleet Readiness Center	Maintenance / Repair Overhaul	4,200
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department.

⁽¹⁾ Duval County Public Schools website, full-time staff (<http://www.duvalschools.org/domain/5268>).

⁽²⁾ City of Jacksonville Annual Budget 2020-21

(<https://www.coj.net/departments/finance/docs/budget/fy20-21-annual-budget-approved.aspx>).

⁽³⁾ St. Johns County School District website, full- and part-time staff (<http://www.stjohns.k12.fl.us/about/>).

Indebtedness of JEA

The indebtedness of JEA relating to its Electric Utility Functions as of the date of this Annual Disclosure Report consists of Electric System Bonds, Subordinated Electric System Bonds, Power Park Issue Three Bonds, Bulk Power Supply System Bonds and borrowings outstanding under the Revolving Credit Facility (as defined herein) for the account of the Electric System. All outstanding Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the shutdown of SJRPP. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*." See "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions" herein. For information regarding the Revolving Credit Facility, see "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. As described under "INTRODUCTION - General" herein, the debt of JEA relating to its Electric Utility Functions, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, the information contained in this Annual Disclosure Report relating to JEA's Electric Utility Functions is not relevant to the Water and Sewer

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System Bonds (as described in the Water and Sewer System/DES ADR), the Subordinated Water and Sewer System Bonds (as described in the Water and Sewer/DES ADR) or the District Energy System Bonds (as described in the Water and Sewer/DES ADR) and should not be taken into account in evaluating such debt.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2020, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Strategic Planning

JEA has been actively engaged in strategic planning. As part of its planning process, JEA considered various options with respect to its business which included potential rate increases and/or the redemption or defeasance of various debt obligations of JEA. Consistent with this focus, JEA launched its Strategic Asset Realignment Plan ("STAR Plan"), a plan designed to accelerate debt repayment through 2023. In connection with the plan, JEA proposed to utilize a combination of current and future year net revenues and available cash and investments in order to accelerate debt repayment. Due to the expected reduction in cash and investment balances, JEA previously increased the size of its Revolving Credit Facility by \$200,000,000 for a total commitment equal to \$500,000,000. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. In February 2019, JEA retired \$100,090,000 of Electric System debt, in October 2019, JEA retired an additional \$48,070,000 of Electric System debt, and in March 2021, JEA retired an additional \$104,390,000 of Electric System debt as part of this effort. Future redemptions or defeasance of Electric System debt are subject to availability of funds and JEA Board approval. In addition to the STAR Plan, JEA is also evaluating changes to its cost and rate structures.

Previously Proposed Privatization of JEA

In 2018 and 2019, the Council and the JEA Board took several actions to examine and understand all aspects and implications of a potential sale or restructuring of JEA and to gather the relevant facts and community considerations the Council should consider in any decisions related to a potential sale of JEA. In December 2019, after significant community opposition to the sale of JEA continued to surface, the JEA Board voted unanimously to discontinue all previously approved actions relating to the potential privatization of JEA. It later became publicly known that a federal grand jury had begun investigating certain aspects of the proposed privatization of JEA. That investigation is ongoing. See "LITIGATION - *LITIGATION AND OTHER MATTERS* - Other Matters" herein.

On February 4, 2020, the president of the Council convened the Special Investigatory Committee on JEA Matters comprised of five members of the Council (the "Investigatory Committee") to investigate the pursuit to potentially privatize JEA and determine what problems could be prevented in the future through legislative action. The Investigatory Committee met regularly and held its final meeting December 7, 2020. It released its final report on January 4, 2021 in which it made recommendations for future Council consideration in the areas of procurement, Council investigatory authority, compensation programs and ethics and transparency.

Other legislation concerning JEA may be proposed by the Council from time to time. JEA cannot predict whether such legislative proposals will be approved by Council or the outcome of such legislation proposals. Although it has not adopted a resolution to that effect, the current JEA Board has publicly stated that JEA is not for sale and that it is JEA's intent to remain a municipally-owned, independent authority of the City.

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ELECTRIC UTILITY SYSTEM

ELECTRIC UTILITY FUNCTIONS

General

In 2019, the latest year for which such information is available, JEA was the eighth largest municipally owned electric utility in the United States in terms of number of customers. During the Fiscal Year Ended September 30, 2020, the Electric System served an average of 485,000 customer accounts in a service area which covers virtually the entire City. JEA also sells electricity to retail customers and an electric system in neighboring counties. In addition, as described under "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*" herein, prior to the cessation of operations of the Power Park on January 5, 2018, JEA had sold to FPL a portion of the capacity (and associated energy) of JEA's interest in the Power Park pursuant to the long-term power sales provisions of the Power Park Joint Ownership Agreement (hereinafter defined) (such sale being referred to herein as the "FPL-Power Park Sale").

JEA's total energy sales in the Fiscal Year ended September 30, 2020, net of off-system sales and the energy sold by JEA to FPL pursuant to the FPL-Power Park Sale, were approximately 12.2 billion kilowatt-hours ("kWh"). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2020, net of the revenues received by JEA from the FPL-Power Park Sale (calculated for purposes of the Electric System Schedule of Debt Service Coverage (see "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Schedules of Debt Service Coverage" herein)), were approximately \$1,250,805,000.

The electric utility facilities of JEA are divided for financing purposes into the Electric System, the Power Park and the Scherer 4 Project.

The Electric System includes generation, transmission, interconnection and distribution facilities. The generating facilities, located on four plant sites in the City, currently consist of a dual residual fuel oil/gas-fired steam turbine-generator unit, four diesel-fired combustion turbine ("CT") generator units, five dual-fueled (gas/diesel) CT generator units, one steam turbine generator unit with the steam provided by heat recovery steam generators served from two gas-fired CTs (a 2-on-1 combined cycle unit), and two petroleum coke ("petcoke")- and coal-fired circulating fluidized bed ("CFB") steam turbine-generator units. As of the date of this Annual Disclosure Report, the total combined installed net capacity of the Electric System's generating units is 2,771 megawatts ("MW"), net, summer and 2,936 MW, net, winter. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Electric System Generating Facilities*" herein.

Pursuant to Chapter 80-513, Laws of Florida, Special Acts of 1980 (as amended and supplemented, the "Bulk Power Act"), JEA is authorized to acquire, own and operate as a separate bulk power supply utility or system, electric generating plants and transmission lines within the City and within and outside of the State. The Power Park and the Scherer 4 Project each have been developed as a separate bulk power supply system under the Bulk Power Act and, as such, are not included in the Electric System.

The Power Park was a coal- and petcoke-fired steam electric generating station formerly rated at 1,276 MW, net, located in the northeast section of the City. The Power Park assets are jointly owned by JEA and FPL; JEA's ownership interest in the Power Park assets is 80 percent. In May 2017, JEA entered into an agreement with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the plant to occur thereafter. The termination agreement ends the obligation of the 37.5 percent sales of JEA's 80 percent to FPL. The

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costs of decommissioning will be split between JEA 80 percent and FPL 20 percent. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. John's River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein for additional information.

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant ("Scherer Unit 4"), a coal-fired steam electric generating unit currently rated at 846 MW, net, located near Forsyth, Georgia and a proportionate ownership interest in associated common facilities and an associated coal stockpile (such ownership interests are referred to herein as the "Scherer 4 Project"). The Scherer 4 Project entitles JEA to 200 MW, net, of the capacity of Scherer Unit 4. The Electric System is entitled to the capacity of the Scherer 4 Project and is required to pay for such capacity on a "take-or-pay" basis by making deposits into certain funds and accounts established pursuant to the Restated and Amended Bulk Power Supply System Resolution. JEA and FPL have entered into a cooperation agreement for the closure of Scherer Unit 4 on or before January 1, 2022. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Retirement of Scherer Unit 4*" herein for additional information.

JEA is permitted under the resolution of JEA adopted on March 30, 1982, authorizing JEA's Electric System Revenue Bonds (as heretofore amended, restated and supplemented, the "Electric System Resolution") to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the cost of separate electric generating utilities as separate systems. The Power Park and the Scherer 4 Project constitute the only two such separate systems undertaken by JEA as of the date of this Annual Disclosure Report.

Pursuant to the Electric System Resolution, JEA's obligation to make payments from the Electric System with respect to the Power Park is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System. Additionally, all costs of operating and maintaining the Scherer 4 Project are Contract Debts of the Electric System, payable as part of the Electric System's Cost of Operation and Maintenance. See "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Debt Relating to Electric Utility Functions - *Electric System Contract Debts*" herein.

JEA currently has no ownership interest in any nuclear power plant; however, it does have a purchase power agreement with Municipal Electric Authority of Georgia ("MEAG Power") for electric energy to be produced from two under construction nuclear generating units. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Power Purchase Contracts*" herein. JEA also has an option to purchase an ownership interest in a to-be-constructed nuclear power plant (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Option to Purchase Interest in Lee Nuclear Station*" herein) although plans to build such plant have been suspended.

Electric System

Power and Energy Resources

Electric power and energy sold by JEA to its customers is provided from the following sources: JEA's interest in Scherer Unit 4 (see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4" herein); the generating facilities owned by JEA as part of the Electric System (see subsection "*Electric System Generating Facilities*" below in this section); and various power purchase arrangements (see subsection "*Power Purchase Contracts*" below in this section). JEA's interests in the Scherer Unit 4, the generating facilities of the Electric System and JEA's various firm purchase power arrangements are committed and dispatched on an economic basis as necessary to serve JEA's load. In

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addition, economy energy is purchased for JEA, by the joint power marketing alliance described below, from time to time when such energy is available at a lower cost than energy produced from JEA's generating facilities. See subsection "*Participation in The Energy Authority*" below in this section.

Electric System Generating Facilities

The generating facilities of the Electric System are located at four plant sites - the J. Dillon Kennedy Generating Station ("Kennedy"), the Northside Generating Station ("Northside"), the Brandy Branch Generating Station ("Brandy Branch") and the Greenland Energy Center ("GEC"). See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Resource Requirements - *Capacity*" herein.

JEA's Northside Unit 3, a steam unit, presently burns residual fuel oil and natural gas, while four CTs at Northside burn diesel. The Kennedy CTs 7 and 8, Brandy Branch CTs 1, 2 and 3 and GEC CTs 1 and 2 burn natural gas as the primary fuel. The Kennedy CTs 7 and 8, Brandy Branch CT 1 and GEC CTs 1 and 2 are dual-fueled with diesel as backup and the GEC CT units are also capable of having diesel as backup. Brandy Branch STM 4 is a steam turbine generator that is part of a combined cycle unit that uses waste heat from Brandy Branch CTs 2 and 3. In addition, natural gas is used at times to supplement the solid fuel in Northside Units 1 and 2. Northside Units 1 and 2 burn petcoke, coal and natural gas. Northside Unit 3 was originally scheduled to be placed into reserve storage on April 1, 2016, approximately three years ahead of the unit's scheduled retirement. Due to the early retirement of Power Park, Northside Unit 3 is expected to continue in operation at least through the current planning period which ends with the Fiscal Year ending September 30, 2025.

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The pertinent statistics concerning the generating facilities of the Electric System as of the date of this Annual Disclosure Report are as follows:

<u>Station</u>	<u>Unit</u>	<u>Type</u> ⁽¹⁾	<u>First Placed in Service</u>	<u>Fuel</u> ⁽²⁾	<u>Installed Net Capacity (MW)</u> ⁽⁵⁾	
					<u>Summer</u>	<u>Winter</u>
Kennedy	7 ⁽³⁾	CT	6/00	G/LO	179	191
	8 ⁽³⁾	CT	6/09	G/LO	<u>179</u>	<u>191</u>
					<u>357</u>	<u>382</u>
Northside	1	ST	5/03 ⁽⁴⁾	Petcoke/Coal/G	293	293
	2	ST	4/03 ⁽⁴⁾	Petcoke/Coal/G	293	293
	3	ST	7/77	G/HO	524	524
	3	CT	2/75	LO	50	62
	4	CT	1/75	LO	50	62
	5	CT	12/74	LO	50	62
	6	CT	12/74	LO	<u>50</u>	<u>62</u>
					<u>1,310</u>	<u>1,356</u>
Brandy Branch	1 ⁽³⁾	CT	5/01	G/LO	179	191
	2	CT	5/01	G	190	212
	3	CT	10/01	G	190	212
	STM 4	ST	1/05	WH	<u>188</u>	<u>200</u>
				<u>746</u>	<u>814</u>	
GEC	1 ⁽³⁾	CT	6/11	G/LO	179	191
	2 ⁽³⁾	CT	6/11	G/LO	<u>179</u>	<u>191</u>
				<u>357</u>	<u>382</u>	
System Total					<u>2,771</u>	<u>2,936</u>

(1) CT - Combustion Turbine

ST - Steam Turbine

IC - Internal Combustion Engine

(2) G - Natural Gas

LO - Light Oil (diesel)

HO - Heavy Oil (residual fuel oil)

WH - Waste Heat

(3) Net capacity is based on diesel.

(4) Northside Unit 1 was originally placed in service in November 1966, and Northside Unit 2 was originally placed in service in March 1972. Both units have been re-powered with CFB boilers, and their turbine generators and other ancillary equipment have been refurbished. The dates indicated in the table are the respective dates on which each was released for normal dispatch operation. Northside Units 1 and 2 each have gross capacities of 310 MW.

(5) Numbers may not add due to rounding.

Fuel Mix

JEA believes in a fuel diversification strategy with a growing emphasis on renewable energy that improves its competitive position in the electric services industry. JEA has the ability to use natural gas as the primary fuel source with diesel as backup for generation in GEC CT1 and CT2, Kennedy CT7 and CT8, and Brandy Branch Unit 1. The exhaust heat from Brandy Branch Units 2 and 3 is utilized in Brandy Branch STM 4. This combined cycle configuration provides additional energy without additional fuel consumption. Northside Unit 3 uses natural gas as a fuel source for generation with residual fuel oil as backup. JEA's 1970's vintage CTs provide less than one percent of JEA's total energy requirements and are powered by diesel.

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JEA uses circulating fluidized bed technology in Northside Units 1 and 2. This technology allows JEA to use a blend of bituminous coal, petroleum coke and natural gas in these units. Until retirement at the end of calendar year 2021, solid fuel-based capacity and energy is provided by Scherer Unit 4 of which JEA owns 23.64 percent or 200MW net. Scherer Unit 4 burns sub-bituminous coal from the Powder River Basin. Scherer Unit 4 will be replaced by a Purchase Power Agreement with FPL that will provide 200MW of natural gas combined cycle power. Prior to its retirement in January 5, 2018, JEA also utilized the Power Park to produce electricity from solid fuel. JEA adjusts its use of solid fuel-based generation depending on its cost relative to competing resources, such as natural gas.

The following table sets forth JEA's fuel mix for the Fiscal Years ended September 30, 2016 through 2020 and JEA's projected fuel mix for the Fiscal Years ending September 30, 2021 through 2025. The information in the following table does not take into account the energy sold to FPL pursuant to the FPL-Power Park Sale. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*" herein.

PERCENT FUEL MIX⁽¹⁾

Fiscal Year Ending September 30,	Oil	Gas	Power Park (Coal)⁽²⁾	Northside (Coal/ Petcoke)⁽³⁾	Scherer Unit 4 (Coal)	MEAG Vogle 3 & 4 Nuclear Purchase	Economy Purchases From Other Sources	Scherer Purchase Power Agreement⁽⁴⁾	Total MWh Sales⁽⁵⁾
Actual									
2016	0.1	36.4	16.2	26.8	8.1	0.0	12.2	0.0	12,730,288
2017	0.0	44.0	20.2	11.6	11.0	0.0	13.2	0.0	12,200,770
2018	0.3	48.9	4.2	19.3	8.7	0.0	18.5	0.0	12,399,769
2019	0.0	48.7	0.0	14.9	10.7	0.0	25.7	0.0	12,465,958
2020	0.0	62.8	0.0	18.4	5.3	0.0	13.4	0.0	12,202,973
Projected⁽⁶⁾									
2021	0.1	58.1	0.0	20.0	9.4	0.0	12.3	0.0	12,431,220
2022	0.1	50.2	0.0	26.5	2.0	6.2	7.7	7.3	12,111,330
2023	0.0	47.0	0.0	22.7	0.0	12.7	9.0	8.6	12,066,153
2024	0.0	47.7	0.0	22.5	0.0	12.8	8.9	8.0	12,065,024
2025	0.0	47.4	0.0	22.4	0.0	13.3	8.9	8.1	12,065,024

⁽¹⁾ Percentages may not add to 100 percent due to rounding.

⁽²⁾ Commercial operations at the Power Park ceased in January 2018. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Early Termination of Power Park Joint Ownership Agreement*" herein.

⁽³⁾ The projected fuel mix for Northside Units 1 and 2 is a range of 46 to 54 percent petcoke, 36 to 44 percent coal and 10 percent natural gas.

⁽⁴⁾ The Scherer Purchase Power Agreement replaces Scherer Unit 4 with 200MW of natural gas combined cycle power on January 1, 2022.

⁽⁵⁾ Actual megawatt-hour ("MWh") sales include non-firm off-system sales, which totaled 169,037 MWh in the Fiscal Year ended September 30, 2016, 150,635 MWh in the Fiscal Year ended September 30, 2017, 35,429 MWh in the Fiscal Year ended September 30, 2018, 99,563 MWh in the Fiscal Year ended September 30, 2019, and 18,412 MWh in the Fiscal Year ended September 30, 2020. Projections include aggregate non-firm off-system sales of 365,391 MWh during the Fiscal Years ending September 30, 2021 through 2025.

⁽⁶⁾ The projected figures contained herein are forward-looking statements and are subject to change without notice. These figures are based on current conditions and assumptions, including JEA's growth assumptions, environmental regulations, fuel prices, fuel availability and other factors in effect as of the date hereof and are subject to significant regulatory, business, economic and environmental uncertainties and contingencies. Events may occur and circumstances may change subsequent to the date hereof that would have a material impact on the projections presented herein. The achievement of certain results contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those stated in the forward-looking statements. JEA does not commit to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur or fail to occur.

Fuel Contracts

JEA has solid fuel storage at Northside for a maximum of approximately 25 days of operating inventory. JEA purchases spot volumes to supply the fuel needs of Northside Units 1 and 2, which operate

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on a blend of petcoke, coal, and natural gas. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2020, JEA purchased approximately 93 percent of its petcoke requirements from TCP Petcoke Corporation and approximately 7 percent from Tricon International LDC. For Northside Units 1 and 2 during the Fiscal Year ended September 30, 2020, JEA purchased approximately 65 percent of its coal requirements from Interocean Coal Sales, approximately 18 percent from SUEK AG and approximately 17 percent from Coal Market Company. JEA has purchase commitments for all of the expected coal requirements for JEA's ownership share of Scherer Unit 4 in 2021. Contract terms for solid fuel specify minimum purchase commitments at certain prices subject to adjustments for price level changes according to the contract. In addition, JEA has remarketing rights for the majority of its solid fuel supply.

JEA maintains diesel inventory at Brandy Branch, Kennedy, Greenland, and Northside. Additional diesel supply is purchased from time to time in the open market as needed.

JEA has a 20-year agreement for natural gas with Shell Energy North America L.P. ("Shell Energy") that ends in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. The agreement with Shell Energy supplied 36 percent of JEA's natural gas needs for Fiscal Year 2020 at prices that were, at the time the agreement was entered into, and are, as of the date of publication of this Annual Disclosure Report, below delivered competing gas supply options (including both commodity and transportation components). The balance of JEA's gas requirements are purchased on the spot market. Under the Shell Energy agreement, contract terms for the natural gas specify minimum annual purchase commitments. JEA has the option to remarket any excess natural gas purchases. JEA also has long-term contracts with Florida Gas Transmission Company ("FGT") for firm gas transportation capacity to allow delivery of additional gas volumes. To support additional future gas requirements, JEA has contracted with TECO Peoples Gas System ("Peoples") for a release of firm gas transportation capacity through Southern Natural Gas Company's system and FGT's system that began in June 2010. In addition, JEA has contracted with Southern Natural Gas Company for firm natural gas transportation.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Participation in The Energy Authority*" below.

JEA and Peoples jointly own pipelines that serve Northside and Brandy Branch. Peoples owns the pipeline that serves Kennedy and JEA's Buckman Street wastewater treatment plant. Peoples may interrupt delivery of a portion of gas to JEA under certain emergency circumstances.

JEA owns the GEC lateral pipeline (the "Greenland Lateral") which is used to deliver gas to GEC. In 2008, JEA signed an agreement with SeaCoast Gas Transmission, LLC for firm intrastate gas transportation service to the Greenland Lateral.

JEA has developed and implemented a program intended to hedge its exposure to changes in fuel prices. Pursuant to this program, futures, options and swaps contracts may be entered into from time to time to help manage market price fluctuations. Realized gains and losses resulting from this program are reflected in JEA's fuel expense. See subsection "*Fuel Mix*" above in this section. For a discussion of JEA's fuel management program, see Note 10 and Note 11 to the financial statements of JEA set forth in APPENDIX A attached hereto.

As of September 30, 2020, JEA had 13 commodity swap transactions with an aggregate notional quantity of 52,960,000 MMBtu in place with two counterparties to hedge JEA's exposure to natural gas prices. Based on information provided by the counterparties, those swaps had a total mark-to market cost of approximately \$9.9 million at that date.

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JEA has four contracts to purchase prepaid natural gas supplies at specified volumes per day. Beginning with an average of 15,000 MMBtu/day and then increasing to 16,000 MMBtu on July 1, 2029, prepaid gas will be supplied from locations that JEA has access to with firm natural gas transportation or natural gas supply agreements. Those prepayments expire at various dates in 2039, 2048 and 2049. JEA's financial obligations under the gas supply agreements are based on index prices for monthly deliveries at the delivery point and are on a "take and pay" basis whereby JEA is only obligated to pay for gas that is delivered.

For a discussion of JEA's fuel procurement arrangement for the Scherer 4 Project, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Fuel Supply*" herein.

Natural Gas Sales

In March 2015, JEA made the decision to market natural gas to commercial and industrial customers within its service area as allowed under Article 21 of the Charter and JEA's Fuel Management Services Procurement Directive. JEA supplies natural gas under TECO Peoples Gas Natural Choice Program, which gives commercial and industrial customers the option to choose their gas supplier. JEA receives a number of benefits from its participation in the Natural Choice program. Natural gas sales generate marginal net revenues, reported as "other revenues" under the Electric Enterprise Fund. JEA will become a complete energy provider within its service territory for businesses that select JEA to be their natural gas supplier. Through Fiscal Year 2019, this program has signed approximately 200 customers, including Boeing, The Hyatt, Jacksonville Zoo, YMCA, Jacksonville Housing Authority, First Baptist Church of Jacksonville, Dresser Equipment, a division of GE, several restaurants, and manufacturers.

Power Purchase Contracts

[TO BE UPDATED IF NECESSARY]

Overview

As a result of an earlier 2008 JEA Board policy establishing a 10 percent of total energy from nuclear energy goal, JEA entered into a power purchase agreement (as amended, the "Additional Vogtle Units PPA") with the Municipal Electric Authority of Georgia ("MEAG") for 206 MW of capacity and related energy from MEAG's interest in two additional nuclear generating units (the "Additional Vogtle Units" or "Plant Vogtle Units 3 and 4") under construction at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The owners of the Additional Vogtle Units include Georgia Power Company ("Georgia Power" or "GPC"), Oglethorpe Power Corporation ("Oglethorpe"), MEAG and the City of Dalton, Georgia (collectively, the "Vogtle Co-Owners"). The energy received under the Additional Vogtle Units PPA is projected to represent approximately 13 percent of JEA's total energy requirements in the year 2023.

The Additional Vogtle Units PPA requires JEA to pay MEAG for the capacity and energy at the full cost of production (including debt service on the bonds issued and to be issued by MEAG and on the loans made and to be made by the Project J Entity referred to below, in each case, to finance the portion of the capacity to be sold to JEA from the Additional Vogtle Units) plus a margin over the term of the Additional Vogtle Units PPA. Under the Additional Vogtle Units PPA, JEA is entitled to 103 MW of capacity and related energy from each of the Additional Vogtle Units for a 20-year term commencing on each Additional Vogtle Unit's commercial operation date and is required to pay for such capacity and energy on a "take-or-pay" basis (that is, whether or not either Additional Vogtle Unit is completed or is operating or operable, and whether or not its output is suspended, reduced or the like or terminated in whole or in part), except that JEA is not obligated to pay the margin referred to above during such periods in which the output of either Additional Vogtle Unit is suspended or terminated.

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Financing and In-Service Costs

MEAG created three separate projects (the "Vogtle Units 3 and 4 Project Entities") for the purpose of owning and financing its 22.7 percent undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units). The project corresponding to the portion of MEAG's ownership interest, which will provide the capacity and energy to be purchased by JEA under the Additional Vogtle Units PPA, is referred to herein as "Project J." MEAG currently estimates that the total in-service cost for its entire undivided ownership interest in the Additional Vogtle Units will be approximately \$6.344 billion, including construction costs, financing costs through the estimated in-service dates, contingencies, initial fuel load costs, and switchyard and transmission costs. MEAG has additionally provided that its total capital costs for its share of the Additional Vogtle Units, including reserve funds and other fund deposits required under the financing documents, are approximately \$6.820 billion. The total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J and the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately \$2.893 billion.

Financing for Project J – In order to finance a portion of its acquisition and construction of Project J and to refund bond anticipation notes previously issued by MEAG, MEAG issued approximately \$1.248 billion of its Plant Vogtle Units 3 and 4 Project J Bonds (the "2010 PPA Bonds") on March 11, 2010. Of the total 2010 PPA Bonds, approximately \$1.224 billion were issued as Federally Taxable - Issuer Subsidy – Build America Bonds where MEAG expects to receive a cash subsidy payment from the United States Treasury for 35 percent of the related interest, subject to reduction due to sequestration. At this time, a portion of the interest subsidy payments with respect to the Build America Bonds is not being paid as a result of the federal government sequestration process and the Bipartisan Budget Act of 2019 for the current fiscal year through fiscal year 2029. The exact amount of such reduction is determined on or about the beginning of the federal government's fiscal year, or October 1, and is subject to adjustment thereafter. The current reduction amount of 5.7 percent became effective on October 1, 2020. MEAG issued \$185.2 million of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued \$570.9 million of additional Project J tax-exempt bonds on July 19, 2019. JEA was not asked to, and did not, provide updated disclosure regarding JEA in connection with the preparation of MEAG's July 18, 2019 Project J Bonds Series 2019A Official Statement relating to the issuance, and JEA did not make any representations or warranties, or deliver any opinions of legal counsel in connection with the offering, issuance and sale of the Project J Series 2019A Bonds.

On June 24, 2015, in order to obtain certain loan guarantees from the United States Department of Energy ("DOE") for further funding of Plant Vogtle Units 3 and 4, MEAG divided its undivided ownership interest in Plant Vogtle Units 3 and 4 into three separate undivided interests and transferred such interests to the Vogtle Units 3 and 4 Project Entities. MEAG transferred approximately 41.175 percent of its ownership interest, representing 206 MW of nominally rated generating capacity (which is the portion of MEAG's ownership interest attributable to Project J), to MEAG Power SPVJ, LLC (the "Project J Entity").

The Project J Entity entered into a loan guarantee agreement with the DOE in 2015, subsequently amended in 2016 and 2017, under which the Project J Entity is permitted to borrow from the Federal Financing Bank ("FFB") an aggregate amount of approximately \$687.3 million, all of which has been advanced to date.

On September 28, 2017, DOE, MEAG, and the Vogtle Units 3 and 4 Project Entities entered into a conditional commitment for additional DOE loan guarantees in the aggregate amount of \$414.7 million. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of \$414.7 million. The Project J Entity's portion of the \$414.7 million in additional loan guarantees is approximately \$111.5 million and this amount was fully drawn on October 2, 2020. MEAG

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expects that the total financing needs for Project J will exceed the aggregate of the Project J Entity's FFB lending commitments and the balance will be financed in the capital markets.

Summary of financing associated with Project J:

Project J Capital Requirements
(000's omitted)

Long-term Bonds Issued	
Series 2010A – Build America Bonds	\$1,224,265
Series 2010B – Tax Exempt Bonds	24,170
Series 2015A – Tax Exempt Bonds	185,180
Series 2019A – Tax Exempt Bonds	570,925
Remaining Financing Requirement	<u>59,490</u>
Total Long-term Bonds Issued	<u>\$2,064,030</u>
DOE Advances⁽¹⁾	
2015 DOE Advances	\$ 345,990
2019 DOE Advances	229,748
2020 DOE Advances	<u>111,511</u>
Total DOE Advances	<u>\$ 687,279</u>
Estimated Interest Earnings and Bond Premiums	<u>\$ 141,686</u>
Total Capital Requirements⁽²⁾	<u>\$2,892,995</u>

⁽¹⁾ Includes Advances and related capitalized interest accretion.

⁽²⁾ Represents estimated total construction costs and required reserve deposits, net of payments received.

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Based on information provided by MEAG, JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2020 is summarized as follows (000s omitted):

Fiscal Year Ending September 30.	Principal	Interest	Annual Debt Service	Build America Bonds Subsidy	Capitalized Interest	Net Debt Service
2021	\$ 26,297	\$ 127,636	\$ 153,933	(\$ 27,100)	(\$100,536)	\$ 26,297
2022	27,330	126,809	154,139	(26,790)	(51,168)	76,181
2023	30,202	126,259	156,461	(26,466)	(6,919)	123,076
2024	31,574	124,907	156,481	(26,129)	–	130,352
2025	32,762	123,364	156,126	(25,776)	–	130,350
2026	33,975	121,796	155,771	(25,409)	–	130,362
2027	35,207	120,230	155,437	(25,026)	–	130,411
2028	36,568	118,429	154,997	(24,626)	–	130,371
2029	37,936	116,689	154,625	(24,209)	–	130,416
2030	39,362	114,843	154,205	(23,774)	–	130,431
2031	40,847	112,919	153,766	(23,320)	–	130,446
2032	42,345	111,003	153,348	(22,847)	–	130,501
2033	44,014	108,802	152,816	(22,353)	–	130,463
2034	45,709	106,629	152,338	(21,838)	–	130,500
2035	47,445	104,389	151,834	(21,301)	–	130,533
2036	41,971	102,053	144,024	(20,740)	–	123,284
2037	30,478	99,568	130,046	(20,155)	–	109,891
2038	25,725	97,050	122,775	(19,545)	–	103,230
2039	23,565	94,311	117,876	(18,909)	–	98,967
2040	13,677	91,517	105,194	(18,246)	–	86,948
2041	9,912	88,578	98,490	(17,553)	–	80,937
2042	5,515	44,719	50,234	(9,217)	–	41,017
2043	<u>770</u>	<u>5,950</u>	<u>6,720</u>	<u>(1,249)</u>	=	<u>5,471</u>
Total	<u>\$703,186</u>	<u>\$2,388,450</u>	<u>\$3,091,636</u>	<u>(\$492,578)</u>	<u>(\$158,623)</u>	<u>\$2,440,435</u>

Construction Arrangements for the Additional Vogtle Units

As a result of the bankruptcy of the original contractor for the Additional Vogtle Units and increases in the construction costs, the Vogtle Co-Owners have restructured the construction arrangements for the Additional Vogtle Units. Under the restructured construction arrangements:

- Bechtel Power Corporation ("Bechtel") will serve as the prime construction contractor for the remaining construction activities for Plant Vogtle Units 3 and 4 under a Construction Agreement entered into between Bechtel and Georgia Power, acting for itself and as agent for the other Vogtle Co-Owners (the "Construction Agreement"), which is a cost reimbursable plus fee arrangement, which means that the Construction Agreement does not require Bechtel to absorb any increases in construction costs.
- In August 2018, the Vogtle Co-Owners approved amendments to their joint ownership agreements for Plant Vogtle Units 3 and 4 (as amended, the "Vogtle Joint Ownership Agreements") that limit the circumstances under which the holders of at least 90 percent of the ownership interests in Plant Vogtle Units 3 and 4 are required to approve the continuance of the construction of the Additional Vogtle Units to a few events, including the delay of one year or more over the most recently approved project schedule. Such events do not include increases in the construction budget.
- Under the Vogtle Joint Ownership Agreements, Georgia Power has the right to cancel the project at any time in its discretion.

The estimated construction costs to complete Project J's share of the Additional Vogtle Units have significantly increased from the original project budget of approximately \$1.4 billion to the current estimate

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of approximately \$2.9 billion. In addition, significant delays in the project's construction schedule have resulted in the original placed in service dates for Vogtle Unit 3 of April 2016 and for Vogtle Unit 4 of April 2017 being revised to the current projected placed in-service dates for Vogtle Unit 3 and for Vogtle Unit 4 of November 2021 and November 2022, respectively.

On March 19, 2021, Georgia Power announced that Southern Nuclear Operating Company, Inc. ("Southern Nuclear") has identified, and is in the process of completing, additional construction remediation work, primarily related to electrical commodity installations, necessary to ensure quality and design standards are met as system turnovers are completed prior to starting hot functional testing and fuel load for Vogtle Unit 3. As a result, Georgia Power now expects the start of hot functional testing for Vogtle Unit 3 will be delayed into April 2021.

While Southern Nuclear continues to target a November 2021 in-service date for Vogtle Unit 3, the schedule is challenged and, after considering the factors above, a delay is likely and could add one month or more to the Vogtle Unit 3 in-service date. Any schedule extension beyond November 2021 for Vogtle Unit 3 is currently estimated to result in additional base capital costs for Georgia Power of approximately \$25 million per month, resulting in an estimated \$5 million per month for Project J. The ultimate outcome of these matters cannot be determined at this time.

JEA is not a party to the Construction Agreement or to the Vogtle Joint Ownership Agreements and does not have the right under the Additional Vogtle Units PPA to cause a termination of the Construction Agreement, to cancel the project or to approve increases in the construction costs or delays in the construction schedule of the project. Accordingly, JEA can provide no assurance that construction costs for the Additional Vogtle Units will not significantly increase or that the schedule of the project will not be significantly delayed.

Increases in construction costs for Plant Vogtle Units 3 and 4 result in increases in the payment obligations of JEA for capacity and energy under the Additional Units PPA. See the "*Overview*" and "*Financing and In-Service Costs*" sections above and "*Litigation and Regulatory Proceedings*" section below for a description of the complaint filed by JEA and the City challenging the enforceability of the Additional Vogtle Units PPA.

Litigation and Regulatory Proceedings

Litigation – On September 11, 2018, MEAG filed suit against JEA in the Northern District of Georgia alleging claims for (i) a declaratory judgment that the Additional Vogtle Units PPA is enforceable against JEA, (ii) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and (iii) specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. The same day, JEA and the City filed suit against MEAG in the Fourth Judicial Circuit Court of Florida, seeking a declaratory judgment that the Additional Vogtle Units PPA is invalid and unenforceable against JEA. MEAG removed JEA's and the City's suit to the Middle District of Florida. On April 9, 2019, the district court for the Northern District of Georgia entered an order granting JEA's motion to dismiss and dismissing MEAG's complaint. The court gave several reasons for dismissing MEAG's complaint, including because MEAG lacks standing due to failing to allege a definite threat of future injury and because its claim for breach of the cooperation clause is not actionable absent allegations that JEA had breached another provision of the Additional Vogtle Units PPA. MEAG filed a notice of appeal of the dismissal to the Eleventh Circuit Court of Appeals.

On July 12, 2019, the Middle District of Florida issued an order denying JEA's and the City's motions to remand the case to Florida state court. The court's July 12, 2019 order also granted MEAG's motion to transfer the case to the district court for the Northern District of Georgia. On July 26, 2019,

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MEAG filed a counterclaim against JEA and the City seeking a declaratory judgment that the Additional Vogtle Units PPA is valid and enforceable, breach of contract for JEA's alleged failure to adhere to the Additional Vogtle Units PPA's cooperation clause, and specific performance requiring JEA to continue to comply with the Additional Vogtle Units PPA. On August 16, 2019, JEA filed defenses to MEAG's counterclaim and alternative counterclaims against MEAG for breach of fiduciary duty, failure to perform in good faith, and negligent performance of an undertaking, in the event the Additional Vogtle Units PPA is determined to be enforceable. On September 6, 2019, MEAG filed motions to strike JEA's defenses and to dismiss JEA's alternative counterclaims. On November 1, 2019, MEAG filed a motion for leave to file a motion for judgment on the pleadings to seek a ruling on its affirmative defenses. JEA filed a memorandum opposing that motion on November 8, 2019. On November 5, 2019, JEA filed a motion for summary judgment seeking a declaration that the Additional Vogtle Units PPA is void and unenforceable. On November 8, 2019, the district court entered an order striking JEA's motion for summary judgment and setting a status conference with the parties. The same date, JEA filed a motion for leave to file a motion for summary judgment. On November 15, 2019, the district court conducted a status conference with the parties and subsequently entered an order staying all motions in the case pending submission of a revised scheduling order by December 15, 2019. On November 25, 2019, the court entered an order denying in whole MEAG's motion to strike certain of JEA's and the City of Jacksonville's affirmative defenses. The Court also dismissed two of JEA's counterclaims against MEAG, but left intact JEA's claim against MEAG for breach of the PPA based on a negligent undertaking theory, which claim is contingent and brought only in the event of a finding that the PPA is enforceable. On December 27, 2019, MEAG filed a motion for summary judgment on the pleadings as to certain legal issues. On June 17, 2020, the district court issued an order granting MEAG's motion for summary judgement on the pleadings, specifically declaring that the Additional Vogtle Units PPA is valid and enforceable and that the Additional Vogtle Units PPA unconditionally requires JEA to pay MEAG for capacity and energy at the full cost of production of Project J, including debt service on the bonds and DOE-guaranteed loans.

Settlement of Litigation – On July 30, 2020, JEA and MEAG filed a voluntary notice and announced a settlement of all disputed issues relating to the Additional Vogtle Units PPA.

On August 12, 2020, JEA, the City and MEAG dismissed the litigation among the parties in both the United States District Court for the Northern District of Georgia and the United States Court of Appeals for the Eleventh Circuit. As part of the settlement, the parties agreed to accept without challenge or appeal the June 17, 2020 order of the district court determining that the Additional Vogtle Units PPA is valid and enforceable.

Also, in connection with the settlement of such litigation, MEAG and JEA executed an amendment to the Additional Vogtle Units PPA pursuant to which MEAG and JEA agreed to an increase in the "Additional Compensation Obligation" payable by JEA to MEAG of \$0.75 per MWh of energy delivered to JEA thereunder.

As part of the settlement, MEAG and JEA also entered into an agreement that, subject to the rights granted to other Project J participants in their Project J power sales contracts, grants to JEA a right of first refusal to purchase all or any portion of the entitlement share of a Project J participant to the output and services of Project J in the event that any Project J participant requests MEAG to effectuate a sale of such entitlement share pursuant to such participant's Project J power sales contract. This right of first refusal is applicable during the period commencing ten (10) years following the commercial operation date of the first of Vogtle Unit 3 or Vogtle Unit 4 to achieve commercial operation and continuing until the expiration of twenty (20) years following such commercial operation date. In order to exercise its right of first refusal as described above, JEA will be required to pay the price offered by a third-party purchaser or the fully embedded costs as provided for in the Project J power sales contract, whichever is greater.

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Regulatory Proceedings – On September 17, 2018, JEA filed a petition with the Federal Energy Regulatory Commission ("FERC") seeking a determination that FERC has exclusive jurisdiction pursuant to the Federal Power Act over the Additional Vogtle Units PPA (the "FERC Petition"). Numerous entities, including MEAG, public utilities, municipalities, and trade groups, filed comments with FERC challenging the theories of law and arguments raised in the FERC Petition. On February 21, 2019, FERC issued an order denying the FERC Petition and disclaimed jurisdiction over the Additional Vogtle Units PPA. JEA did not seek FERC's reconsideration of the order.

Other Renewable Sources

In 2004, JEA entered into a 20-year agreement (the "Wind Generation Agreement") with Nebraska Public Power District ("NPPD") to participate in a wind generation project located in Ainsworth, Nebraska. JEA's participation in NPPD's wind generation project allowed JEA to receive environmental credits (Green Tags) associated with this Green Power alternative. Under the Wind Generation Agreement, JEA agreed to purchase over a 20-year period 10 MW of capacity from NPPD's wind generation facility for an estimated net cost of \$2,280,958. In turn, NPPD buys back the energy at specified on/off peak charges. JEA made all environmental attributes from this facility available to sell in order to lower rates for its customers. JEA has sold environmental credits for specified periods from this project thereby reducing but not eliminating JEA's net cost for this resource for that period.

With the expansion of JEA's renewable portfolio within the State, additional landfill gas generation and new solar facilities, JEA exercised its right to terminate the Wind Generation Agreement. JEA and NPPD terminated the agreement effective December 31, 2019.

In 2006, JEA signed a Power Purchase Agreement with Trail Ridge Energy, LLC ("TRE") to purchase energy and environmental attributes from a 9.6 MW landfill gas-to-energy facility at the City's Trail Ridge Landfill (the "Phase One Purchase"). The facility is one of the largest landfill gas-to-energy facilities in the Southeast. It achieved commercial operation in December 2008 for the Phase One Purchase. In 2011, JEA and TRE executed an amendment to the Power Purchase Agreement to purchase up to an additional 9.6 MW through TRE. Six MW of this additional 9.6 MW is being supplied to JEA from a landfill gas-to-energy facility in Sarasota, Florida. Cost to JEA is the same as negotiated for Trail Ridge. JEA makes all environmental attributes from this facility available to sell in order to lower rates for its customers.

In 2009, JEA signed a power purchase contract with Jacksonville Solar LLC for the purchase of all of the electricity and renewable energy credits generated by a 12.6 MW solar power facility for 30 years, which became fully operational on September 28, 2010. JEA makes all environmental attributes from this facility available to sell in order to lower rates for its customers.

In December 2014, the JEA Board approved a Solar Policy setting forth the goal of adding 38 MW of solar photovoltaic ("PV") power (via power purchase contracts) by the end of 2016. In 2015, JEA awarded a total of 31.5 MW of solar PV power purchase contracts with terms of 20 to 25 years to various vendors. Power purchase agreements ("PPAs") have been finalized for a total of 27 MW, as follows: 7 MW with Northwest Jacksonville Solar Partners, LLC (groSolar); 4 MW with Hecate Energy, LLC; 5 MW and 2 MW with Inman Solar Incorporated; 3 MW with Old Plank Road Solar Farm LLC (Cox Communications/VeloSolar); Imeson Solar Farm, LLC (National Solar) for 5 MW; and Mirasol Fafco Solar, Inc. for 1 MW solar PV.

In 2015, JEA entered into a 25-year PPA with Northwest Jacksonville Solar Partners, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, which has been constructed in JEA's service territory. The 7 MW facility, which consists of 28,000 single-axis tracking

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photovoltaic panels on a vendor-leased site, is owned by American Electric Power (AEP). JEA pays only for the energy produced. The facility became operational on May 30, 2017.

In 2015, JEA entered into a 20-year PPA with Old Plank Road Solar Farm, LLC for the produced energy, as well as the associated environmental attributes from a 3 MW solar farm, Old Plank Road Solar, which has been constructed in JEA's service territory. The facility, which consists of 12,800 single-axis tracking photovoltaic panels on a vendor-leased 40-acre site, is owned by Southeast Solar Farm Fund, a partnership between PEC Velo & Cox Communications. JEA pays only for the energy produced. The site attained commercial operation on October 13, 2017.

In 2015, JEA entered into a 20-year PPA with C2 Starrat Solar, LLC for the produced energy, as well as the associated environmental attributes from a 5 MW solar farm, Starrat Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by C2 Starrat Solar, LLC, and was constructed by Inman Solar, Incorporated. JEA pays only for the energy produced. The site attained commercial operation on December 20, 2017.

In 2015, JEA entered into a 20-year PPA with Inman Solar Holdings 2, LLC for the produced energy, as well as the associated environmental attributes from a 2-MW solar farm, Simmons Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by Inman Solar Holdings 2, LLC, and was constructed by Inman Solar, Incorporated. JEA pays only for the energy produced. The site attained commercial operation on January 17, 2018.

In 2015, JEA entered into a 20-year PPA with Hecate Energy Blair Road, LLC for the produced energy, as well as the associated environmental attributes from a 4 MW solar farm, Blair Road Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by Hecate Energy Blair Road, LLC, and was constructed by Hecate Energy, LLC. JEA pays only for the energy produced. The site attained commercial operation on January 23, 2018.

In 2015, JEA entered into a 20-year PPA with Jax Solar, LLC for the produced energy, as well as the associated environmental attributes from a 1 MW solar farm, Old Kings Road Solar, which has been constructed in JEA's service territory. The facility, on a vendor-leased site, is owned by Jax Solar, LLC and was constructed by Mirasol Fafco Inc. JEA pays only for the energy produced. The site attained commercial operation on October 15, 2018.

In 2016, JEA entered into a 20-year PPA, with five-year renewal option, with Imeson Solar, LLC for the produced energy and all associated environmental attributes from Imeson Solar facility (dba SunPort Solar). The facility is comprised of a 5 MW AC/9 MW DC solar photovoltaic array, paired with a 2 MW/4 MWh battery energy storage system. The primary application of the battery system is to smooth the daily solar generation. SunPort Solar is constructed and owned by 174 Power Global, a company wholly owned by the Hanwha Group. JEA pays only for the energy produced by the site. The site attained commercial operation on December 4, 2019.

In October 2017, the JEA Board approved a further solar expansion consisting of five 50 MW solar facilities to be constructed on JEA-owned property. These projects, totaling 250 MW, are structured as PPAs. JEA awarded the contracts to EDF - Distributed Solutions ("EDF-DS") on April 26, 2018, and the five PPAs were executed on February 8, 2019. EDF-DS will lease the land from JEA, and JEA will pay only for the energy produced. It is expected the first 50 MW facility will be completed in 2021. The remaining facilities will be completed by 2022.

Unless otherwise noted, solar/photovoltaic MW capacities in the preceding discussion are megawatts alternating current.

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In 2009, JEA implemented a net metering program, which provided for full retail rate offset for customer-owned and generated solar power. At that time, the cost of utility-scale solar power was higher than the retail rate. In 2016, JEA began to re-evaluate the fairness, reasonableness, and sustainability of JEA's then-current rate structure that offset excess solar power at the full retail rate. After carefully considering and studying all the factors, engaging in stakeholder meetings and workshops, and holding public meetings, JEA amended its net metering program in October 2017, with an effective date of April 1, 2018. JEA's amended net metering program is now contained within the JEA Distributed Generation Policy. Under the amended net metering program, a solar customer's excess solar power offsets energy consumption at JEA's fuel rate (*i.e.*, the cost of electric generation saved by the solar customer's excess power generation). This offset more accurately and fairly compensates the solar customer for his or her solar power generation without discriminating against non-solar power customers. In 2018, Community Power Network Corporation (d/b/a Solar United Neighbors or "SUN") and the League of Women Voters of Florida, Inc. ("League"), filed an action for declaratory judgment and injunctive relief challenging the legality of JEA's amended net metering policy.

On March 15, 2019, the League voluntarily dismissed its claims against JEA. SUN and JEA filed cross motions for summary judgment, each asking the Court to make a ruling as a matter of law in its favor. SUN sought an injunction from the Court mandating JEA to adopt a one-for-one net metering policy (*i.e.*, full retail rate offset). JEA requested dismissal of the lawsuit with prejudice. On November 22, 2019, the Court issued an Order granting summary judgment in favor of JEA and denying any relief to SUN. SUN has appealed the ruling to the Florida's First District Court of Appeals.**[TO BE UPDATED]**

Participation in The Energy Authority

In May 1997, JEA, MEAG Power and South Carolina Public Service Authority (Santee Cooper) entered into a joint power marketing alliance through the formation of a nonprofit corporation in which such three parties constituted all of the members. The corporation is TEA, a Georgia nonprofit corporation. Subsequently, five additional publicly-owned utilities, NPPD, the City of Gainesville, Florida, doing business as Gainesville Regional Utilities ("GRU"), City Utilities of the City of Springfield, Missouri, Public Utility District No. 1 of Cowlitz County, Washington ("Cowlitz") and American Municipal Power, Inc. became members of TEA. Effective December 31, 2018, Cowlitz transitioned from ownership status (member) to contract services status (partner). The main office of TEA is in the City. TEA's board of directors consists of nine directors. The TEA Board, all of whom are elected by the members, is composed of one director from each member and two non-voting directors who serve as the respective chairs of two standing committees.

TEA commenced operations in August 1997 and is engaged in buying and selling wholesale power and natural gas and promoting the efficient use of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. TEA is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA transacts energy transactions among the members and external markets including arranging for any transmission services required to accommodate such transactions. TEA is the exclusive purchaser of short-term surplus energy from its members. Each member is responsible for having adequate firm generating capacity to serve its native load requirement plus operating reserve requirements. TEA has not engaged in the construction or ownership of generation or transmission assets. Additionally, the members have not engaged in other activities that are found in some power pools such as reserve sharing or dedication of all resources to serve the combined load.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Fuel Contracts*" above.

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Pursuant to an Electric Advance Agreement and a Natural Gas Advance Agreement among TEA and its members and a Member Advance Agreement between JEA and TEA, JEA supports TEA's trading activities by the issuance of JEA guaranties and/or provision of cash advances as determined by TEA within the limits contained in such advance agreements. As of January 1, 2021, JEA is obligated to guaranty, directly or indirectly, certain of TEA's electric trading activities in an amount up to \$28,929,000 and certain of TEA's natural gas procurement and trading activities up to \$33,800,000, in either case, plus reasonable attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. The JEA Board has approved guaranties of up to \$34,286,000 for TEA's electric trading activities, up to \$60,000,000 (plus attorney's fees) for TEA's natural gas procurement and trading activities and up to \$50,000,000 for TEA's electric and natural gas activities solely for JEA's benefit (since 2014 none of this latter type of trading activity is being engaged in by TEA). The JEA Board can from time to time increase or (subject to certain limits) decrease the amount of its advances to TEA. For a discussion of JEA's investment in TEA and its commitments to TEA as of September 30, 2020, see Note 7 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Order No. 889 of the Federal Energy Regulatory Commission ("FERC") established certain standards of conduct for utilities that offer open access transmission services. The effect of these standards would have been to require JEA to establish a wholesale marketing organization separate and apart from its operating group that controls operations of its generation and transmission facilities. JEA believes that the establishment of TEA satisfied that requirement at a cost to JEA that is substantially less than the cost that JEA would have incurred if it acted alone in establishing a wholesale marketing organization.

Mutual Aid Alliance

JEA has entered into an agreement with seven other electric utilities located in Florida and Georgia (the "Participating Utilities") to provide mutual aid in the form of energy and price commitments in the event of an extended outage of certain designated baseload generating units of the Participating Utilities. Under this agreement, each Participating Utility agrees to make available, from its own capacity and only to the extent it has capacity available in excess of its native load and firm sales commitments, energy to replace energy unavailable due to unplanned outages of the designated units in excess of 60 days ("Replacement Power"). Each Participating Utility is obligated to provide such Replacement Power for up to 365 days from the outage event. The Participating Utilities will provide such Replacement Power at a cost derived through a formula based upon natural gas prices. This agreement has a term ending in September 2022 and is automatically renewed for an additional five-year period unless a party thereto provides timely notice of its intent not to renew its participation.

Interconnections

JEA's Electric System is interconnected with other utilities located in the State through five interconnections with FPL, four at 230 kV and one at 138 kV; one 230 kV interconnection with Seminole Electric Cooperative ("Seminole"); one 138 kV interconnection with Florida Public Utilities; and; one interconnection each at 230 kV and 138 kV with Beaches Energy Services ("BES"). Of these, one interconnection at 230 kV is located in the southwestern portion of the Electric System service territory; four 230 kV interconnections in the western section; two at 138 kV in the northern section; one at 138 kV in the eastern section; and one interconnection at 230 kV is located in the southeastern section.

JEA also has joint ownership with FPL on the two 500 kV lines that connect Florida's grid with Georgia Integrated Transmission System. These lines are located in the western section of the Electric System service territory and extend from FPL's Duval substation to the north to interconnect with Georgia Integrated Transmission System at the Florida-Georgia state line.

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JEA is a member of the SERC Reliability Corporation ("SERC"). Under a delegation agreement with NERC, SERC acts as JEA's Compliance Enforcement Authority for FERC approved Electric Reliability Standards. JEA is also a member of the Florida Reliability Coordinating Council ("FRCC"). The FRCC is a member owned organization whose objective is to provide certain reliability and planning functions in a coordinated manner among the utilities in the FRCC subregion. FRCC is the NERC approved and registered Reliability Coordinator for the utilities in the FRCC subregion. Additionally, FRCC members coordinate their planning and system operations through the FRCC Member services to share operating reserves; establish policies and procedures for dealing with scheduled and inadvertent interchanges and emergencies; coordinate maintenance schedules; establish and administer guidelines for utilizing under-frequency load shedding relays; maintain voice, facsimile and internet communications facilities; and evaluate and resolve system disturbances.

JEA is subject to standards enacted by the North American Electric Reliability Corporation and enforced by FERC regarding protection of the physical and cyber security of critical infrastructure assets required for operating North America's bulk electric system. While JEA believes it is in compliance with such standards and regulations, JEA has from time to time been, and may in the future be, found to be in violation of such standards and regulations. In addition, compliance with or changes in the applicable standards and regulations may subject JEA to higher operating costs and/or increased capital expenditures as well as substantial fines for non-compliance.

Power Sales and Transmission Contracts

JEA had a contract to supply the BES with non-firm generation and transmission backup service. In accordance with a 36-month contract notice provision, the contract expired without renewal on November 30, 2019. JEA did not receive any significant amount of revenue from this contract in the Fiscal Years ended September 30, 2019 or 2020.

In January 1990, JEA entered into a contract with Cedar Bay Generating Company, L.P. ("Cedar Bay"), the owner of a cogeneration facility within JEA's service territory. Pursuant to the contract, Cedar Bay is receiving transmission service for 260 MW of capacity and associated energy for delivery to FPL through JEA's transmission system. Cedar Bay began using JEA's transmission service in January 1994. FPL acquired the Cedar Bay Generating Plant effective September 1, 2015 and officially retired the plant in December 2016. The transmission service under the agreement has been converted to JEA's Open Access Transmission service, which is a JEA Board approved tariff (Open Access Transmission) that allows transmission customers to use JEA's transmission system to move energy across the JEA system and is consistent with FERC Order No. 888. All other provisions under the agreement are enforceable under the agreement, which expires December 31, 2024.

Transmission and Distribution System

JEA's transmission system consists of all JEA-owned bulk power transmission facilities operating at 69 kV or higher, which includes all transmission lines and associated substation facilities that end at the substation's termination structure at four voltage levels: 69 kV, 138 kV, 230 kV and 500 kV.

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JEA owns a total of 744 Circuit miles of transmission lines, of which 691 are overhead miles and 53 are underground. The following table shows the breakdown of miles per kV level:

<u>Voltage (kV)</u>	<u>Overhead (Miles)</u>	<u>Underground (Miles)</u>	<u>Total (Miles)</u>
69	113	46	159
138	204	3	207
230	299	4	303
500	<u>75</u>	<u>0</u>	<u>75</u>
Total	<u>691</u>	<u>53</u>	<u>744</u>

The 159 miles of 69 kV transmission lines are located in the dense interior section of the Electric System's service area, in the vicinity of the urban core. The 207 miles of 138 kV lines interconnect substations in most of JEA's high load and growth areas. The 303 miles of 230 kV lines form a semicircular loop around the City with transformation from the transmission system to the distribution system performed at numerous JEA facilities, which also serve the high load and growth areas. There currently are 83 substations in the JEA service territory. JEA also owns two 500 kV lines jointly with FPL. These lines are connected between FPL's Duval Substation and Georgia Integrated Transmission System at the Florida-Georgia state line.

In the southeast portion of JEA's service territory, new load growth is occurring as a result of new large residential and commercial developments. JEA is currently constructing the new 26.4 kV Nocatee load-serving substation. The new substation will be electrically connected to the adjacent GEC and Bartram substations by two separate four mile long overhead 230 kV transmission lines. The current projected in-service date for the two transmission lines and the substation is in the spring of 2021.

JEA's tie line interconnections with neighboring utilities within FRCC are:

<u>JEA Station</u>	<u>Neighboring Utility Station</u>	<u>Voltage (kV)</u>
Steelbald	Duval (FPL) Circuit 3	230
Brandy Branch	Duval (FPL) Circuit 1	230
Brandy Branch	Duval (FPL) Circuit 2	230
Jax Heights	Duval (FPL) Circuit 4	230
Neptune	JB Penman (BES)	138
Switzerland	Sampson (BES)	230
Jax Heights	Black Creek (Seminole)	230
Nassau	Step Down (FPU)	138
Nassau	O'Neil (FPL)	138

The distribution system covers approximately 7,140 circuit miles and is composed of three voltage levels depending upon the area served. The central business district is served by a 13.2 kV underground secondary network. Surrounding residential and commercial areas are served primarily at 26.4 kV, with some 4.16 kV and 13.2 kV interspersed. Most older areas are served from overhead distribution lines. However, the majority of all new developments, subdivisions, shopping centers and apartment complexes constructed since 1968 are served by underground 26.4 kV distribution.

The transmission and distribution system is under the control of system operators through a supervisory control and data acquisition system. The control of the generation facilities and the balance of power flow over interconnection transmission facilities is managed by an automatic generation control application with system operator oversight and input as needed.

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Area Served

The Electric System serves approximately 900 square miles, which includes virtually the entire City (Duval County), with the exception of Jacksonville Beach and Neptune Beach. The Electric System also provides retail service in portions of the northern sections of St. Johns and Clay Counties, which are located southeast and southwest of the City, respectively. The Electric System also furnished power for resale to Florida Public Utilities Company ("FPU") for use in the City of Fernandina Beach in Nassau County, north of the City. JEA's contract with FPU expired without renewal on December 31, 2017.

Customers and Sales

In the Fiscal Year ended September 30, 2020, the Electric System served an average of 485,000 customer accounts. The following table sets forth electric revenues, the sales of the Electric System and the average number of Electric System accounts, all by customer classification, for Fiscal Years ended September 30, 2016 through 2020.

	Fiscal Year Ended September 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Electric Revenues:					
Residential	\$ 624,078	\$ 629,355	\$ 618,171	\$ 584,663	\$ 599,009
Commercial and industrial	556,722	590,473	594,395	587,972	597,796
Public street lighting	13,410	13,176	12,873	13,069	13,488
Sales for resale	2,128	3,914	5,474	21,813	31,210
FPL saleback	<u>(1)</u>	<u>1,664</u>	<u>30,767</u>	<u>128,737</u>	<u>130,053</u>
TOTAL	<u>\$1,196,337</u>	<u>\$1,238,582</u>	<u>\$1,261,680</u>	<u>\$1,336,254</u>	<u>\$1,371,556</u>
Sales (MWh):					
Residential	5,566,222	5,515,428	5,414,721	5,108,945	5,328,245
Commercial and industrial	6,562,365	6,793,557	6,851,803	6,725,201	6,847,583
Public street lighting	55,974	57,410	59,176	65,721	80,108
Sales for resale:					
Off-system	18,412	99,563	74,069	300,903	474,352
FPL saleback	<u>0</u>	<u>0</u>	<u>332,467</u>	<u>1,693,082</u>	<u>1,856,198</u>
TOTAL	<u>12,202,973</u>	<u>12,465,958</u>	<u>12,732,236</u>	<u>13,893,852</u>	<u>14,586,486</u>
Average Number of Accounts:					
Residential	427,321	418,728	410,060	403,164	396,664
Commercial and industrial	53,750	53,204	52,573	52,060	51,472
Public street lighting	<u>3,929</u>	<u>3,854</u>	<u>3,776</u>	<u>3,727</u>	<u>3,649</u>
TOTAL	<u>485,000</u>	<u>475,786</u>	<u>466,409</u>	<u>458,951</u>	<u>451,785</u>

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Largest Customers

The 10 largest customer accounts served by the Electric System composed 13.8 percent of the total MWh purchases derived from the operation of the Electric System for the Fiscal Year ended September 30, 2020. The following table sets forth the 10 largest Electric System accounts by MWh purchases, during the Fiscal Year ended September 30, 2020.

<u>Customer Accounts</u>	<u>MWh Purchases</u>	<u>Percentage of Total</u>
United States Navy	357,657	2.9
CMC Steel	321,521	2.6
WestRock	186,561	1.5
City of Jacksonville	185,205	1.5
Duval County Public Schools	133,903	1.1
Southern Baptist Hospital	109,484	0.9
Anheuser Busch	105,817	0.9
Johnson & Johnson Vision Care	103,405	0.8
Publix Supermarkets	99,545	0.8
Mayo Clinic Jacksonville	<u>92,735</u>	<u>0.8</u>
TOTAL	<u>1,695,833</u>	<u>13.8</u>

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. New commercial accounts are generally assessed a deposit. Residential customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria or do not maintain a good payment record may be assessed a deposit, which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.3 percent of estimated gross Electric System revenues for the Fiscal Year ending September 30, 2021. Actual uncollectible accounts were 0.11 percent of gross Electric System revenues for the Fiscal Year ended September 30, 2020.

Rates

JEA has sole discretion to set rate levels and revenue requirements for the Electric System, including its interest in Scherer Unit 4. JEA sets its retail rates after a public hearing. The JEA Board has the authority to change wholesale rates without a public hearing. The Florida Public Service Commission (the "PSC" or "Florida PSC") has the authority to review rate structures for municipal utilities in Florida, including JEA (see subsection "*Regulation*" of this section, below).

Each of JEA's various rates for electric service consists of "base rate" components and a "fuel and purchased power rate" component. The base rate is evaluated and adjusted as required to fund projected revenue requirements for each Fiscal Year. A comprehensive class cost of service study will be performed at a minimum of every five years to support the rates charged are based on cost. The rate for the fuel and purchased power component can adjust upward or downward as of October 1 of each year to reflect the cost of fuel and purchased power. If during the course of a Fiscal Year, such costs vary by more than 10 percent from JEA's budget, an adjustment in the fuel and purchased power component of the rate may be made, subject to the approval of the JEA Board.

In June 2011, the JEA Board approved the conversion of the \$2.90 per 1,000 kWh fuel recovery charge to base energy charges. The conversion became effective January 1, 2012.

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On June 19, 2012, the JEA Board approved a decrease of the fuel and purchased power rate by \$4.14 per 1,000 kWh that became effective on July 1, 2012.

On January 19, 2016, the JEA Board approved a decrease of the fuel and purchased power rate by \$6.85 per 1,000 kWh that became effective on February 1, 2016.

On November 15, 2016, the JEA Board approved an increase to base rates of 4.4 percent on average across multiple rate classes and a decrease of the fuel and purchased power rate by \$4.25 per 1,000 kWh effective on December 1, 2016. This rate restructuring was designed to lower overall bills for residential and commercial customers, improve the alignment of rates with the cost of service and enable additional early pay down of currently outstanding debt.

Given JEA's current five-year projection of flat electric sales and increasing obligations under the Additional Vogtle Units PPA, JEA expects to recommend net rate adjustments anticipated to result in modest residential bill increases averaging approximately one percent per year for each of Fiscal Years 2023, 2024, and 2025.

Since environmental regulatory constraints and the cost of environmental compliance are anticipated to increase in the future, the JEA Board enacted an Environmental Charge of \$0.62 per 1,000 kWh, which was applied to all rate classes as of October 1, 2007. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Certain Factors Affecting the Electric Utility Industry - *Future Legislation*" herein.

In order to fund JEA's comprehensive conservation and demand reduction programs (which are designed to reduce electric consumption and, at the same time, reduce the need for acquiring or constructing additional generating capacity), the JEA Board enacted a Conservation Charge, which was applied to residential electric accounts effective as of October 1, 2007, in the amount of \$0.01 per kWh for usage above 2,750 kWh in a single month.

A comparison of residential rates in selected major regional cities, including fuel adjustments and franchise fees, as of January 2021, is shown in the following table, arranged by price of 1,000 kWh:

<u>City (Utility)</u>	<u>500 kWh</u>	<u>1,000 kWh</u>	<u>1,250 kWh</u>	<u>2,000 kWh</u>
Pensacola (Gulf Power Company)	\$73.61	\$128.00	\$155.20	\$236.80
Gainesville (GRU)	67.25	123.13	155.31	251.83
St. Petersburg (Duke Energy Florida)	64.81	120.78	154.84	257.01
Ocala (Electric Dept.)	68.82	120.64	146.55	224.28
JACKSONVILLE (JEA)	58.72	111.76	138.29	217.85
Tallahassee (Electric Dept.)	59.27	110.50	136.12	212.96
Orlando (Orlando Utilities Commission)	61.00	109.50	138.75	226.50
Tampa (Tampa Electric)	62.36	108.78	137.28	222.80
Lakeland (Utilities Dept.)	55.42	101.35	120.84	201.62
Miami (FPL)	54.19	99.74	127.85	212.16
Atlanta (GPC)	55.86	95.84	114.93	172.22
Key West (Keys Energy Services)	55.35	88.74	112.28	221.62

Source: JEA's "Quarterly Residential Rate Comparison (January 2021)."

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A comparison of non-residential rates in selected major regional cities for certain classifications of service for December 2020 (excluding all taxes) is shown in the following table, arranged by price of non-demand 1,500 kWh service:

<u>City (Utility)</u>	<u>Non-Demand 1,500 kWh</u>	<u>Demand 150 kW 60,000 kWh</u>	<u>Demand 500 kW 200,000 kWh</u>
Gainesville (GRU)	\$223.60	\$7,340.50	\$23,798.80
Key West (Keys Energy Services)	211.80	7,505.18	25,012.60
Pensacola (Gulf Power Company)	206.72	5,788.62	19,662.80
Atlanta (GPC)	200.34	5,516.29	20,577.76
St. Petersburg (Duke Energy Florida)	198.54	5,702.67	18,360.64
Ocala (Electric Dept.)	177.16	5,517.20	18,554.00
Orlando (Orlando Utilities Commission)	168.02	4,992.80	16,554.00
JACKSONVILLE (JEA)	155.64	5,345.20	17,619.00
Tampa (Tampa Electric)	147.49	4,486.60	14,885.10
Miami (FPL)	141.78	4,452.70	15,078.45
Tallahassee (Electric Dept.)	141.31	5,275.17	17,284.27
Lakeland (Utilities Dept.)	137.54	4,434.35	14,957.16

Source: For all Florida cities, Florida Municipal Electric Association, Inc.'s "Commercial/Industrial Comparison of Electric Rates" (December 2020); for Atlanta, GPC (January 2021).

In June 2011, the JEA Board approved a 10-year Incremental Economic Development Program ("IEDP") designed to provide an incentive for large industrial customers to increase electric consumption. IEDP discounts on incremental consumption in excess of a predetermined consumption baseline are described in the following table:

<u>Fiscal Year Ending September 30,</u>	<u>Base Charges Discount</u>	<u>Fuel Charges Discount</u>	<u>Baseline Load</u>
2012	100%	10%	
2013	100	10	lesser of
2014	75	7.5	Fiscal Year 2008
2015	50	5	through
2016	25	2.5	<u>Fiscal Year 2010</u>
2017	100	0	
2018	100	0	greater of
2019	75	0	Fiscal Year 2008
2020	50	0	through
<u>2021</u>	<u>25</u>	<u>0</u>	<u>Fiscal Year 2016</u>
2022			
<u>and thereafter</u>	<u>0%</u>	<u>0%</u>	

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In August 2013, the JEA Board approved an Economic Development Program (the "EDP") designed to provide a financial incentive for new and existing commercial or industrial customers who, upon meeting certain eligibility criteria, expand their business and add jobs within the JEA service area. In January 2015, the JEA Board amended the EDP to create an increased level of incentive for customers expanding their business and adding jobs within designated areas where JEA has underutilized existing transmission and distribution capacity (Load Density Improvement areas). In August 2018, the JEA Board approved an extension of the EDP program application date to September 30, 2021. The EDP discount schedule is described in the following table:

<u>Year</u>	<u>Base Charges Discount</u>	<u>Discount in Load Density Improvement Areas</u>
Year 1	30%	35%
Year 2	25	30
Year 3	20	25
Year 4	15	20
Year 5	10	15
Year 6	5	10
Year 7	0	0

On November 15, 2016, the JEA Board approved an Economic Stimulus Rider designed to provide a financial incentive for new commercial or industrial customers to locate within the JEA service area. This rate rider would allow JEA to negotiate rates in certain controlled circumstances, given the following:

(a) Legal attestation by the customer (through an affidavit signed by an authorized representative of the customer) to the effect that, but for the application of the rider, the new load would not be served by JEA; and

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

Regulation

Municipal electric utilities in the State, including JEA, are not subject to state regulation except for certain environmental matters, power plant and large transmission line siting, rate structures, certain conservation activities, certain safety standards and certain provisions of the Grid Power Bill. Section 366.04(5), Florida Statutes, a part of the Grid Power Bill, states that the PSC "shall further have jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities." In 1974, the Florida legislature enacted a statute which confers jurisdiction on the PSC to regulate "rate structures" of all utilities, including municipal utilities. In 1975, the PSC ruled that the statute does not confer ratemaking jurisdiction over municipal electric systems by distinguishing between "rates," as relating to determination of the revenues required by the utility, and "rate structures," as relating to the method by which revenues are generated.

The Florida legislature, in 1986, amended Section 366.04, Florida Statutes, which authorizes the PSC to prescribe and enforce safety standards for transmission and distribution facilities owned and operated by investor-owned electric utilities ("IOU's") and municipal- and cooperatively-owned electric utilities within the State. The PSC has adopted the National Electric Safety Code as its standard in this regard, and JEA believes it is currently in full compliance.

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The Florida Electric Power Plant Siting Act, administered by the Florida Department of Environmental Protection (the "FDEP"), gives the PSC exclusive authority to determine the need for electric power plants. The Florida Transmission Line Siting Act, also administered by the FDEP, gives the PSC exclusive authority to determine the need for all transmission lines with voltages of 230 kV or greater which cross county lines. The Florida Department of Transportation ("FDOT") regulates the construction of new transmission and distribution lines that cross FDOT rights-of-way. The FDEP must approve the construction of transmission and distribution lines across FDEP-protected lands. Transmission and distribution lines that cross navigable waters are regulated by the Army Corps of Engineers, the FDEP and the St. Johns River Water Management District.

Existing and proposed interconnection agreements with IOU's are subject to review and approval by FERC. The Energy Policy Act of 1992 conferred on FERC the power to order any "transmitting utility" to perform wheeling services. The term "transmitting utility" is defined to include municipal utilities, such as JEA. In addition, "transmitting utilities" are subject to FERC reporting requirements.

Capital Program

The Electric System's capital program consists of (a) capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process and (b) JEA's remaining capital requirements for transmission and distribution facilities and other capital items. The projected total amount of the capital program for the five-year period ending September 30, 2025 is shown in the following table.

**Electric System Capital Program
(000's omitted)**

Fiscal Year Ending September 30,	<u>Amount</u>
2021	\$197,000
2022	214,000
2023	185,000
2024	192,000
2025	<u>194,000</u>
Total	<u>\$982,000</u>

The total amount of the capital program for the five-year period ending September 30, 2025 is estimated to be approximately \$982 million. JEA expects the total amount required for the capital program will be derived from revenues and other available funds of the Electric System. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Certain Factors Affecting the Electric Utility Industry" herein.

St. Johns River Power Park

General Description

The St. Johns River Power Park, formerly a coal- and petcoke-fired steam electric generating station, is located on an approximately 1,900-acre site in the northeast section of the City. It consisted of two units, each having an average net capability of 638 MW. The two units were essentially identical in design and shared certain common facilities, including fuel handling and storage facilities, four on-site

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water wells, a demineralized water treatment system, a wastewater treatment facility, switchyards and miscellaneous buildings.

The term "Power Park" is used in this Annual Disclosure Report to mean the Joint Facilities, as that term is defined in the "Agreement for Joint Ownership, Construction and Operation of the St. Johns River Power Park Coal Units #1 and #2" dated as of April 2, 1982, as amended (the "Power Park Joint Ownership Agreement"), between JEA and FPL. The Joint Facilities are defined in the Power Park Joint Ownership Agreement to mean a coal-fired, steam electric generating facility consisting of two units, together with their associated improvements.

Ownership

The Power Park is owned and operated by JEA and FPL pursuant to the provisions of the Power Park Joint Ownership Agreement. A summary of certain provisions of the Power Park Joint Ownership Agreement is attached hereto as APPENDIX F. JEA owns an undivided 80 percent interest in the Power Park, and FPL owns the other 20 percent. JEA and FPL share the decommissioning costs according to ownership.

Early Termination of Power Park Joint Ownership Agreement

On March 21, 2017, staff informed the JEA Board of an agreement in principle with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the Power Park to occur thereafter. JEA and FPL obtained all required approvals, including those of the JEA Board, FPL's Board, and the PSC, and definitive agreements for cessation of commercial operations and decommissioning of the Power Park were executed, including an Asset Transfer and Contract Termination Agreement dated as of May 17, 2017. FPL obtained PSC Final Order approval on October 16, 2017. All required conditions were met prior to the shutdown on January 5, 2018.

JEA completed Regulated Material Study and Environmental Site Assessments on August 25, 2017. The JEA Procurement Awards Committee approved a Demolition and Soil Remediation contract on November 16, 2017.

Upon the ceasing of commercial operation of the Power Park (the "Power Park Closing"), FPL made a payment to JEA in consideration of the early termination of the Power Park Joint Ownership Agreement. Upon completion of the dismantlement of the Power Park, FPL will assign its right, title and interest in and to the land upon which the Power Park is situated to JEA. On January 5, 2018, FPL and JEA deposited amounts, which together with funds on deposit in the debt service reserve fund, were sufficient to defease all outstanding debt issued under a resolution adopted by JEA on March 30, 1982 entitled "St. Johns River Power Park System Revenue Bond Resolution." As required by the terms of the Power Park Joint Ownership Agreement, FPL will pay its share of the costs of retirement and dismantlement of the Power Park; provided, however, FPL will not contribute to the costs of remediation associated with any portions of the Power Park that JEA preserves for its beneficial use. Debt issued under the Second Power Park Resolution currently remains outstanding and was not defeased in connection with the Power Park Closing.

JEA's obligation to pay JEA's portion of the Power Park operating and maintenance expenses and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the

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Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

The November 21, 2017 estimate for decommissioning St. Johns River Power Park was \$68 million and remains unchanged as of the date of this Annual Disclosure Report. JEA will pay 80 percent of the decommissioning cost for a total of \$54.4 million. The Demolition and Soil Remediation contractor retains the salvage value for process equipment, which is estimated to be approximately \$18.0 million. Demolition costs incurred through December 31, 2020 were approximately \$45.6 million.

The total demolition is scheduled to be completed by [March 31, 2021]. On-site soil and groundwater remediation will continue until decommissioning is completed. At that time, final closing will occur and all land and real property assets will be transferred to JEA. The active landfill closure commenced on December 9, 2020 and is projected to be completed by the end of June 2021. JEA is evaluating opportunities for the future use, redevelopment or divestiture of the site.

Management

The Power Park is managed by two functional committees. Each of these committees consists of two persons appointed respectively by the managements of JEA and FPL. Each committee member has an equal vote. In case of disagreement, the appeal path involves the Executive Committee, JEA and FPL managements, and finally, with the written consent of both JEA and FPL, an independent arbitrator. In all cases, the JEA member of each committee is the lead manager in executing the functions of that committee. JEA provides all management and staffing below the committee level, unless otherwise agreed to by JEA and FPL. Since the date that JEA and FPL entered into the Power Park Joint Ownership Agreement, there has been only one case of disagreement, which subsequently was resolved. JEA is lead on the decommissioning of the Power Park. FPL and JEA executed a Service Management Agreement for any specific requirements for managing the decommissioning.

Operation

The following table shows the total plant capacity factors for the Power Park since 2016. The capacity factor is a measure of the actual output as a percentage of the theoretical maximum output of a generating plant, or an individual unit, as the case may be.

Fiscal Year Ended	Power Park Capacity Factor		
	Unit 1 (%)	Unit 2 (%)	Total (%)
September 30, 2016 ⁽¹⁾	46.0	44.6	45.3
2017 ⁽²⁾	42.4	54.9	48.7
2018 ⁽³⁾	45.7	29.8	37.8
2019 ⁽⁴⁾	n/a	n/a	n/a
2020 ⁽⁴⁾	n/a	n/a	n/a

⁽¹⁾ During this period, Unit 2 underwent a five-week planned outage.

⁽²⁾ During this period, Unit 1 underwent a five-week planned outage.

⁽³⁾ During this period, Unit 1 and 2 were permanently shut down on January 5, 2018.

⁽⁴⁾ Not applicable beginning Fiscal Year Ended September 30, 2019.

Transmission Arrangements

The Power Park was interconnected with the Electric System's transmission system at the 230 kV level. The transmission lines delivered power from the Power Park site to substations in the Jacksonville

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area. Pursuant to the Power Park Joint Ownership Agreement, FPL paid to the Electric System a charge for providing transmission service through the Electric System's transmission grid.

Fuel Supply and Transportation

JEA has satisfied all existing coal supply contracts for delivery to Power Park. In anticipation of retirement in January 2018, the last shipment of coal was received on November 11, 2017. Approximately 333,000 tons of stockpiled coal remained at shutdown. The remaining supply was transferred to the Northside Generating Station.

JEA's agreement with CSX Transportation for rail transportation services to the Power Park expired on December 31, 2016. In 2015, JEA utilized CSX Transportation to deliver approximately 385,000 tons of coal to the Power Park. This volume was under the annual requirement established in JEA's 2011 contract with CSX Transportation for transportation services during 2012-2016. The 2016 volume was also under the annual requirement. Both the 2015 volume and the 2016 volume were under the annual requirement due to unforeseen changes in environmental regulations. In January 2018, JEA and FPL, reached a confidential settlement with CSX through the contractual dispute resolution process.

To satisfy Power Park's railcar lease contract, maintenance and repairs were performed on the 350 leased aluminum rotary railcars. On May 31, 2019, the lessor acknowledged that the railcars were all returned and the lease was terminated.

Capital Program

As a result of the cessation of commercial operations of the Power Park in January 2018, JEA does not project any additional expenditures relating to the capital program.

Scherer 4

General Description

Scherer Unit 4 is one of four coal-fired steam units located at the Robert W. Scherer Electric Generating Plant ("Plant Scherer") on a 12,000-acre site near the Ocmulgee River approximately three miles east of Forsyth, Georgia. Scherer Unit 4 has a current net maximum output of 846 MW and was placed in service in February 1989. Pursuant to the Plant Robert W. Scherer Unit Number Four Amended and Restated Purchase and Ownership Participation Agreement, dated as of December 31, 1990, as amended, among GPC, FPL and JEA (the "Scherer Unit 4 Purchase Agreement"), JEA purchased an aggregate of 23.64 percent of Scherer Unit 4, and FPL purchased an aggregate of 76.36 percent of Scherer Unit 4. In addition to the purchase of undivided ownership interests in Scherer Unit 4, under the Scherer Unit 4 Purchase Agreement, JEA and FPL also purchased proportionate undivided ownership interests in (a) certain common facilities shared by Units 3 and 4 at Plant Scherer, (b) certain common facilities shared by Units 1, 2, 3 and 4 at Plant Scherer and (c) an associated coal stockpile. Under a separate agreement, JEA also purchased a proportionate undivided ownership interest in substation and switchyard facilities. A summary of certain provisions of the Scherer Unit 4 Purchase Agreement and certain related agreements is attached hereto as APPENDIX G.

Ownership

As stated above, JEA and FPL are the owners of Scherer Unit 4 with undivided ownership interests of 23.64 percent and 76.36 percent, respectively; and JEA and FPL have proportionate ownership interests in the common facilities associated with all four units located at Plant Scherer. Oglethorpe, MEAG Power,

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GPC and the City of Dalton, Georgia ("Dalton"), as co-owners of Scherer Units 1 and 2, and Gulf Power Company ("Gulf Power") and GPC, as co-owners of Scherer Unit 3, also have proportionate undivided ownership interests in such common facilities. FPL and JEA also have proportionate undivided ownership interests in the common facilities shared by Scherer Units 3 and 4. GPC and Gulf Power, as co-owners of Scherer Unit 3, also have proportionate ownership interests in such common facilities (see "SUMMARY OF CERTAIN PROVISIONS OF AGREEMENTS RELATING TO SCHERER UNIT 4 - Scherer Unit 4 Purchase Agreement" in APPENDIX G attached hereto).

Oglethorpe, MEAG Power, Dalton, Gulf Power, GPC, FPL and JEA have entered into the Plant Scherer Managing Board Agreement which, among other things, established a managing board to coordinate the implementation and administration of various ownership agreements relating to Plant Scherer, including the establishment of standards, rules and policies for fuel procurement and the method of voting on issues affecting the various components of Plant Scherer in which all co-owners have an interest.

Retirement of Scherer Unit 4

On June 26, 2020, the Board adopted Resolution 2020-06, which delegated authority to the Interim Managing Director and Chief Executive Officer to enter into a Cooperation Agreement with FPL ("FPL Cooperation Agreement") for the closure on or before January 1, 2022 of Scherer Unit 4 with the capacity and energy to be replaced by a 20-year power purchase agreement between JEA and FPL for natural gas-fired system product with a solar conversion option ("FPL PPA"). The FPL Cooperation Agreement was executed on August 25, 2020 and calls for the parties to cooperate in good faith in a joint effort to consummate the retirement of Scherer Unit 4 and enter into the FPL PPA. On November 24, 2020, JEA executed a retirement agreement with FPL, setting forth the terms and conditions of the Scherer Unit 4 closure as of January 1, 2022. On that same date, JEA also executed the FPL PPA and a related 10-year natural gas hedge.

Operation

The following table shows the total plant availability factors and capacity factors for Scherer Unit 4 since 2016.

<u>Calendar Year</u>	<u>Scherer Unit 4</u>	
	<u>Availability Factor (%)</u>	<u>Capacity Factor (%)</u>
2016 ⁽¹⁾	84.6	64.9
2017	96.3	62.1
2018 ⁽²⁾	76.6	52.5
2019	98.7	53.5
2020 ⁽³⁾	80.2	32.0

⁽¹⁾ During this period, Scherer Unit 4 underwent a four-week planned outage.

⁽²⁾ During this period, Scherer Unit 4 underwent an 11-week planned outage.

⁽³⁾ During this period, Scherer Unit 4 underwent 13.5 weeks of planned and economic outages.

Transmission Arrangements

As a part of the purchase by JEA of its interest in Scherer Unit 4, GPC and Southern Company Services, Inc. provide JEA with firm transmission service through the GPC system to the Florida/Georgia border for delivery of the output of JEA's ownership interest in Scherer Unit 4 for the life of the unit. Transmission rates are computed by formulae contained within the agreement and are filed with, and under the jurisdiction of, FERC.

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Fuel Supply

GPC, under JEA's direction, purchases coal for JEA's use of its ownership interest in Scherer Unit 4. JEA has the option to procure its own coal. In 1994, Scherer 4 began burning sub-bituminous coal from the Powder River Basin ("PRB") located in the western region of the United States. JEA owns 206 aluminum railcars to deliver the PRB coal for use at Plant Scherer. Plant Scherer has in place a Btu accounting system to allocate fuel costs among the owners.

To provide for transportation of coal for Scherer Unit 4, GPC negotiated two agreements with rail carriers during Fiscal Years ended September 30, 2002 and September 30, 2003. The term of the agreement with Burlington Northern and Santa Fe Railway Company (BNSF) has been extended through calendar year 2028. The current agreement with Norfolk Southern Railway Company extends through December 2021.

Capital Program

The information provided below assumes that the closure of Scherer Unit 4 in January 2022 occurs pursuant to the cooperation agreement entered into between JEA and FPL. See "ELECTRIC UTILITY SYSTEM - ELECTRIC UTILITY FUNCTIONS - Scherer 4 - *Retirement of Scherer Unit 4*" herein for additional information.

JEA's share of the Scherer 4 Project's projected capital year for the five-year period ending September 30, 2025 is summarized below.

Scherer 4 Project Capital Program⁽¹⁾
(000's omitted)

Fiscal Year Ending September 30,	Amount
2021	\$9,450
2022	0
2023	0
2024	0
2025	<u>0</u>
Total	<u>\$9,450</u>

⁽¹⁾ JEA and FPL have entered into a cooperation agreement to shut down Scherer Unit 4 effective January 1, 2022.

The total amount of the capital program for the five-year period is estimated to be approximately \$9.5 million. JEA expects that the total amount required to fund the capital program will be provided from available funds of the Bulk Power Supply System. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Certain Factors Affecting the Electric Utility Industry" herein.

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Resource Requirements

Capacity

JEA must have sufficient resources to serve expected firm customer demands in the future. The capacity required consists of forecasted annual peak demands (net of interruptible demands) and a reserve margin necessary to allow for routine and emergency equipment outages and demand forecast variances. The installed capacity consists of existing Electric System generating units and JEA's interest in Scherer Unit 4. The difference between firm capacity required (including the reserve margin) and installed capacity is the net capacity surplus or deficit.

JEA applies the general rule that reserve capacity should be at least 15 percent of the projected seasonal firm peak demand. This reserve amount is added to projected firm peak demand to determine the seasonal capacity required. This approach is considered reasonable and prudent, particularly in light of JEA's strong transmission ties with FPL and The Southern Company ("Southern"). After allowing for the transmission capacity necessary to import its capacity from Scherer Unit 4, JEA owns approximately 1,028 MW of additional transmission import capacity. The remainder is made available for economy purchases by JEA or is made available to others for transmission service under FERC Order No. 888.

As part of its strategic planning process, JEA re-evaluates its resource needs annually. The results of JEA's 2020 resource requirements study are shown below in the table entitled "PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS." JEA's 2020 resource requirements study reflected JEA's most recent peak demand and energy forecast, which continued to identify JEA as a winter-peaking utility. The study also reflected the use of interruptible and curtailable rates. JEA's resource plan is expected to satisfy JEA's need for capacity through the listed operating period.

In 2010, the JEA Board established a target of up to 30 percent of JEA's energy requirements to be met with nuclear energy by 2030. This policy was amended and restated in October 2017 to establish a target of up to 30 percent of JEA's energy requirements to be met with carbon-free or carbon-neutral energy by 2030. This modification allows energy from solar, wind, biomass, landfill gas and other renewable sources, as well as nuclear, to meet the target.

JEA is in the process of soliciting for consultants to perform a comprehensive Integrated Resource Plan ("IRP") analysis. The purpose of the IRP is to develop a near-term to long-term strategic recommendation, with alternatives that address the following concerns:

- System reliability, system balancing capability, and adequacy of resources (*i.e.* Florida Administrative Code, Rule: 25-6.035).
- Retirement and replacement for aging generating plants.
- Integration of planned and future utility-scale solar facilities, and system ramping requirements.
- Land requirements and site locations for all new system additions.
- Increased customer-owned Distributed Energy Resources, Demand-side management, and Energy Efficiency adoption.
- Increased Electrification adoption.

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- Effects of other emerging supply-side resource technologies.
- Industry objective of lowering carbon emissions.
- Potential legislative and/or regulatory mandates on carbon emissions, environmental quality, and renewable goals.

The timeframe of the IRP will cover 30 years, dividing into Near-Term (the next 10 years), Mid-Term (10 to 20 years), and Long-Term (20 to 30 years). Each timeframe has a scope which will require careful analysis of the JEA generation fleet, integration of clean energy and low carbon emissions resources, fuel and energy supply, and consideration of transmission and distribution capacity, especially when considered solutions involve power purchase agreements for importing power, locally sited generating plants capable of exporting power, or other viable firm resource alternatives.

Option to Purchase Interest in Lee Nuclear Station

On February 1, 2011 JEA entered into an option agreement with Duke Energy Carolinas, LLC ("Duke Carolinas"), a wholly-owned subsidiary of Duke Energy Corporation, pursuant to which JEA has the option (but not the obligation) to purchase an undivided ownership interest of not less than five percent and not more than 20 percent of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 & 2 to be constructed at a site in Cherokee County, South Carolina (the "Lee Project"). The Lee Project was planned to have 2,234 MW of electric generating capacity with a projected on-line date of 2026 with respect to Unit 1 and 2028 with respect to Unit 2. The total cost of the option was \$7.5 million. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30 percent of JEA's energy requirements from nuclear sources by 2030.

The option agreement requires that JEA and Duke Carolinas complete negotiation of an ownership agreement and an operation and maintenance agreement for the Lee Project prior to JEA's exercising the option. The option exercise period will be opened by Duke Carolinas after it (a) receives NRC approval of the combined construction and operating license for the Lee Project (such approval was obtained on December 21, 2016) and (b) executes an engineering, procurement and construction agreement for the Lee Project. In August 2017, Duke Carolinas filed with the North Carolina Utilities Commission and the South Carolina Public Service Commission to cancel the plant. This cancellation allows Duke Carolinas to seek cost recovery for the expenditures on licensing the plant, however the NRC license remains active and the cancellation is not permanent. There is currently no schedule for negotiating an EPC agreement.

Once the exercise period is opened, JEA will have 90 days within which to exercise the option, and, if it does exercise the option, it must specify the percentage undivided ownership interest in the Lee Project that it will acquire.

After JEA exercises the option (should it elect to do so) and various regulatory approvals are obtained, JEA must pay Duke Carolinas the exercise price for the option. Such price is generally JEA's pro rata share, based on its percentage ownership interest in the Lee Project, of the development and pre-construction cost for the Lee Project incurred by Duke Carolinas from the beginning of the Lee Project through the closing date of the option exercise. JEA is undecided as to the financing structure it would employ to finance its interest in the Lee Project, should it elect to exercise its option.

Under certain circumstances should the Lee Project be terminated by Duke Carolinas, Duke may be obligated to provide JEA with options for alternative resources (but not necessarily from nuclear resources) to replace JEA's optionable portion of the projected Lee Project capacity. Such alternative

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resources are to be available to JEA within two years of the projected online date for the Lee Project, once such date is set. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

System Load

From 2016 to 2020, the peak demand for power on JEA's Electric System decreased at a compound annual rate of 0.96 percent per year. From 2016 to 2020, energy output decreased at a compound annual rate of 0.83 percent per year. JEA experienced its highest instantaneous peak of 3,250 MW on January 11, 2010. The yearly recorded values were as follows:

<u>Fiscal Year</u>	<u>System Peak Demand (MW)⁽¹⁾</u>	<u>Percent Change From Previous Year</u>	<u>Annual Net Energy For Load (GWh)⁽²⁾</u>	<u>Percent Change From Previous Year</u>
2016	2,763	(3.5)	13,053	1.5
2017	2,682	(2.9)	12,482	(4.4)
2018	3,080	14.8	12,807	2.6
2019	2,644	(14.1)	12,862	0.4
2020	2,658	14.0	12,623	(1.9)

⁽¹⁾ The highest 60-minute net integrated peak demand for that year.

⁽²⁾ Does not include the FPL-Power Park Sale or other off-system sales.

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JEA's peak load forecast, which is based on weather-normalized load and energy data, together with JEA's projections for available generation and firm power purchases, is shown in the following tables.

PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS⁽¹⁾
(MW)

Fiscal Year	Firm Winter Peak Demand ⁽²⁾	Capacity Reserves	Firm Winter Peak Demand Plus Capacity Reserves ⁽³⁾	Electric System Capacity ⁽⁴⁾	Firm Power Purchases ⁽⁵⁾	Scherer Unit 4 ⁽⁶⁾	Installed Capacity and Net Firm Power Purchases ⁽³⁾	Available Capacity Surplus ⁽³⁾
	2021	2,726	409	3,135	2,936	15	198	3,149
2022	2,745	412	3,157	2,936	315	0	3,251	94
2023	2,764	415	3,178	2,936	415	0	3,351	173
2024	2,783	417	3,201	2,936	415	0	3,351	150
2025	2,803	420	3,223	2,936	415	0	3,351	127

Fiscal Year	Firm Summer Peak Demand ⁽²⁾	Capacity Reserves	Firm Summer Peak Demand Plus Capacity Reserves ⁽³⁾	Electric System Capacity ⁽⁴⁾	Firm Power Purchases ⁽⁵⁾	Scherer Unit 4 ⁽⁶⁾	Installed Capacity and Net Firm Power Purchases ⁽³⁾	Available Capacity Surplus ⁽³⁾
	2021	2,576	386	2,963	2,771	15	198	2,984
2022	2,593	389	2,982	2,771	315	0	3,086	104
2023	2,610	391	3,001	2,771	415	0	3,186	185
2024	2,629	394	3,023	2,771	415	0	3,186	163
2025	2,650	397	3,047	2,771	415	0	3,186	139

⁽¹⁾ The projected figures contained herein are forward-looking statements and are subject to change without notice. These figures are based on current conditions and assumptions, including JEA's growth assumptions, environmental regulations, fuel prices, fuel availability and other factors in effect as of the date hereof and are subject to significant regulatory, business, economic and environmental uncertainties and contingencies. Events may occur and circumstances may change subsequent to the date hereof that would have a material impact on the projections presented herein. The achievement of certain results contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those stated in the forward-looking statements. JEA does not commit to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur or fail to occur.

⁽²⁾ Peak demand:

- (a) does not include serving expected interruptible loads.
- (b) includes Demand-Side Management.
- (c) includes Plug-In Electric Vehicle (PEV) penetration.

⁽³⁾ Totals may not add due to rounding.

⁽⁴⁾ Figures include the following considerations:

- (a) No capacity additions occur in the planning horizon.
- (b) Diesel capacity rating for Kennedy CTs 7 & 8, Greenland CTs and Brandy Branch CTs.
- (c) Gas capacity ratings in winter and summer for Brandy Branch CTs 2 & 3.

⁽⁵⁾ Firm Power Purchases include:

- (a) TRE Phase I: 9 net MW clean power purchase starting winter 2008 and expiring December 2026.
- (b) TRE Phase II: 6 net MW clean power purchase starting winter 2014 and expiring December 2026.
- (c) Annual Firm Purchased Power Agreement for 200 MW Natural Gas Combined Cycle capacity and energy beginning January 1, 2022.
- (d) Vogtle Units 3 and 4: 100 MW each unit delivered from MEAG November 2021 and November 2022.

⁽⁶⁾ Retirement of Scherer Unit 4 on January 1, 2022.

Environmental Matters

JEA is subject to numerous federal, state, and local environmental regulations resulting in environmental liabilities due to compliance costs associated with new regulatory initiatives, enforcement actions, legal actions and contaminated site assessment and remediation. Based on analysis of the cost of remediation and other identified environmental contingencies, as of September 30, 2020, JEA had accrued liabilities of approximately \$29,084,000 related to environmental matters, of which approximately \$15,795,000 is associated with the expected cost of remediating the former wood-preserving facility at the Kennedy Generating Station. Other environmental matters could have an impact on JEA; however, the resolution of these matters is uncertain, and no accurate prediction of range of loss is possible at this time.

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For a further discussion of certain pending litigation relating to environmental matters, see the discussion under the captions "Pollution Remediation Obligations" and "Northside Generating Station Byproduct" in Note 15 to the financial statements of JEA set forth in APPENDIX A of this Annual Disclosure Report. See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Environmental Matters - *Other Environmental*" herein.

While the final outcome of the foregoing proceedings cannot be predicted with certainty, JEA does not believe that its potential liabilities arising from such proceedings, either individually or in the aggregate, will have a material adverse effect upon its financial position, results of operations or liquidity.

Global Climate Change

Over the past 25 years, environmental concerns of the public, the scientific community and Congress have resulted in legislation that has had, and is expected to continue to have, a significant impact on the electric utility industry. Based on the increasing intensity of national and international attention to climate change, federal and state legislative and/or regulatory actions/discussions have been ongoing in this area.

Specific regulations with significant impact to JEA are described below.

In 1990, legislation was enacted (the "1990 Amendments") that substantially revised the Federal Clean Air Act (the "Clean Air Act"). A main feature of the 1990 Amendments is the reduction of sulfur dioxide ("SO₂") and nitrogen oxide ("NO_x") emissions caused by electric utility power plants, particularly those fueled by oil and coal. The SO₂ reduction was to be achieved in two phases. Phase I addressed specific high sulfur emitting generating units named in the 1990 Amendments and was effective on January 1, 1995.

In Phase II, which became effective on January 1, 2000, total U.S. SO₂ emissions are capped at 8,900,000 tons per year. The 1990 Amendments contained provisions for allocating emission allowances to power plants based on historical or calculated levels. An allowance is defined as the authorization to emit one ton of SO₂. An "Affected Unit" is defined as a unit that is subject to emission reduction requirements or limitations under the United States Environmental Protection Agency ("EPA") Acid Rain Program.

In 2009, the EPA issued final rules that require mandatory reporting of greenhouse gases ("GHG") emissions from all sectors of the economy. The rules require reporting by fossil fuel suppliers and industrial gas suppliers, direct GHG emitters and manufacturers of heavy-duty and off-road vehicles and engines. Electric generating units ("EGUs") subject to the Clean Air Act's Acid Rain Program would continue to measure CO₂ emissions as presently performed and report based on those measurements. Annual reports are due by March 31 each year.

Under the structure of the Clean Air Act, permits are required for all sectors of the economy that have activities that meet the definition of a "major source" of GHG emissions under the Clean Air Act. Covered entities will immediately be subject to Prevention of Significant Deterioration ("PSD") and Title V permitting regimes, including requirements that construction of new sources or modifications to existing sources that will significantly increase GHG emissions install Best Available Control Technology ("BACT") to limit those emissions.

EPA final PSD and Title V Greenhouse Gas Tailoring Rule (the "Tailoring Rule"), which provided a three-stage phase-in of Clean Air Act PSD and Title V operating permit requirements for GHGs from stationary sources, became applicable to GHG emissions on January 2, 2011.

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Under the first phase, PSD and Title V requirements only apply to GHGs at sources that are already subject to these programs as a result of their non-GHG emissions. In the second and third phases, PSD and Title V requirements can apply to sources on the basis of GHG emissions alone, even if non-GHG emissions are not high enough to trigger current PSD and Title V requirements. The second and third phase of the Tailoring Rule and any related assessments were rendered irrelevant by a U.S. Supreme Court ("Supreme Court") ruling in 2014. EPA's Tailoring Rule was initially upheld by the U.S. Court of Appeals for the District of Columbia Circuit, but, on June 23, 2014, the U.S. Supreme Court reversed in part and affirmed in part. The Supreme Court held that the Clean Air Act neither compels nor permits EPA to require compliance with PSD or Title V requirements solely on the basis of GHG emissions but that EPA reasonably interpreted the Act to require a source that must obtain a PSD permit based on its emission of non-GHG emissions to also comply with BACT requirements for GHGs. On remand from the Supreme Court, the U.S. Court of Appeals for the District of Columbia Circuit issued an amended judgment on April 10, 2015 that held that the Tailoring Rule was vacated to the extent it required sources to obtain PSD or Title V permits solely on the basis of GHG emissions and directed EPA to take steps to rescind or revise applicable regulations to reflect the Court's judgment. EPA has issued guidance indicating that it will no longer seek to apply the second or third phase of the Tailoring Rule but will continue to implement the first phase and will undertake additional future rulemaking. In early October 2016, EPA proposed revisions in response to the June 2014 U.S. Supreme Court's decision that invalidated GHG-only PSD permitting under EPA's Tailoring Rule. The proposal revised a variety of provisions to comply with the Court's ruling, and established a significant emissions rate threshold for GHGs of 75,000 tons per year CO₂, which would determine whether a source that triggers PSD for conventional pollutants is required to conduct a BACT analysis for GHGs. EPA accepted comments on the revisions until December 16, 2016. Consistent with the ruling, the EPA is no longer requiring PSD permitting based on GHG emissions. JEA cannot determine the impact of this rule or any future related regulatory actions on its facilities at this time.

On October 23, 2015, EPA published final performance standards for carbon emissions from new, modified and reconstructed electric generating units, establishing standards of performance for CO₂ emissions from these units (the "Carbon Pollution Standards"). On the same date, EPA issued final guidelines for existing power plants, called the Clean Power Plan ("CPP"), which requires states to regulate CO₂ emissions from existing fossil fuel-fired power plants. This rule requires Florida to achieve a CO₂ emissions rate reduction of 26 percent by 2030, with interim CO₂ reduction goals over the period of 2022 to 2029.

Under the CPP, each state would be required to submit for EPA approval a plan for achieving the mandated emissions reductions. If a state failed to submit a plan then EPA would be able, under the CPP, to impose a federal plan. States have at least one year (up to three years in special circumstances) to develop and submit plans to EPA for approval. Plans do not go into effect until 2022. If a state does not submit an acceptable implementation plan, the EPA will implement a federal plan for the state. The final "Carbon Pollution Standards" rule applies to any facility that commenced construction after January 8, 2014, or modification or reconstruction after June 18, 2014, with requirements becoming effective 60 days after the rule is published in the Federal Register. EPA accepted Public Comment on the Federal Plan up until January 21, 2016.

On August 3, 2015, EPA issued concurrently three separate rules pertaining to emissions of carbon dioxide ("CO₂") fossil fuel-fired electric generating units:

- The Final Clean Power Plan, applicable to existing fossil fuel-fired electric EGUs.
- The Final Carbon Pollution Standards Rule ("CPS"), applicable to new, modified and reconstructed fossil fuel-fired EGUs.

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- The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

On February 9, 2016, the U.S. Supreme Court issued an order staying implementation of the CPP. The Supreme Court granted the applications of numerous parties to stay the CPP pending judicial review of the rule. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

On October 16, 2017, EPA issued an Advanced Notice of Proposed Rulemaking to repeal the CPP in its entirety due to the Administration's different interpretation of the authority for CO₂ regulation under the Clean Air Act. On August 31, 2018, EPA issued a proposed rule to replace the CPP, which is entitled the Affordable Clean Energy ("ACE") rule. The proposed rule requires states to set CO₂ performance standards for each individual affected generating unit based on heat rate improvements that can be made at each specific unit. In addition, the ACE proposal would adopt reforms to the New Source Review ("NSR") program that are designed to remove the current regulatory barriers to implementing efficiency measures as well as other reliability, maintenance and safety projects at existing power plants. The compliance requirements of the proposed ACE rule are significantly less stringent than those of the CPP. EPA accepted written comments on the proposed ACE rule until October 31, 2018. For the duration of the ACE rule's promulgation, the D.C. Circuit court had held the CPP litigation in abeyance while EPA acted to repeal and replace the CPP. The CPP becomes repealed essentially when the ACE becomes final. On June 19, 2019, EPA issued the final ACE rule, similar to the initial proposal except that EPA opted to finalize the NSR reform rules sometime during the year 2020. JEA anticipates the ability to comply with ACE without significant new investment. On September 17, 2019, the D.C. Circuit Court granted motions seeking to dismiss, as moot, the litigation on the CPP, essentially affirming the repeal of the CPP. For ACE compliance, JEA is working on establishing a baseline CO₂ emissions rate and initiating a Heat Rate Improvement study for NGS Units 1 and 2. JEA will propose a CO₂ emissions standard for each unit and submit an application for FDEP towards the end of 2021. The State will submit its plan in 2022 for EPA's approval by 2024. Due to the litigation and verdict described below, this effort has been suspended.

On December 6, 2018, EPA issued a proposed rule to replace the CPS by revising the new source performance standards ("NSPS") for CO₂ emissions from new, reconstructed, and modified power plants. The proposed rule revises the CO₂ performance standards for new coal-fired power plants, replacing the current standard based on carbon capture and storage with a more achievable standard based on high-efficiency generating technologies in combination with best operating practices. Similar to the ACE rule, the proposed NSPS for CO₂ emissions is significantly less stringent than the CPS. Correspondingly, JEA anticipates the ability to comply with the proposed NSPS for CO₂ emissions without significant incremental investment should it ever decide to construct a new EGU or modify an existing one.

On October 8, 2020, oral arguments were held at the D.C. Circuit Court to determine the validity of the ACE rule. On January 19, 2021, the court vacated the ACE rule and remanded it back to the EPA. The court decided that it was wrong for EPA to conclude that the best system of emission reduction (BSER) meant only measures that can be applied to or at the source. The court also cited that generation shifting, averaging, trading, and biomass co-firing could be viable compliance options. The court stated that the repeal of the CPP was imbedded in the ACE rule, and therefore the CPP could go back into effect. This is not anticipated to happen, but should the CPP go back into effect, new compliance dates would have to be established since the current dates in the rule have already passed. The court concluded that EPA can regulate the same category (EGUs) under both Sections 111 and 112 of the Clean Air Act, but not the same pollutant. Back in 2015, EPA made the Endangerment Finding to regulate GHGs from existing EGUs as part of a NSPS. At this time, it is too early to predict what the new (Biden) administration might do, but the vacatur decision could also be appealed to the Supreme Court.

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National Ambient Air Quality Standards

National Ambient Air Quality Standard ("NAAQS") are established to protect human health or public welfare. The EPA is required to review the NAAQS every five years and make such revisions in such criteria and standards and promulgate such new standards as may be appropriate in accordance with provisions of the Clean Air Act. If the EPA determines that a state's air quality is not in compliance with a NAAQS, that state is required to establish plans to reduce emissions to demonstrate attainment with that NAAQS.

Specific NAAQS that have recently been revised or are currently proposed for revision are as follows:

Ozone NAAQS. On October 1, 2015, the EPA revised its NAAQS for ground-level ozone to 70 parts per billion ("ppb"), which is more stringent than the 75-ppb standard set in 2008. The Clean Air Act mandates that EPA publish initial area designations within two years of the promulgation of a new standard (*i.e.*, by October 2017), but allows for a one-year extension if the Administrator determines he "has insufficient information to promulgate the designations." On November 16, 2017, EPA published a final rule establishing initial area designations for the 2015 NAAQS for ozone EPA, designating 2,646 counties (including all counties in Florida) as "attainment/unclassifiable." EPA is designating areas as "attainment/unclassifiable" where one or more monitors in the county are attaining the 2015 ozone NAAQS, or where EPA does not have reason to believe the county is violating the 2015 ozone NAAQS or contributing to a violation of the 2015 ozone NAAQS in another county. States with nonattainment areas will have up to three years following designation to submit a revised state implementation plan ("SIP") outlining strategy and emission control measures to achieve compliance. In November 2017, Duval County was deemed unclassifiable pending acceptable monitoring results expected at the end of 2018. Duval County is projected to be in attainment of the revised standard. On August 14, 2019, EPA published the proposal to redesignate Duval County from unclassifiable to attainment/unclassifiable for the 2015 Ozone NAAQS. In the event that Duval County was to become a non-attainment area, JEA's power plants (e.g., Northside and Brandy Branch) could be required to comply with additional emission control requirements (e.g., increased usage of ammonia in their Selective catalytic reduction/Selective non-catalytic reduction ("SCR/SNCR")) for nitrogen oxides and volatile organic compounds which are precursors to ozone formation. The nature and consequences of a non-attainment designation cannot be predicted at this time. On January 20, 2021, the new (Biden) administration stated that it will be reviewing the Ozone NAAQS as contained in 85 Fed. Reg. 87256 dated December 31, 2020.

Particulate Matter NAAQS. The EPA finalized the NAAQS Fine Particulate Matter ("PM_{2.5}") standards in September 2006. Since then, the EPA established a more stringent 24-hour average PM_{2.5} standard and kept the annual average PM_{2.5} standard and the 24-hour coarse particulate matter standard unchanged. The EPA issued a final PM_{2.5} rule on December 14, 2012, that reduced the annual PM_{2.5} standard from 15 µg/m³ to 12 µg/m³. The rule left the 24-hour PM_{2.5} standard of 35 µg/m³ unchanged. The change in the PM_{2.5} has not resulted in non-attainment designation for Duval County and has not had a material adverse effect on the operations of JEA's generating facilities. On January 20, 2021, the new (Biden) administration stated that it will be reviewing the PM NAAQS as contained in 85 Fed. Reg. 82854 dated December 18, 2020.

SO₂ and NO₂ NAAQS. During 2010, the EPA finalized new one-hour NAAQS for both SO₂ and nitrogen dioxide ("NO₂"). In 2013, the EPA published in the Federal Register its proposed nonattainment designations based on monitoring data for the 2010 one-hour primary SO₂ NAAQS. Parts of two Florida counties, including Nassau County, which is adjacent to JEA's service territory,

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were initially designated as being nonattainment areas. Duval County was not designated at this time. On August 10, 2015, EPA issued a final rule directing states to provide data to characterize current air quality in areas with large sources of sulfur dioxide SO₂ emissions to identify maximum one-hour SO₂ concentrations in ambient air. The air quality data developed by the states in accordance with the final rule will be used by EPA in future rounds of area designations for the 2010 one-hour SO₂ NAAQS. A March 2015 court order requires EPA to complete designations of all areas by the end of 2020. The FDEP conducted dispersion modeling studies of several large SO₂-emitting sources in the State (including JEA's NGS), and found that the one-hour SO₂ NAAQS is being met in Duval County using either allowable emission rates or actual emission rates (for the three years 2016-2018). EPA completed its review and issued a final rule on February 25, 2019 to maintain the one-hour standard at 75 ppb.

State Implementation Plans. The Clean Air Act requires states to develop a general plan to attain and maintain the NAAQS in all areas of the country and a specific plan to attain the standards for each area designated nonattainment for a NAAQS. These plans, known as State Implementation Plans ("SIPs"), are developed by state and local air quality management agencies and submitted to EPA for approval.

On June 12, 2015, EPA published a final rule concerning how provisions in EPA-approved SIPs treat excess emissions during periods of startup, shutdown or malfunction ("SSM").

The final rule updates EPA's SSM Policy as it applies to SIP provisions and clarifies, restates, and revises EPA's guidance concerning its interpretation of the Clean Air Act requirements with respect to treatment in SIPs of excess emissions that occur during periods of SSM. The EPA issued a "SIP call" for Florida and 35 other states requiring them to submit corrective SIP revisions by November 22, 2016. Florida submitted its SSM SIP revision on November 22, 2016. On June 4, 2019, EPA Region 4 proposed to change its SSM policy and withdraw the SSM SIP Call for North Carolina. This could result in Florida's initial SIP being reinstated at a future date. JEA does not anticipate any impacts to JEA sources or permit conditions from either the former SIP or the revised SIP if approved. On April 28, 2020, the EPA published the final action withdrawing the SSM SIP Call for North Carolina. Environmental Non-governmental Organizations (ENGOS) are expected to challenge this action and then seek to consolidate it in the D.C. Circuit with the nationwide case. On January 20, 2021, the new (Biden) administration announced that it will be reviewing the previous administration's guidance memorandum dated October 9, 2020 regarding inclusion of affirmative defense provisions governing SSMs in state SIPs.

On May 1, 2020, the EPA has determined that the State will not contribute significantly to nonattainment or interfere with maintenance of the 2010 1-hour SO₂ NAAQS in any other state. Therefore, the EPA is approving the September 18, 2018, SIP revision as meeting the requirements of the good neighbor provision for the 2010 1-hour SO₂ NAAQS.

MATS

On February 16, 2012, the EPA issued a final rule intended to reduce emissions of toxic air pollutants from power plants. The Mercury and Air Toxics Standards ("MATS") Rule is intended to regulate four categories of hazardous air pollutants ("HAPs") emitted by coal- or oil-fired EGUs with a capacity of 25 MW or greater, namely mercury, HAPs metals, acid gases and organic HAPs.

Affected sources had until April 2015 to be in compliance, subject to a one-year extension. In June 2015, the U.S. Supreme Court determined that EPA's rule did not properly consider costs in developing MATS and directed EPA to address costs. On December 1, 2015, the EPA published a proposed

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supplemental finding and request for comment regarding the costs of the MATS rule, in response to the Supreme Court's decision. On December 15, 2015, the D.C. Circuit remanded MATS back to the EPA without vacatur, leaving MATS in effect and giving the EPA to opportunity to properly complete "supplemental findings" associated with the MATS rulemaking. In April 2016, EPA's supplemental findings determined that it is still "appropriate and necessary" to regulate HAPs from coal-fired power plants.

Reports indicate that EPA will issue a proposed rule that may obviate the appropriate and necessary finding (obviating the need for the MATS rule) as well as the residual risk and technology review that EPA must complete in order to determine whether a tightening of the current MATS emission limits is necessary. The proposed rule package was sent to the U.S. Office of Management and Budget in October 2018 for interagency review. EPA published its MATS proposal on February 7, 2019 in the *Federal Register*. The proposal states that regulation of HAPs is not appropriate or necessary after reconsidering costs but that coal- and oil-fired EGUs would not be delisted from regulation under Section 112 of the Clean Air Act, and the 2012 MATS rule would remain in place. The comment period ended on April 17, 2019. EPA has submitted its final rule regarding the MATS Supplemental Cost Finding Reconsideration and Risk and Technology Review ("RTR"). The final rule was issued on April 16, 2020. On January 20, 2021, the new (Biden) administration stated that it will be reviewing the reconsideration of supplemental finding and RTR review for Coal- and Oil-fired EGUs as contained in 85 Fed. Reg. 82854 dated May 22, 2020.

Because of the controls already installed at JEA's EGUs, JEA did not need to install any new or additional control equipment in order to comply with the MATS rule, as dependent on fuel type. As a precautionary measure, JEA has implemented an Activated Carbon Injection (ACI) system to further control mercury emissions from Units 1 and 2 at NGS if necessary.

National Emissions Standard for Hazardous Air Pollutants ("NESHAP") for Combustion Turbines

On March 9, 2020, the EPA published the final rule regarding 40 CFR 63 Subpart YYYY; *i.e.*, NESHAP for stationary combustion turbines. This final action completes EPA's RTR obligations for this rule. This final action (a) concludes that no revisions are necessary as a result of its RTR, (b) revises the startup, shutdown, and malfunction provisions to define when startup ends, as reaching stable operation or less than one hour for simple cycle turbines and less than three hours for combined cycle, whichever is less, (c) requires electronic reporting, and (d) does not lift the stay for new combustion turbines as it was previously proposed, pending EPA's review of a petition to delist the entire combustion turbine source category with respect to this NESHAP. JEA's combustion turbine plants are minor sources of HAPs and are not impacted by this rule. JEA also conducted HAP emissions testing at Brandy Branch (specifically, for formaldehyde) to confirm that the facility is indeed a minor source of HAPs.

CCRs

In April 2015, EPA finalized its rule to regulate the disposal and management of coal combustion residuals ("CCRs"), meaning fly ash, bottom ash, boiler slag and flue gas desulfurization materials, destined for disposal from coal-fired power plants. The new rule became effective on October 19, 2015, and established technical requirements for surface impoundments and landfills. The rule requires protective controls, such as liners and groundwater monitoring, at landfills and surface impoundments that store CCRs. The rule, as adopted by EPA, was to be enforced only by citizen-initiated lawsuits, rather than by EPA. However, on December 16, 2016, the President signed the Water Infrastructure Improvements for the Nation Act (the "WIIN Act"), which contains coal ash provisions that enable states to implement and enforce the requirements of the final CCR rule. The WIIN Act provides for the establishment of state and EPA permit programs for coal combustion residuals (coal ash), flexibility for states to incorporate the EPA

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final rule for coal combustion residuals or develop other criteria that are at least as protective as the final rule and requires EPA to approve state permit programs within 180 days of a state submitting a program for approval. Multiple federal rulemaking proceedings are underway, many of which are subject to litigation. The State has started the process to incorporate the rule and regulations, which might ultimately constitute a state permitting or tailored program. At present, enforcement is only via third party citizen suits.

The rule applies to CCR management practices at the Power Park and Plant Scherer. The rule does not apply to management of byproducts at Northside Generating Station as long as it continues to burn a fuel mix with less than 50 percent coal. The currently operating cell within Area B of the Power Park must be closed in accordance with performance standards specified in the CCR rule, but does not have to be retrofitted with a bottom liner. Closure of Area B is currently underway with an estimated completion date in the fall of 2021. Upon final closure, the top of the cell will be covered with an impermeable liner. The facility will continue to comply with the operating and monitoring requirements of the rule even after the plant decommissioning is completed, in accordance with the post-closure and corrective action plans that are developed for groundwater. The Power Park's two closed byproduct storage areas (Areas I and II) are not affected by this rule. The Power Park has no regulated surface impoundments. Existing surface impoundments, like that at Plant Scherer, are required to meet increased and more restrictive technical and operating criteria or to meet closure deadlines. GPC has decided to close in-place the surface impoundment at Plant Scherer instead of pursuing a retrofit. The receipt of CCR waste streams at the impoundment concluded in April 2019 and final closure is expected by 2030.

EPA left in place an amendment to the Federal Resource Conservation and Recovery Act known as the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of being placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard and other contained or encapsulated applications.

Cross-State Air Pollution Rule and Clean Air Interstate Rule

On July 6, 2011 EPA finalized the Cross-State Air Pollution Rule ("CSAPR") to regulate interstate impacts of SO₂ and NO_x. The final rule replaced the EPA's 2005 Clean Air Interstate Rule ("CAIR"). On April 29, 2014, the U.S. Supreme Court reversed a D.C. Circuit decision and upheld the CSAPR rule. CSAPR requires a total of 28 states, plus the District of Columbia, to reduce annual SO₂ emissions, annual NO_x emissions and/or ozone season NO_x emissions to assist in attaining the 1997 ozone and fine particle and 2006 fine particle NAAQS. CSAPR became effective on January 1, 2015 for SO₂ and annual NO_x, and May 1, 2015 with respect to seasonal NO_x requirements. The State currently is subject only to seasonal NO_x requirements (May 1 through September 30) under CSAPR rule.

On December 3, 2015, EPA proposed an updated rule (known as the "transport rule"), which incorporated the 2008 ozone standard into EPA's cross-state air pollution analysis. The proposal indicates that Florida's emissions do not cause non-compliance with the 2008 ozone standard in any downwind states. The rule was finalized on September 7, 2016, and Florida is no longer subject to CSAPR and has been removed from CSAPR beginning in 2017.

See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Fuel Supply and Transportation*" herein.

Regional Haze

The EPA issued final regulations for a Regional Haze Program in June 1999. The purpose of the regulations is to improve visibility in the form of reducing regional haze in 156 national parks and

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wilderness areas ("Class I areas") across the country. Haze is formed, in part, from emissions of SO₂ and NO_x. Because these pollutants can be transported over long distances, all 50 states, including those that do not have Class I areas, are required to participate in planning, analysis, and in many cases, emission control programs under the regional haze rule. The second implementation period, state implementation plans, are due to be submitted to EPA by July 21, 2021. This period lasts until 2028.

Northside Unit 3 is subject to Best Available Retrofit Technology requirements under the EPA Regional Haze rules. Northside Unit 3 applied for and received an exemption under the Regional Haze Rule due to this unit's having minimal impacts on visibility in the Class I areas from particulate emissions as demonstrated by ambient air modeling. No other units are impacted.

A new visibility model by EPA showed that NGS can contribute to visibility impairment at a nearby Class I area (specifically, due to SO₂ emissions and potential impacts at Wolf Island). As such, JEA provided an analysis to FDEP in October 2020. The analyses demonstrated that Units 1 and 2 at NGS are "well-controlled" for SO₂ due to surrogate HCl limits per MATS regulations. Unit 3 is likely to be subject to further analysis but no additional controls are expected to be necessary. It is possible that a self-imposed or permit condition restricting how much high Sulfur No. 6 fuel oil can be burned for Unit 3 will be required.

Water

On May 14, 2014, EPA promulgated a draft rule to set technology standards for cooling water intake systems for existing facilities under Section 316(b) of the Federal Clean Water Act. Section 316(b) requires that standards for the location, design, construction and capacity of cooling water intake systems reflect the best technology available for minimizing adverse environmental impacts. Under the rule, existing facilities that withdraw very large amounts of water are required to conduct studies to help their respective permitting authorities determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms that are captured in cooling water intake systems. The final rule was published in the Federal Register on August 15, 2014 and became effective October 14, 2014.

The new standards in the final rule do not affect any of its facilities other than Northside. Northside is one of more than 1,260 existing facilities that use large volumes of cooling water from lakes, rivers, estuaries or oceans to cool their plants. It is possible that new standards may prospectively require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available ("BTA"), to improvements to the existing screening facilities to the installation of other cooling technologies. A full two-year study is required to evaluate site specific conditions and form a basis for assessing BTA. JEA completed these studies in March 2020. Analyses of that data is underway, and a full peer reviewed submittal to the regulatory agency is expected to be completed in 2024. Accordingly, costs have not been determined for Northside and are not currently included in JEA's capital program for the Electric System.

Effluent Limitation Guidelines

EPA issued the final Steam Electric Effluent Limitations Guidelines ("ELG") on September 30, 2015, and they became final on January 4, 2016. On August 31, 2020, the Trump Administration EPA finalized an ELG reconsideration rule. Under the reconsideration rule, the phase-in dates for new requirements for existing power plants would be extended until 2025. The ELG Reconsideration will be subject to legal challenges. Requirements under the rule are waste-stream specific within a generating facility. JEA has evaluated compliance strategies that are being planned for NGS since SJRPP began the decommissioning process in January 2018. The investments to ensure compliance are not material. Options for compliance at Plant Scherer are being developed by all co-owners and will be phased in from 2017 to 2025.

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Other Environmental

On May 27, 2015, EPA and the U.S. Army Corps of Engineers ("USACE") released the prepublication version of the final "Clean Water Rule: Definition of 'Waters of the United States,'" ("WOTUS") redefining the extent of Clean Water Act jurisdiction and which was published in the Federal Register on July 29, 2015. This rule ("2015 Rule") contains many specific exemptions for connecting surface water features that are portions of the City's existing stormwater management system permitted under the National Pollutant Discharge Elimination System ("NPDES") Municipal Separate Stormwater Sewer System ("MS4") permits. Also, this rule specifically exempts JEA's permitted NPDES wastewater treatment ponds and potentially exempts identified NPDES Stormwater ponds from being considered as waters of the U.S., although discharges from such ponds would continue to be regulated.

The 2015 Rule was stayed nationwide on October 9, 2015 and is the subject of ongoing legal challenges. On February 2, 2018, EPA and the USACE finalized a proposed rule that would postpone the effective date of the 2015 Rule for a period of two years. During the two-year period, the agencies were directed to proceed with a repeal and replace rulemaking process and eventually promulgate a new WOTUS definition and rule. On January 23, 2020, the EPA and the USACE released a pre-publication version of the rule. The final Rule repeals the 2015 Rule and restores the regulatory text that existed prior to the 2015 Rule. The official version of The Navigable Waters Protection Rule: Definition of "Waters of the United States" was published in the Federal Register April 21, 2020. This Rule was effective June 22, 2020, but will be subject to legal challenges.

On December 17, 2020, EPA approved Florida's assumption of the Clean Water Act section 404, providing for Florida administration oversight of the 404 program in lieu of USACE. The assumption became effective on December 22, 2020. The delegation of the 404 program is expected to streamline permitting; however initially, delays are anticipated as FDEP adapts to the additional workload consequent to assuming the program. The delegation itself is expected to face legal challenges from environmental advocacy groups.

JEA's electric utility operations are subject to continuing environmental regulation. Federal, state, regional and local standards and procedures which regulate the environmental impact of JEA's system are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the units in operation, under construction or contemplated will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in increased costs of operating units, reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

JEA cannot predict at this time whether any additional legislation or rules will be enacted which will affect JEA's operations, and if such laws or rules are enacted, what the costs to JEA might be in the future because of such action.

Certain Factors Affecting the Electric Utility Industry***General***

The electric utility industry has been, and in the future, may be, affected by a number of factors which could have an impact on the financial condition of an electric utility such as the Electric System. These factors likely would affect individual utilities in different ways. Such factors include, among others: (a) effects of compliance with changing environmental, licensing and regulatory requirements, (b) regulatory changes and changes that might result from a national energy policy, (c) uncertain access to

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low cost capital for replacement of aging fixed assets, (d) increases in operating costs, (e) effects of competition from other suppliers of electricity and (f) issues relating to the reliability of electric transmission systems and grids. In addition, municipal electric utilities may face competition from companies in other industries looking to diversify into the energy sector. Examples of developing competitive areas include retail sale of electricity, distributed battery and electric storage resources, renewable distributed generation, customer installation of fuel cells, third-party electric vehicle charging, home or business automation that enables greater customer participation in energy markets, and third-party provision of energy management software and solutions. These factors, and others, are discussed in more detail below in relation to how they affect JEA.

The future financial condition of the Electric System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of electric service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

COVID-19 Pandemic

Background. JEA continues to respond to the outbreak of the COVID-19 pandemic, a respiratory disease caused by a new strain of coronavirus. As a result of the potential health threat posed by the COVID-19 pandemic, State and local executive orders ranging from the initial declaration of a public health state of emergency and shelter in place requirements to the more recent re-opening of businesses with capacity limitations and facial covering restrictions have been enacted.

While the impact of the COVID-19 pandemic continues to affect JEA's operations, the commencement of the immunization process of the COVID-19 vaccination is anticipated to curtail the scope, duration and extent of the COVID-19 pandemic on: (i) the existing restrictions and warnings imposed by local, state or federal governments and (ii) the effects of these restrictions and warnings on JEA's operations, revenues and expenditures including any material adverse effect on the finances and operations of JEA.

Employee Response. JEA quickly responded to the effects of the COVID-19 pandemic with the implementation of practices and protocols to protect the wellbeing of its employees. All non-field employees, including call center staff, worked remotely under Jacksonville Mayor Curry's "Safer-at-Home" order and JEA established shelter-in-place policies for critical non-redundant facilities. JEA has established fully redundant electric and water control centers; both are used on a day-to-day basis, but either can control the System in an emergency. If a significant number of JEA's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing utility service could be adversely impacted. To date JEA has managed the impact of COVID-19 on its workforce and operations have not been materially impacted.

There are also certain expenditures for personal protective equipment as well as cleaning supplies that may be eligible for recovery from FEMA. JEA may seek recovery from FEMA for these amounts in the future.

Customer Response. JEA implemented several COVID-19 specific programs to minimize the number of potential disconnections, including (a) suspending disconnections from March 12, 2020 to July 9, 2020; (b) waiving late and reconnection fees from March 31, 2020 to September 30, 2020; and (c) waiving credit card convenience fees for MasterCard, Visa, and Discover card payments up to \$10,000 from April 6, 2020 to September 30, 2020. Waived late and disconnection fees are estimated to have been between \$2,000,000 and \$3,000,000 for both the Electric System and Water and Sewer System. Waived

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convenience fees paid on behalf of customers totaled \$1,882,000 for both the Electric System and Water and Sewer System.

Financial Impact. JEA saw a 4.8 percent reduction in Electric System commercial MWh sales and a 1.2 percent reduction in industrial MWh sales during Fiscal Year 2020, compared to Fiscal Year 2019, which were partially offset by a 0.9 percent increase in residential customer MWh sales between such periods. Total MWh sales were down 2.1 percent in Fiscal Year 2020 compared to Fiscal Year 2019.

Future Legislation

In February, 2021, a bill was filed in the Florida Senate that would prohibit any Florida municipality from enacting policies that restrict the ability of customers of electric utilities and other energy service providers to choose their utility supplier. It is uncertain at this time if the bill will progress in the legislative session or become law.

From time to time, additional federal or state legislation or regulations affecting the electric utility industry may be enacted. Such legislation can radically change the regulatory context in which JEA operates and can require increased capital or operating expenditures, or reduced operations, at existing and/or new generating facilities. Any such legislative changes are inherently impossible to predict with any certainty, particularly in the way they might apply to specific organizations or facilities, such as JEA. JEA, through its consultants and participation in state and national advocacy groups, maintains awareness of legislative issues that may impact operations, participating in advocacy roles as warranted.

Compliance with any future GHG emission reduction requirements could require JEA, at significant cost, to purchase allowances or offsets, change the type of boiler fuel JEA uses, retire high-emitting generation facilities and replace them with lower-emitting generation facilities, or implement carbon capture and sequestration technology. The estimation of costs of compliance with GHG legislation or with EPA rules is subject to significant uncertainties because it is based on several interrelated assumptions and variables, including timing of the implementation of rules, required levels of reductions, allocation requirements, the maturation and commercialization of carbon capture and sequestration technology and associated regulations, and JEA's selected compliance alternatives.

Any new state or federal legislation or changes to existing legislation or regulations could affect JEA's operations. JEA cannot predict whether any additional legislation or regulations will be enacted which will affect JEA's operations and if such laws are enacted, what the costs to JEA might be in the future.

Retail Competition

On October 5, 2018, the Florida Division of Elections approved a ballot initiative to amend the Florida Constitution to allow retail energy choice, as sought by an organization known as Floridians for Affordable Reliable Energy ("FARE").

The amendment would require the Florida Legislature to pass laws by June 1, 2023, to be effective by June 1, 2025, that do the following:

- (a) limit the activity of investor-owned electric utilities to the construction, operation, and repair of electrical transmission and distribution systems;
- (b) promote competition in the generation and retail sale of electricity through various means, including the limitation of market power;

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- (c) protect against unwarranted service disconnections, unauthorized changes in electric service, and deceptive or unfair practices;
- (d) prohibit any granting of either monopolies or exclusive franchises for the generation and sale of electricity; and
- (e) establish an independent market monitor to ensure the competitiveness of the wholesale and retail electric markets.

To get an initiative certified for the 2020 ballot, Florida law requires the ballot initiative to have 766,200 valid signatures from eligible Florida voters. As of December 1, 2019, the Division of Elections reported that FARE had submitted 541,837 valid signatures.

On March 1, 2019, the Florida Attorney General filed a petition with the Florida Supreme Court requesting the court's written opinion regarding whether or not the ballot initiative's language is misleading and whether or not the initiative complies with the state's "single-subject" rule. The Attorney General argued that the ballot language "gives the misleading impression that investor-owned utilities would still be able to sell electricity to customers, competing with additional, new providers. But the actual text of the amendment forbids such activity" and that "voters simply will not be able to understand the true meaning and ramifications of the proposed amendment."

The Florida Supreme Court heard arguments regarding the ballot language on August 28, 2019. On January 9, 2020, the Court ruled, in a unanimous decision, the initiative would not be on the 2020 ballot citing that "the ballot summary affirmatively misleads voters." The Court action, for the time being, ends the ballot initiative.

FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS

Debt Relating to Electric Utility Functions

Electric System Bonds

As of September 30, 2020, \$940,100,000 in aggregate principal amount of bonds issued pursuant to the Electric System Resolution (the "Electric System Bonds") was outstanding. As of the date of this Annual Disclosure Report, there is \$908,125,000 in aggregate principal amount of Electric System Bonds outstanding under the Electric System Resolution, consisting of (a) \$448,430,000 in aggregate principal amount of variable rate Electric System Bonds and (b) \$459,695,000 in aggregate principal amount of fixed rate Electric System Bonds.

Electric System Bonds may be issued to finance any lawful purpose of JEA relating to the Electric System (other than for the purpose of financing the generating facilities of the Electric System). See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Issuance of Additional Electric System Bonds" in APPENDIX B attached hereto.

From time to time, JEA requests Council approval of the issuance of Electric System Bonds and Subordinated Electric System Bonds. Pursuant to previous Council approvals, JEA currently is authorized to issue additional Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of financing the costs of additions, extensions and improvements to the Electric System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately \$465,160,991. JEA expects that such current authorization will be adequate to enable JEA to maintain its Electric System capital improvement

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program as projected through the Fiscal Year ending September 30, 2025. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Capital Program*" herein.

JEA also has received approvals from the Council for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds for the purpose of refunding outstanding Electric System Bonds and Subordinated Electric System Bonds. JEA may issue additional Electric System Bonds or Subordinated Electric System Bonds to refund outstanding Electric System Bonds and/or Subordinated Electric System Bonds from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Electric System Bonds and/or Subordinated Electric System Bonds in order to enable it to finance its Electric System capital program.

A summary of certain provisions of the Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008C-1, Series Three 2008C-2 and Series Three 2008C-3 (collectively, the "Senior Liquidity Supported Electric System Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Electric Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. The standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from August 22, 2022 to May 8, 2023.

On July 27, 2010, the bank previously providing liquidity support for JEA Variable Rate Electric System Revenue Bonds, Series Three 2008B-1 and Series Three 2008D-1 and on October 22, 2012, the bank previously providing credit and liquidity support for JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008B-4 (such Series Three 2008B-1, 2008D-1 and 2008B-4 Bonds are referred to herein collectively as the "Bank Purchased Bonds") purchased the applicable Bank Purchased Bonds pursuant to three substantially similar direct purchase agreements. The Bank Purchased Bonds are, as of the date of this Annual Disclosure Report, outstanding in the principal amounts of \$58,745,000, \$100,675,000 and \$45,385,000, respectively

. Upon such purchases, the letter of credit and standby bond purchase agreement previously in effect for the respective Bank Purchased Bonds terminated. Except as described below, the bank does not have the option to tender the respective Bank Purchased Bonds for purchase for a period specified in the respective direct purchase agreements, which period would be subject to renewal under certain conditions. The three direct purchase agreements were amended effective September 17, 2015, and December 11, 2018

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and the current expiration date of each is December 10, 2021. At the end of the period specified, which period is subject to extension under certain conditions, the Bank Purchased Bonds are subject to mandatory tender for purchase. Any Bank Purchased Bond that is not remarketed and purchased from such bank on the mandatory tender date that occurred upon the expiration of such period would be required to be repaid as to principal in equal semiannual installments over a period of approximately five years from such mandatory tender date. Such bank has no option to tender the Bank Purchased Bonds for payment by JEA during the holding period except upon the occurrence of certain "events of default" on the part of JEA under the respective direct purchase agreements and the occurrence of certain other conditions. Upon any such tender for payment, the Bank Purchased Bond so tendered would be due and payable immediately.

Proposed Amendments to the Electric System Resolution

In May 1998, JEA adopted a resolution (as amended, the "May 1998 Amending Resolution") for the purpose of making certain material amendments to the Electric System Resolution. In addition to certain amendments to the Electric System Resolution that heretofore have become effective, the May 1998 Amending Resolution provides for the amendment of certain provisions of the Electric System Resolution relating to the priority of payments from the Electric System with respect to the Power Park (the "Power Park Amendment"), in a manner requiring (a) the consent of FPL, (b) the consent of the holders of 60 percent or more in principal amount of the Power Park Issue Two Bonds outstanding and (c) the consent of the holders of a majority in principal amount of the Power Park Issue Three Bonds outstanding. As of the date of this Annual Disclosure Report, JEA has not solicited any consents to the Power Park Amendment and has no intention of soliciting any such consents in the future.

If the Power Park Amendment ever were to become effective, it would amend the provisions of the Electric System Resolution relating to the priority of payments with respect to the Power Park to provide that payments with respect to (a) debt service on obligations issued by JEA with respect to the Power Park (including the Power Park Issue Two Bonds and the Power Park Issue Three Bonds) and any additional amounts relating to "debt service coverage" with respect thereto and (b) deposits into any renewal and replacement or similar fund with respect to the Power Park will no longer constitute a portion of the Cost of Operation and Maintenance (as defined in the Electric System Resolution), but will be payable on a parity with Subordinated Bonds (as defined in the Electric System Resolution) that may be issued in accordance with the provisions of the Electric System Resolution, including the Subordinated Electric System Bonds.

The amendments to the Electric System Resolution contained in the May 1998 Amending Resolution also would have amended the provisions of the Electric System Resolution relating to the priority of payments with respect to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) in a manner similar to that described above with respect to the Power Park, but the amendments relating to the Scherer 4 Project (and any other project that may be financed under the Restated and Amended Bulk Power Supply System Resolution) were rescinded by JEA in conjunction with the adoption of the Restated and Amended Bulk Power Supply System Resolution.

Subordinated Electric System Bonds

On August 16, 1988, JEA adopted a resolution (as amended, restated and supplemented, the "Subordinated Electric System Resolution") authorizing the issuance of obligations of JEA (the "Subordinated Electric System Bonds") that are junior and subordinate in all respects to the Electric System Bonds as to lien on, and source and security for payment from, the revenues of the Electric System. As of September 30, 2020, \$668,655,000 in aggregate principal amount of Subordinated Electric System Bonds was outstanding. As of the date of this Annual Disclosure Report, there is \$535,450,000 in aggregate

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principal amount of Subordinated Electric System Bonds outstanding under the Subordinated Electric System Resolution, consisting of (a) \$57,195,000 in aggregate principal amount of variable rate Subordinated Electric System Bonds and (b) \$478,255,000 in aggregate principal amount of fixed rate Subordinated Electric System Bonds.

The Subordinated Electric System Bonds may be issued for the purpose of financing the cost of acquisition and construction of additions, extensions and improvements to the Electric System, or any other lawful purpose of JEA relating to the Electric System, or to refund any of the Electric System Bonds or the Subordinated Electric System Bonds.

Pursuant to the Subordinated Electric System Resolution and the laws of the State, and in accordance with the Electric System Resolution, the amount of Subordinated Electric System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Subordinated Electric System Resolution. For a discussion of the Council authorization currently in effect for the issuance of Electric System Bonds and/or Subordinated Electric System Bonds, see subsection "*Electric System Bonds*" above in this section.

A summary of certain provisions of the Subordinated Electric System Resolution, including a description of the proposed amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX C. See "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED ELECTRIC SYSTEM RESOLUTION - Additional Subordinated Bonds; Conditions to Issuance" in APPENDIX C attached hereto.

Liquidity support in connection with tenders for purchase of the Variable Rate Electric System Subordinated Revenue Bonds, 2000 Series A and 2008 Series D (collectively, the "Subordinated Liquidity Supported Electric System Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Subordinated Liquidity Supported Electric Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement between JEA and such bank and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Subordinated Liquidity Supported Electric 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 Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements giving rise to such an event of default, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal. The current expiration date of the standby bond purchase agreements is September 18, 2022.

Power Park Issue Three Bonds

On February 20, 2007, the JEA Board adopted a resolution entitled "St. Johns River Power Park System Second Revenue Bond Resolution" (as supplemented, the "Second Power Park Resolution"). Bonds issued under the Second Power Park Resolution are referred to herein as the "Power Park Issue Three Bonds." As of September 30, 2020, \$265,105,000 of Power Park Issue Three Bonds was outstanding under the Second Power Park Resolution. As of the date of this Annual Disclosure Report, \$251,765,000 in

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aggregate principal amount of Power Park Issue Three Bonds is outstanding under the Second Power Park Resolution.

The Second Power Park Resolution provides for the issuance of Power Park Issue Three Bonds in order to pay the costs of JEA's ownership interest in certain additional facilities of the Power Park. See the subsection "*Power Park Issue Two Bonds*" above in this section for a discussion of JEA's interest in the Power Park and certain obligations of FPL by reason of FPL's ownership interest in the Power Park. Pursuant to the Electric System Resolution, JEA's obligation to make debt service payments on the Power Park Issue Three Bonds is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System regardless of whether the Power Park is operational. Such payments are payable from the revenues of the Electric System prior to any payments from such revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds. See the subsection "*Electric System Contract Debts*" below in this section. FPL has no obligation for debt service in respect of the Power Park Issue Three Bonds.

A summary of certain provisions of the Second Power Park Resolution, including a description of the amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX D.

Bulk Power Supply System Bonds

JEA financed the acquisition of a portion of its ownership in the Scherer 4 Project through the issuance of its bonds (the "Original Bulk Power Supply System Bonds") issued pursuant to a resolution of JEA adopted on February 5, 1991, as amended and supplemented (the "Original Bulk Power Supply System Resolution"). Pursuant to the Original Bulk Power Supply System Resolution, the Electric System was entitled to the entire capacity of the Scherer 4 Project and was required to pay for such capacity on a "take-or-pay" basis. During its Fiscal Year ended September 30, 1999, JEA caused all the remaining Original Bulk Power Supply System Bonds to be retired in advance of the scheduled due dates from certain available funds of the Electric System accumulated for that purpose. As a result, all of the covenants, agreements and other obligations of JEA under the Original Bulk Power Supply System Resolution were discharged and satisfied. However, JEA continued to make the output of the Scherer 4 Project available to the Electric System, and all costs of operating and maintaining the Scherer 4 Project continued to be paid as a Contract Debt of the Electric System, payable as part of the Electric System's Cost of Operation and Maintenance. See subsection "*Electric System Contract Debts*" below in this section.

On November 18, 2008, the JEA Board adopted a resolution that readopted, amended and restated the Original Bulk Power Supply System Resolution (the Original Bulk Power Supply System Resolution, as so readopted, amended and restated, is referred to herein as the "Restated and Amended Bulk Power Supply System Resolution"). The Restated and Amended Bulk Power Supply System Resolution permits JEA to issue one or more series of bonds thereunder ("Additional Bulk Power Supply System Bonds") for any lawful purpose of JEA related to the Scherer 4 Project (and any other projects that may be financed thereunder). The Restated and Amended Bulk Power Supply System Resolution also permits JEA to issue refunding Additional Bulk Power Supply System Bonds to refund any outstanding Additional Bulk Power Supply System Bonds from time to time as it deems economical or advantageous. As of September 30, 2020, \$88,860,000 in aggregate principal amount of bonds was outstanding under the Restated and Amended Bulk Power Supply System Resolution. As of the date of this Annual Disclosure Report, \$81,885,000 in aggregate principal amount of bonds is outstanding under the Restated and Amended Bulk Power Supply System Resolution. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. JEA intends to issue Additional Bulk Power Supply System Bonds to finance its costs of capital improvements to the Scherer 4 Project. See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Capital Program*" herein.

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A summary of certain provisions of the Restated and Amended Bulk Power Supply System Resolution is attached to this Annual Disclosure Report as APPENDIX E.

Electric System Contract Debts

Contract Debts, a component of the Electric System's Cost of Operation and Maintenance, is defined by the Electric System Resolution to mean any obligations of JEA under any contract, lease, installment sale agreement, bulk electric purchase power agreement or otherwise to make payments out of the revenues of the Electric System for property, services or commodities whether or not the same are made available, furnished or received, but shall not include (a) payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than the Power Park and the Bulk Power Supply System Projects (as defined in the Electric System Resolution and which includes additional electric generating plants)) and (b) payments required to be made in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale entered into after February 29, 2000 as may be determined by JEA to be payable on a parity with the payment of Subordinated Bonds (as defined in the Electric System Resolution), including the Subordinated Electric System Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in APPENDIX B attached hereto. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see subsection "*Proposed Amendments to the Electric System Resolution*" above in this section and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - *May 1998 Amending Resolution*" in APPENDIX B attached hereto.

JEA's obligation to make payments from the Electric System to provide revenues to pay JEA's portion of the Power Park operating and maintenance expenses and renewal and replacement costs relating to the Power Park and all other costs associated with the Power Park, as well as all debt service on the Power Park Issue Three Bonds, is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution. The Contract Debt payments with respect to the Power Park will be a Cost of Operation and Maintenance of the Electric System whether or not the Power Park is operating or operable and are required to be made in accordance with the terms of the Second Power Park Resolution.

Pursuant to the Restated and Amended Bulk Power Supply System Resolution, JEA is obligated to make the output and capacity of the Scherer 4 Project (and any other projects that may be financed under the Restated and Amended Bulk Power Supply System Resolution) available to the Electric System and is obligated to make payments from the Electric System on a "take-or-pay" basis to provide revenues to pay operating and maintenance expenses of the Scherer 4 Project (and such other projects), debt service on the Additional Bulk Power Supply System Bonds, renewal and replacement costs relating to the Scherer 4 Project (and such other projects) and all other costs relating to the Scherer 4 Project (and such other projects), and such payments constitute a Contract Debt of the Electric System, payable as a Cost of Operation and Maintenance of the Electric System.

See also "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Power Purchase Contracts*" herein for a description of JEA's obligations pursuant to certain purchase power contracts, which obligations also constitute Contract Debts payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution.

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JEA is authorized under the Electric System Resolution to construct or acquire and own and/or operate other electric generating utilities or systems for the purpose of furnishing and supplying electric energy and to issue debt obligations to finance the costs of any such separate electric generating utilities or systems, which obligations shall be payable on a parity with the payment of Subordinated Bonds (as defined in the Electric System Resolution), including the Subordinated Electric System Bonds. None of the revenues derived by JEA from the prior operation of the Power Park under the Second Power Park Resolution, from the operation of the Scherer 4 Project under the Restated and Amended Bulk Power Supply System Resolution (and any other projects that may be financed thereunder), or from the operation of any other separate bulk power supply utility or system undertaken by JEA shall be deemed under the Second Power Park Resolution, the Restated and Amended Bulk Power Supply System Resolution or the Electric System Resolution to be revenues of the Electric System. ***For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see subsection "Proposed Amendments to the Electric System Resolution" above in this section and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution" in APPENDIX B attached hereto.***

Schedules of Debt Service Coverage

The following table shows the Electric System Schedules of Debt Service Coverage for the years ended September 30, 2020 and September 30, 2019, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2020 Financial Statements (as defined herein) and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto. Set forth in APPENDIX A to this Annual Disclosure Report are Schedules of Debt Service Coverage for JEA's interest in the Power Park and the Bulk Power Supply System for the years ended September 30, 2020 and September 30, 2019. In accordance with the requirements of the Electric System Resolution, all the Contract Debt payments from the Electric System to the Power Park and the Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of JEA's interest in the Power Park and the Bulk Power Supply System are reflected as a purchased power expense on the Electric System Schedules of Debt Service Coverage. The Electric System Schedules of Debt Service Coverage do not include revenues of the Power Park or the Bulk Power Supply System, except that the purchased power expense described in the preceding sentence is net of interest income on funds maintained under the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution. In addition, the Electric System Schedules of Debt Service Coverage do not include revenues received by JEA pursuant to the FPL-Power Park Sale.

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**JEA Electric System Schedules of Debt Service Coverage
(In Thousands)**

	Fiscal Year Ended	
	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenues:		
Electric	\$1,192,898	\$1,235,358
Investment income ⁽¹⁾	6,057	11,818
Earnings from The Energy Authority	2,848	2,412
Other, net ⁽²⁾	22,016	23,400
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	91,118	83,302
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund	<u>(64,132)</u>	<u>(43,817)</u>
Total revenues	<u>\$1,250,805</u>	<u>\$1,312,473</u>
Operating expenses ⁽³⁾		
Fuel	271,164	\$ 287,956
Purchased power ⁽⁴⁾	164,362	234,793
Other operation and maintenance	222,585	222,515
Utility taxes and franchise fees	<u>58,806</u>	<u>60,767</u>
Total operating expenses	<u>716,917</u>	<u>806,031</u>
Net revenues	<u>\$ 533,888</u>	<u>\$ 506,442</u>
Debt service on Electric System Bonds	53,384	81,494
Less: investment income on sinking fund	(1,842)	(2,114)
Less: Build America Bonds subsidy	<u>(1,532)</u>	<u>(1,527)</u>
Debt service requirement on Electric System Bonds	<u>\$ 50,010</u>	<u>\$ 77,853</u>
Debt service coverage on Electric System Bonds ⁽⁵⁾	<u>10.68x</u>	<u>6.51x</u>
Net revenues (from above)	\$ 533,888	\$ 506,442
Debt service requirement on Electric System Bonds (from above)	50,010	77,853
Plus: aggregate subordinated debt service on Subordinated Electric System Bonds	63,443	104,640
Less: Build America Bonds subsidy	<u>(1,947)</u>	<u>(2,002)</u>
Debt service requirement on Subordinated Electric System Bonds	<u>\$ 61,496</u>	<u>102,638</u>
Debt service requirement on Electric System Bonds and Subordinated Electric System Bonds	<u>\$ 111,506</u>	<u>\$ 180,491</u>
Debt service coverage on Electric System Bonds and Subordinated Electric System Bonds ⁽⁶⁾	<u>4.79x</u>	<u>2.81x</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 Power Park and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the Power Park and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the Power Park and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the Power Park and Bulk Power Supply System resolutions.

⁽⁵⁾ Net revenues divided by debt service requirement on Electric System Bonds. Minimum annual coverage 1.20x.

⁽⁶⁾ Net revenues divided by debt service requirement on Electric System Bonds and Subordinated Electric System Bonds. Minimum annual coverage is 1.15x.

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Management's Discussion of Electric System Operations - JEA Electric System Schedules of Debt Service Coverage

Revenues. Total revenues decreased \$61.7 million, or 4.7 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to lower electric revenues, an increase in amounts paid from the Revenue Fund into the Rate Stabilization Fund and lower investment income offset, in part, by an increase in amounts paid from the Rate Stabilization Fund into the Revenue Fund.

Electric sales volume decreased 262,985 MWh, or 2.1 percent, to 12,202,973 MWh for the Fiscal Year ended September 30, 2020 from 12,465,958 MWh for the Fiscal Year ended September 30, 2019, related to commercial and industrial sales decreasing 231,192 MWh, or 3.4 percent, and off-system sales decreasing 81,151 MWh, or 81.5 percent, offset, in part, by residential sales increasing 50,794 MWh, or 0.9 percent.

Investment income decreased \$5.8 million, or 48.7 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to lower investment yields and lower investable balances as a result of the combined retirement of approximately \$148.2 million of Electric System debt as described in the STAR Plan. For a discussion of the STAR Plan, see "INTRODUCTION - Strategic Planning" herein.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund increased \$7.8 million, or 9.4 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to a \$29.9 million increase in debt management withdrawals used to retire Electric System debt in October 2019 as part of the STAR Plan and a \$6.4 million increase in non-fuel purchased power withdrawals offset, in part, by a \$15.3 million decrease in fuel withdrawals and a \$12.8 million decrease in environmental withdrawals.

Amounts paid from the Revenue Fund into the Rate Stabilization Fund increased \$20.3 million, or 46.4 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to a \$38.1 million increase in fuel contributions offset, in part, by a \$17.6 million decrease in non-fuel purchased power contributions.

Operating Expenses. Total operating expenses decreased \$89.1 million, or 11.1 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019. Total fuel and purchased power expenses decreased \$87.2 million, or 16.7 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to a 5.8 percent decrease in fuel expense and a 30.0 percent decrease in purchased power expense. As commodity prices have fluctuated over these periods, the mix between generation and purchased power has shifted as JEA has taken advantage of the most economical sources of power. Total MWh power generated and purchased decreased 2.6 percent for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, to 12,627,990 MWh from 12,964,577 MWh, with an increase of 24.5 percent for MWh generated and a decrease of 50.0 percent for MWh purchased. The cost per MWh of power generated decreased 29.3 percent and the cost per MWh of purchased power increased 37.0 percent.

Net Revenues. Net revenues available for debt service increased \$27.4 million, or 5.4 percent, to \$533.9 million for the Fiscal Year ended September 30, 2020 from \$506.5 million for the Fiscal Year ended September 30, 2019. Total revenues decreased \$61.7 million, or 4.7 percent, and total operating expenses decreased \$89.1 million, or 11.1 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, as stated above. The increase in net revenues available for debt

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service is primarily related to the decrease in fuel and purchased power expenses offset, in part, by lower electric revenues and an increase in amounts paid from the Revenue Fund into the Rate Stabilization fund.

Debt Service on Electric System Bonds. The debt service requirement on Electric System Bonds decreased \$27.8 million, or 35.8 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to lower principal amortization and lower interest expense as a result of lower outstanding balances and lower interest rates.

During the Fiscal Year ended September 30, 2020, JEA issued Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
Series Three 2020A	Refunding ⁽¹⁾	July 2020	\$129,255,000	\$159,705,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

JEA did not issue any Electric System Bonds during the Fiscal Year ended September 30, 2019.

Debt Service Coverage Ratio on Electric System Bonds. The debt service coverage ratio on Electric System Bonds increased to 10.68 times for the Fiscal Year ended September 30, 2020 as compared to the debt service coverage ratio of 6.51 times for the Fiscal Year ended September 30, 2019 as a result of the 5.4 percent increase in net revenues available for debt service and the 35.8 percent decrease in the debt service requirement on Electric System Bonds between such periods.

Aggregate Subordinated Debt Service on Subordinated Electric System Bonds. Aggregate subordinated debt service on Subordinated Electric System Bonds decreased \$41.1 million, or 40.1 percent for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to lower principal amortization and lower interest expense as a result of lower outstanding balances and lower interest rates.

During the Fiscal Year ended September 30, 2020, JEA issued Subordinated Electric System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding ⁽¹⁾	July 2020	\$92,415,000	\$113,160,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

JEA did not issue any Subordinated Electric System Bonds during the Fiscal Year ended September 30, 2019.

Debt Service Coverage Ratio on Electric System Bonds and Subordinated Electric System Bonds. The debt service coverage ratio on Electric System Bonds and Subordinated Electric System Bonds increased to 4.79 times for the Fiscal Year ended September 30, 2020 as compared to the debt service coverage ratio of 2.81 times for the Fiscal Year ended September 30, 2019 as a result of the 5.4 percent increase in net revenues available for debt service and the 38.2 percent decrease in the debt service requirement on Electric System Bonds and Subordinated Electric System Bonds between such periods.

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Liquidity Resources

The Days of Cash on Hand for the Electric System and the Scherer 4 Project at September 30, 2020 was 183 days, and the Days of Liquidity was 359 days. The Days of Cash on Hand for the Electric System and the Scherer 4 Project at September 30, 2019 was 147 days, and the Days of Liquidity was 309 days. The Days of Cash on Hand computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

The Days of Liquidity computation is as follows:

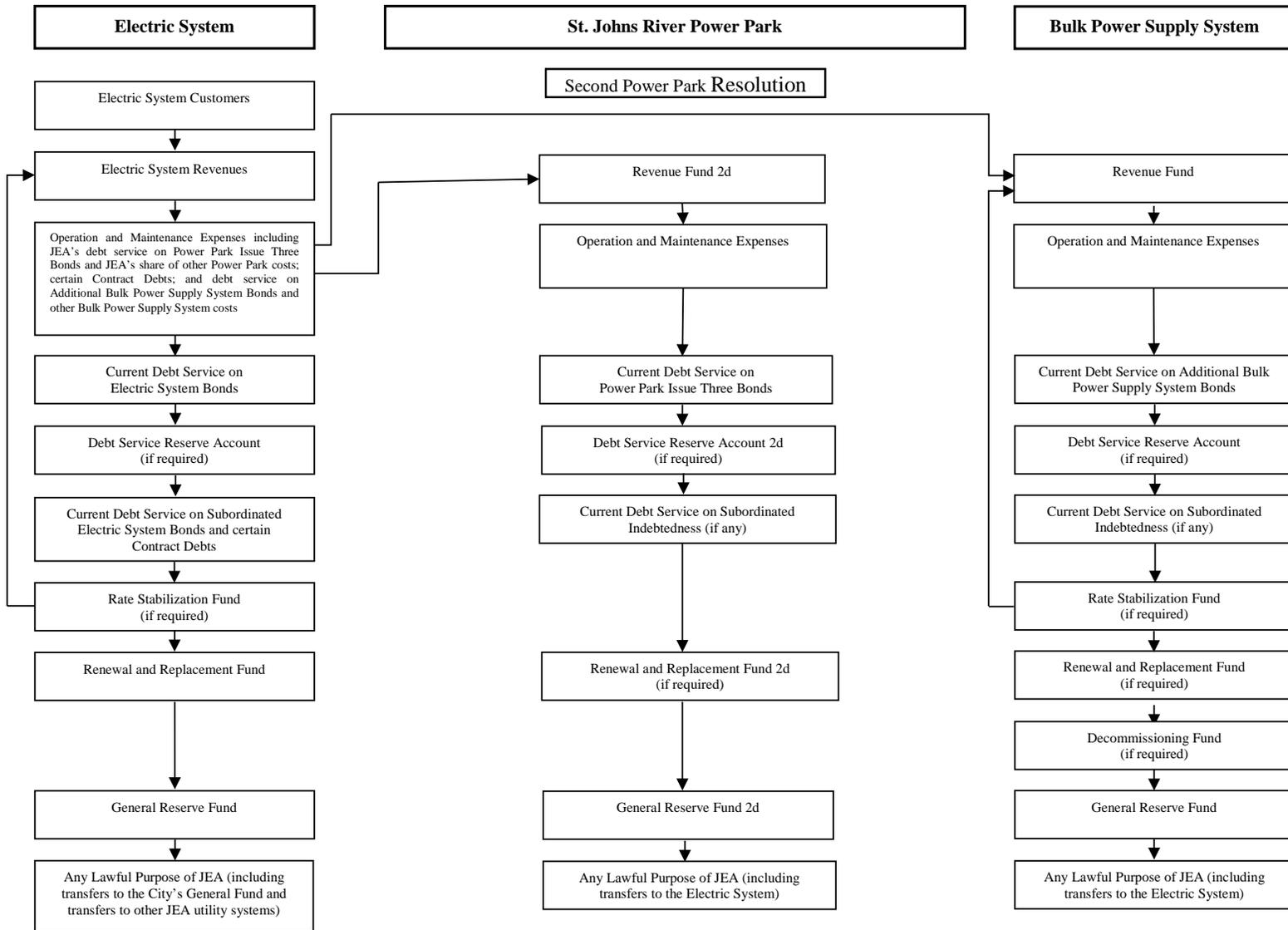
(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility*) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

* Allocated share of available Revolving Credit Facility at September 30, 2020 was approximately \$389.8 million and approximately \$404.7 million at September 30, 2019; however, the total available balance of \$495 million could have been drawn beginning November 1, 2018, and \$297 million could have been drawn prior to November 1, 2018.

APPLICATION OF ELECTRIC SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the Electric System Resolution, the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution. For a discussion of certain proposed amendments to the Electric System Resolution that amend the provisions thereof with respect to the priority of payment of JEA's obligations with respect to the Power Park, see the subsection "ELECTRIC UTILITY SYSTEM - FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS - Debt Relating to Electric Utility Functions - *Proposed Amendments to the Electric System Resolution*" herein and "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - *May 1998 Amending Resolution*" in APPENDIX B attached hereto.

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OTHER FINANCIAL INFORMATION

General

JEA maintains separate accounting records for the Electric System, the Scherer 4 Project (which is sometimes referred to herein and in JEA's financial statements as the "Bulk Power Supply System"), and its interest in the Power Park. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Year 2020 (which consist of the statement of net position of JEA as of September 30, 2020 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2020 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2020 and for the year then ended (which consist of the combining statement of net position, the combining statement of revenues, expenses and changes in net position and the combining statement of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the year ended September 30, 2020 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2020 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2020 Financial Statements include all of the assets of the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets includes all expenses (*e.g.*, interest charges, operating and maintenance expenses, fuel expenses) of the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System. However, revenues of JEA's interest in the Power Park and the Bulk Power Supply System are not included in such statement of revenues, expenses, and changes in net assets, except that interest income on funds maintained under the Second Power Park Resolution and the Restated and Amended Bulk Power Supply System Resolution and revenues received from the FPL-Power Park Sale are included in the statement of revenues, expenses, and changes in net assets.

For financing purposes, the debt of JEA relating to the Electric Utilities Functions, the debt of JEA relating to its Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services; *provided, however*, available revenues of the Water and Sewer System shall be deposited into a Debt Service Reserve Account established for the District Energy System Refunding Revenue Bonds, 2013 Series A (Federally Taxable) (the "2013 DES Bonds") and pledged to pay debt service on the 2013 DES Bonds in the event that revenues of the District Energy System are insufficient

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to pay debt service on the 2013 DES Bonds). Accordingly, potential purchasers of the Electric System Bonds are advised that the information in JEA's 2020 Financial Statements relating to JEA's Water and Sewer System and District Energy System is not relevant to a decision to purchase the Electric System Bonds and should not be taken into account with respect thereto.

Transfers to the City

The Charter currently provides that, as consideration for the unique relationship between the City and JEA, there shall be assessed upon JEA in each Fiscal Year, for the uses and purposes of the City, from the revenues of the Electric System and Water and Sewer System operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System and the Water and Sewer System (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such Electric System and the Water and Sewer System and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to terms of the Charter), an amount that is periodically negotiated by JEA and the City. The City's annual assessment of JEA does not include assessments pertaining to the District Energy System. The Charter provides that the Council may reconsider the assessment calculations every five years; however, pursuant to the Charter, the Council may also revise the assessments at any time by amending the Charter with a two-thirds vote of the Council. From time to time, proposals have been made, and may be made in the future, to increase the amount of the City's annual assessment on JEA.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the Electric System and the Water and Sewer System and this combined assessment has been set forth in the Charter.

JEA and the City reached agreement on amendments (the "2016 Amendments") to the Charter, which affect the amount of the combined assessment that JEA is required to pay to the City. The 2016 Amendments were set forth in Ordinance 2015-764, were approved by the Council on March 8, 2016 and took effect on March 10, 2016. The 2016 Amendments set forth the combined assessment from fiscal year 2016-2017 through fiscal year 2020-2021. JEA and the City reached agreement on additional amendments (the "2019 Amendments," and together with the 2016 Amendments, the "Charter Amendments") to the Charter set forth in Ordinance 2018-747, enacted by the Council on February 12, 2019, which set forth the combined assessment from fiscal year 2021-2022 through fiscal year 2022-2023. The Charter Amendments provide that effective October 1, 2016, the combined assessment for the Electric System and the Water and Sewer System will be equal, but not exceed the greater of (A) the sum of (i) the amount calculated by multiplying 7.468 mills by the gross kilowatt hours delivered by JEA to retail users of electricity in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year (other than sales of energy to FPL from JEA's St. Johns River Power Park System) during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable, plus (ii) the amount calculated by multiplying 389.20 mills by the number of kgals (1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-16 combined assessment of \$114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - \$115,329,413; for fiscal year 2017-2018 - \$116,482,708; for fiscal year 2018-2019 - \$117,647,535; for fiscal year 2019-2020 - \$118,824,010; for fiscal year 2020-2021 - \$120,012,250; for fiscal year 2021-2022 - \$121,212,373; and for fiscal year 2022-2023 - \$122,424,496. A "mill" is one one-thousandth of a U.S. Dollar. The Charter Amendments provide that the amended assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023 and that the Council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. As provided in the

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Charter, the Council may change the assessment calculation by ordinance within the provisions of the relevant section of the Charter. The Charter Amendments contemplate that in the event the Council does not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in the Charter, including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in the Charter.

In addition to the changes to the annual assessment, the 2016 Amendments provide that JEA, pursuant to the terms of an Interagency Agreement with the City (the "Interagency Agreement"), agrees to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal ("BMAP Credit"). The 2016 Amendments provide that if JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement, the Council and JEA shall work cooperatively to address the BMAP Credit shortfall or the Council may reconsider the assessment calculations. The 2019 Amendments provide that JEA, pursuant to amended terms of the Interagency Agreement, agrees to transfer additional future BMAP Credits to the City.

In recognition of the 2016 Amendments to the Charter as described above, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2016 of \$15,000,000 (the "2016 Additional Contribution"). The City has committed to use the 2016 Additional Contribution for City water and sewer infrastructure projects. Pursuant to the 2019 Amendments, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2019 of \$15,155,000 (the "2019 Additional Contribution"). The City's stated intent was to use \$15,000,000 of the 2019 Additional Contribution for City water and sewer infrastructure projects and \$155,000 for river level monitoring equipment.

The portion of the budgeted aggregate assessment calculated with respect to the Electric System has increased from approximately \$93,870,968 for the Fiscal Year ended September 30, 2020 to \$93,609,555 for the Fiscal Year ending September 30, 2021. While the Charter requires JEA to pay the JEA assessment to the City at such times as the City requests, but not in advance of collection, the Ordinance Code of the City requires JEA to pay the JEA assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to the Charter and the annual transfer of available revenues from JEA to the City pursuant to the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA, JEA may, in its discretion, determine how to allocate the aggregate assessment between the Electric System and the Water and Sewer System, and the aggregate assessment may be paid from any available revenues of JEA.

In addition, the Charter provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

The Charter imposes a monthly Franchise Fee which JEA was required to pay to the City commencing June 1, 2008 for revenues derived effective April 1, 2008 in an amount initially equal to three percent (and not to exceed six percent, with increases requiring a request by the Mayor of the City and a two-thirds supermajority vote by the Council) of the revenues of the Electric System derived within Duval County other than the beach communities and the Town of Baldwin and subject to a per customer maximum. The Charter authorizes JEA to pass through the amount of the Franchise Fee to the customers of JEA, which JEA does. As a result, the Franchise Fee has no effect on JEA's net revenues.

In November 2019, a bill was filed in the Florida House of Representatives that would prohibit any Florida municipal electric utility from using any revenue collected from its customers to finance general government functions. Revenue use would be restricted exclusively for utility functions. On March 14, 2020, the bill was "indefinitely postponed and withdrawn from consideration" by the Florida House.

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Because of the lack of legislative interest the bill received, JEA does not anticipate a comparable proposal prospectively.

Effect of JEA Credit Rating Changes

General

JEA has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in JEA's credit ratings below specified levels, which provisions commonly are referred to as "ratings triggers."

The table below sets forth the current ratings and outlooks for JEA's Electric System Bonds and Subordinated Electric System Bonds, without giving effect to any third-party credit enhancement. Given JEA's current levels of ratings, JEA's management does not believe that the ratings triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA's ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	<u>Fitch Ratings</u>	<u>Moody's</u>	<u>S&P</u>
Outstanding Electric System Bonds	AA (stable)	A2 (positive)	A+ (negative)
Outstanding Subordinated Electric System Bonds	AA (stable)	A3 (positive)	A (negative)

Liquidity Support for JEA's Variable Rate Bonds

In particular, JEA has entered into standby bond purchase agreements with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Electric Bonds, and the Subordinated Liquidity Supported Electric Bonds (collectively the "Liquidity Supported Bonds"). As of the date of this Annual Disclosure Report, there is \$243,625,000 in aggregate principal amount of Senior Liquidity Supported Electric Bonds outstanding and \$57,195,000 in aggregate principal amount of Subordinated Liquidity Supported Electric Bonds outstanding. The standby bond purchase agreements relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" with respect to JEA under such standby bond purchase agreement. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, each standby bond purchase agreement provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which such standby bond purchase agreement relates, without giving effect to any third-party credit enhancement, fall below "BBB-" by Fitch Ratings, "Baa3" by Moody's Investors Service ("Moody's") and/or "BBB-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), or are suspended or withdrawn (generally for credit-related reasons).

Interest Rate Swap Transactions

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see "Debt Management Policy" below) and its investment policies (see "Investment Policies" below), which interest rate swap transactions may be for the account of the Electric System. JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of \$510,385,000 as of September 30, 2020, of which, \$405,985,000 were for the account of the Electric System. For additional information concerning

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those interest rate swap transactions, see (a) "Debt Management Policy" below, (b) "Investment Policies" below and (c) Notes 1(k) and 8 to JEA's 2020 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain "events of default" and upon the occurrence of certain "termination events." One of such "termination events" with respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below "BBB" by S&P and below "Baa2" by Moody's to (y) below "A-" by S&P and below "A3" by Moody's.

As of September 30, 2020, JEA's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was approximately \$177,287,000, of which approximately \$139,607,000 was attributable to interest rate swap transactions entered into for the account of the Electric System.

In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Electric System. These swap transactions are entered into with various providers and are otherwise described in the table below.

Related Bonds	Counterparty	Initial Notional Amount	Notional Amount as of September 30, 2020	Fixed Rate of Interest	Variable Rate Index⁽¹⁾	Termination Date⁽²⁾
Variable Rate Electric System Revenue Bonds, Series Three 2008A	Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")	\$100,000,000	\$51,680,000	3.836%	BMA Municipal Swap Index	10/1/2036
Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, 2008B-2, 2008B-3 and 2008B-4	Morgan Stanley Capital Services Inc. ("MSCS") JPMorgan Chase Bank, N.A. ("JPMorgan")	117,825,000 116,425,000	82,575,000 84,775,000	4.351 3.661	BMA Municipal Swap Index 68% of 1 month LIBOR	10/1/2039 10/1/2035
Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 and 2008C-2	GSMMDP	174,000,000	84,800,000	3.717	68% of 1 month LIBOR	9/16/2033
Variable Rate Electric System Revenue Bonds, Series Three 2008D-1	MSCS	98,375,000	62,980,000	3.907	SIFMA Municipal Swap Index	10/1/2031
Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D	JPMorgan	40,875,000	39,175,000	3.716	68% of 1 month LIBOR	10/1/2037

⁽¹⁾ The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

⁽²⁾ Unless earlier terminated.

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Debt Management Policy

JEA's debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA's debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

The counterparties with whom JEA may deal must meet the requirements for counterparties described under the caption "Investment Policies" below. The policy requires JEA staff to submit to the JEA Board an annual plan of finance, which will address, at a minimum, the amount of debt projected to be issued during the next Fiscal Year, whether such debt is senior or subordinated, whether such debt is fixed or variable, and whether any hedging instruments may be utilized. Under the policy, JEA's net variable rate debt will not exceed 30 percent of total debt and JEA's net variable rate debt plus net fixed-to-floating interest rate swaps will not exceed 55 percent of total debt. "Net variable rate debt" is actual variable rate debt minus net variable rate assets. "Net variable rate assets" is actual variable rate assets minus the notional amount of investment/asset-matched interest rate swaps. "Net fixed-to-floating interest rate swaps" is the aggregate notional amount of fixed-to-floating swaps maturing in 10 years or less minus the aggregate notional amount of floating-to-fixed swaps maturing in 10 years or less outstanding on the last day of each month. "Total debt" equals fixed rate debt plus variable rate debt. "Variable rate assets" are investments maturing in less than one year. "Variable rate debt" is actual variable rate debt outstanding less variable rate debt that is associated with a floating-to-fixed rate swap where the term of the swap matches the term of the variable rate debt. The percentages are to be computed monthly.

JEA's fixed rate debt, variable rate debt and debt-related hedging instruments are to be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The purpose is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet.

The policy creates procedures to be followed in conjunction with the issuance of fixed rate debt, variable rate debt and debt refundings. Beginning in the Fiscal Year ended September 30, 2010, deposits were made to the Rate Stabilization Fund for the Debt Management Strategy Reserve to reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Under JEA's pricing policy, withdrawals from the Debt Management Strategy Stabilization Fund were limited to expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. In September 2019, the JEA Board authorized revisions to the debt management and pricing policies eliminating the Rate Stabilization Fund for the Debt Management Strategy Reserve and authorized those funds, along with other available funds of JEA, to be used to defease certain outstanding Electric System and Water and Sewer System debt. Such defeasances were effected on October 11, 2019.

The policy establishes a framework for JEA's utilization of hedging instruments including interest rate swaps and caps and collars. The utilization of hedging instruments offers JEA a cost-effective alternative to traditional debt financing choices. JEA is authorized to enter into floating-to-fixed rate swaps, fixed-rate-to-floating rate swaps and basis swaps (*i.e.*, swaps which seek to manage the risk associated with the mismatch between two benchmarks used to set the indices utilized in an interest rate swap transaction). The percentage of variable rate exposure (the notional amount of net fixed-to-floating interest rate swaps and net variable rate debt outstanding) to total debt outstanding may not exceed 55 percent. The notional amount of interest rate swaps, caps, collars and related hedging instruments is limited to the amount approved by the JEA Board from time to time.

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Interest rate caps and related hedging instruments are to be utilized to help JEA manage interest rate risk in its debt management program. Generally, a fixed-to-floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than 200 basis points above the interest rate swap fixed rate. It is also contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of the aggregate of outstanding caps will not be less than 75 percent of the average life of the associated aggregate swaps.

The policy sets out various decision rules which govern the decision to execute various hedging instruments. Valuations are performed on a quarterly basis and adjustments to fair value are included in JEA's financial statements.

The policy calls for no more than \$500,000,000 of net interest rate swap and cap or other hedging instruments to be outstanding in the aggregate with any one provider or affiliate thereof. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long-dated hedging transaction as shown below:

<u>Rating Level</u>	<u>Notional Amount</u>
AAA/Aaa by one or more rating agencies	\$400,000,000
AA-/Aa3 or better by at least two rating agencies	300,000,000
A/A2 or better by at least two rating agencies	200,000,000
Below A/A2 by at least two rating agencies	0

The ratings criteria shown above apply either to the counterparty to the long-dated transaction or, if the payment obligation of such counterparty under the relevant swap agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed \$400,000,000 for long dated transactions.

These diversification requirements include all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risks including, but not limited to, debt management and 100 percent investment/asset-matched program. Interest rate swap and cap transactions are to be competitively bid (unless otherwise determined by the Managing Director and Chief Executive Officer) by at least three providers that have executed interest rate swap agreements with JEA.

Under the policy, an annual budgeted reserve contribution is to be made to a reserve fund. The contributions to the reserve fund will be funded in three equal installments of 1 percent of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed-to-floating rate debt interest rate swaps outstanding, but can be used for any lawful purpose as approved by JEA's Managing Director and Chief Executive Officer.

The aggregate notional amount of all hedging instrument transactions entered into for the account of the Electric System outstanding at any one time, net of offsetting transactions, under all swap agreements is established at not to exceed (a) \$1.5 billion in the case of interest rate swaps, (b) \$500,000,000 in the case of basis swaps and (c) \$1 billion in the case of caps and collars. A transaction that reverses an original transaction in every respect thereby offsetting the cash flows perfectly is referred to herein as an "offsetting transaction." Generally, in the past JEA has elected to receive or pay an upfront cash payment to reverse the original swap transaction. The phrase "net of offsetting transactions" would relate to reversals that remain on JEA's books if JEA elected not to take/make an upfront cash payment.

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Investment Policies

The goals of JEA's investment policy are to (a) provide safety of capital, (b) provide sufficient liquidity to meet anticipated cash flow requirements, and (c) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2020, 26.3 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 4.9 years. As of September 30, 2020, the remaining 73.7 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 180 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2020, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (i) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (ii) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA. With respect to swap agreements

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entered into in 2014 between JEA and three swap counterparties, each counterparty will be required to provide collateral when (a) the ratings of such counterparty fall below "A+/"A1" by any one of the rating agencies and (b) a termination payment would be owed to JEA above a specified threshold amount.

JEA's payment obligations under the interest rate swap transactions consist of periodic payments based upon fluctuations in interest rates and, in the event of a termination of a transaction prior to the stated term thereof, potential termination payments. The amounts of such potential termination payments are based primarily upon market interest rate levels and the remaining term of the transaction at the time of termination. JEA is authorized to enter into both (a) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Electric System ("Electric System Swap Agreements") and (b) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Water and Sewer System ("Water and Sewer System Swap Agreements").

In the case of interest rate swap transactions entered into pursuant to Electric System Swap Agreements, JEA's payment obligations thereunder are payable following the payment of the operation and maintenance expenses of the Electric System, including any Contract Debts of the Electric System, debt service on Electric System Bonds, debt service on any Subordinated Bonds of the Electric System (including Subordinated Electric System Bonds) and the deposits to the Renewal and Replacement Fund established by the Electric System Resolution.

All interest rate swap transactions for the account of the Electric System are required to be entered into pursuant to Electric System Swap Agreements. Interest rate swap transactions for the account of the Water and Sewer System may be entered into pursuant to either Water and Sewer System Swap Agreements or Electric System Swap Agreements. In the case of interest rate swap transactions for the account of the Water and Sewer System that are entered into pursuant to Electric System Swap Agreements, JEA has established procedures pursuant to which (a) all amounts received by JEA pursuant to such interest rate swap transactions are transferred to the Revenue Fund established pursuant to the Water and Sewer System Resolution and (b) all payments required to be made by JEA pursuant to such interest rate swap transactions are paid for from Revenues of the Water and Sewer System; *provided, however*, that no such payments may be made from Revenues of the Water and Sewer System until payment (or provision for payment) has been made of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service for the Water and Sewer System Bonds, debt service for any Subordinated Indebtedness of the Water and Sewer System (including the Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

For further information regarding this interest rate swap program, see Notes 1(k) and 8 to JEA's 2020 Financial Statements set forth in APPENDIX A attached hereto.

Revolving Credit Facility

Effective December 17, 2015, JEA entered into a revolving credit agreement with JPMorgan Chase Bank, National Association ("JPMorgan") for a \$300,000,000 commitment (the "Revolving Credit Facility"). The Revolving Credit Facility was initially scheduled to expire on December 17, 2018. Effective May 24, 2018, JEA and JPMorgan amended the agreement to extend the expiration date to May 24, 2021, and effective November 1, 2018, the parties further amended the agreement to increase the maximum principal amount of the credit facility available for Electric System loans by \$200,000,000, for a total commitment equal to \$500,000,000 [**MONITOR RENEWAL STATUS**]. Subject to meeting various conditions, the Revolving Credit Facility is available to JEA to provide working capital and short-term and interim financing for capital projects in connection with any of its systems. Payment obligations allocable to the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power

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System under the Revolving Credit Facility are payable from the respective revenues of the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power Supply System, as applicable, but are subordinate to the payment of JEA's Electric System, Power Park and Bulk Power Supply System debt (including the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of the date of this Annual Disclosure Report, JEA has \$5,000,000 in borrowings outstanding under the Revolving Credit Facility, which are for the account of the Water and Sewer System.

Loans Among Utility Systems

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

No Default Certificates

Section 13.F of the Electric System Resolution and Section 6.08 of the Subordinated Electric System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants setting forth any default on the part of JEA of any covenant in the Electric System Resolution and the Subordinated Electric System Resolution. Section 715.2 of the Second Power Park Resolution, and Section 714.2 of the Restated and Amended Bulk Power Supply System Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution, respectively, and if so, the nature of such default. The actual certificates provided by such accountants state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally-recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Electric System Resolution, the Subordinated Electric System Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution.

LITIGATION AND OTHER MATTERS

[WILL NEED JODY BROOKS' REVIEW/UPDATES]

General

In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Electric System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report.

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JEA, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation, the OGC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of JEA, threatened against JEA or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Water and Sewer System.

Other Matters

[TO BE UPDATED]

On April 21, 2020, the United States District Court for the Middle District of Florida issued a Subpoena to Testify Before Grand Jury to JEA requesting numerous documents and records relating to, among other things, the selection of JEA's former CEO, the former ITN, and a bonus pay plan for senior executives established during the administration of the former CEO. JEA has complied with the subpoena and provided the requested documents and records.

On June 5, 2020, JEA filed a civil action in state court against Mr. Zahn. The complaint accuses Mr. Zahn of engaging in fraudulent behavior while acting as Managing Director and Chief Executive Officer of JEA and breaching both his fiduciary duty to JEA and the public trust.

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ANNUAL DISCLOSURE REPORT
FOR
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2020

**(Prepared pursuant to certain
continuing disclosure undertakings
relating to the Bonds listed
in APPENDIX E hereto)**

Filed on EMMA

Dated as of

[_____, 2021]

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JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(<http://www.jea.com>)

JEA OFFICIALS
BOARD OF DIRECTORS

Chair
Vice Chair
Secretary

John D. Baker II
Robert L. Stein
Martha T. Lanahan
Joseph P. DiSalvo
Dr. A. Zachary Faison, Jr.
Dr. Leon L. Haley, Jr.
Thomas VanOsdol

LEADERSHIP TEAM¹

Managing Director and Chief Executive Officer
Chief Operating Officer
Chief Customer Officer
Chief Human Resources Officer
Chief Financial Officer
Chief Administrative Officer
Chief External Affairs Officer
Chief Strategy Officer

Joseph C. Stowe III
*Vacant*²
Sheila E. Pressley
L. David Emanuel
*Vacant*²
Jody L. Brooks
*Vacant*²
Laura M. Dutton

EXTENDED LEADERSHIP TEAM¹

Vice President, Electric Systems
Vice President, Water/Wastewater Systems
Interim Vice President, Financial Services and Treasurer
Vice President, Supply Chain/Operations Support
Interim Vice President, Chief Information Officer
Chief Legal Counsel
Vice President, Government Relations
Vice President, Environmental Services
Vice President, Economic Development

Ricky D. Erixton
Hai X. Vu
Joseph E. Orfano
Alan D. McElroy
Stephen H. Datz
*Vacant*²
Kurtis R. Wilson
O. Wayne Young
*Vacant*²

GENERAL COUNSEL

Jason R. Gabriel, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

¹ Effective March 1, 2021, JEA implemented a new organizational structure comprised of the Leadership Team and the Extended Leadership Team. For additional information regarding the Leadership Team and the Extended Leadership Team, see "INTRODUCTION - Management and Employees - Management" herein.

² JEA currently plans to complete its vacant position searches by July 30, 2021.

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**ANNUAL DISCLOSURE REPORT
FOR**

**WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR FISCAL YEAR
ENDED SEPTEMBER 30, 2020**

INTRODUCTION

General

This Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2020 (together with the Schedule and the Appendices hereto, this "Annual Disclosure Report") has been prepared and is being filed by JEA in connection with its annual continuing disclosure obligations as an "obligated person" (as defined in Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended), as set forth in the continuing disclosure undertakings of JEA entered into pursuant to Rule 15c2-12 relating to those certain series of bonds more particularly identified in APPENDIX E attached hereto. Information in this Annual Disclosure Report is reported as of September 30, 2020, except where expressly indicated otherwise.

This Annual Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access ("EMMA") website currently located at <http://emma.msrb.org>.

Each of the hereinafter defined Electric System, Water and Sewer System and District Energy System is owned and operated by JEA separately. For information relating to JEA's Electric System, see "ANNUAL DISCLOSURE REPORT FOR ELECTRIC UTILITY SYSTEM FOR FISCAL YEAR ENDED SEPTEMBER 30, 2020" (the "Electric ADR"), which is available on EMMA. **The revenues of each system do not constitute revenues of the other two systems, and, except as described under "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer System - Water and Sewer System Support of the District Energy System Bonds" herein, revenues of each system are not pledged to the payment of any debt issued or to be issued by JEA to finance and refinance the other two systems.** JEA may, however, satisfy its annual obligation to transfer funds to the City of Jacksonville, Florida (the "City") with funds derived from any of its utilities systems. See "OTHER FINANCIAL INFORMATION - Transfers to the City" herein.

This Annual Disclosure Report contains information regarding JEA's Water and Sewer System and the District Energy System. For financing purposes and except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of sewer treatment and related services. The debt of JEA relating to the District Energy System is payable from and secured by the revenues derived from JEA's chilled water activities and any local district heating facilities JEA may develop in the future. **Accordingly, (a) except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the information contained herein relating to the Water and Sewer System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained herein relating to the District Energy System is not relevant to the Electric System Bonds, Subordinated Electric System Bonds, Water and Sewer System Bonds or Subordinated Water and Sewer System Bonds and should not be taken into account in evaluating such debt.**

The summaries of or references to the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution and the District Energy System Resolution, and certain amendments thereto, where applicable, (as such terms are hereinafter defined) and certain statutes and other ordinances and documents included in this Annual Disclosure Report do not purport to be comprehensive or definitive; and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of the Water and Sewer System Resolution, the Subordinated Water and Sewer Resolution and the District Energy System Resolution are available on the JEA website at https://www.jea.com/About/Investor_Relations/Bonds.aspx and the other documents referred to in this Annual Disclosure Report may be obtained from JEA; *provided, however*, that a reasonable charge may be imposed by JEA for the cost of reproduction.

Miscellaneous; Forward-Looking Statements

This Annual Disclosure Report is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of any of JEA's debt or securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy JEA's debt in any jurisdiction. The matters discussed in this Annual Disclosure Report and all other documents issued by JEA are for informational purposes only, and holders of JEA's debt, potential investors and/or other interested parties should not rely on such information as their sole source of information about matters related to JEA's debt or in making an investment decision with respect to JEA's existing debt or securities or any other debt or securities which may be offered by JEA. Neither this Annual Disclosure Report nor anything in it shall form the basis of any contract or commitment. By the filing of this Annual Disclosure Report, JEA makes no recommendations and is not giving any investment advice as to any of JEA's debt or securities. In no event shall JEA be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this Annual Disclosure

Report and such information may not be relied upon in evaluating the merits of holding, purchasing or selling any of JEA's debt or securities. The information contained in this Annual Disclosure Report, including any forecast financial information, if any, should not be considered as advice or a recommendation to holders and potential investors in relation to holding, purchasing or selling any such securities. Before acting on any information contained in Annual Disclosure Report, holders and potential investors should consider the appropriateness of the information having regard to these matters, any relevant offering document and in particular, holders and potential purchasers should seek independent financial and/or legal advice. Certain of the information in this Annual Disclosure Report has been compiled from sources believed to be reliable, certain of which has not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions contained or expressed in this Annual Disclosure Report.

This Annual Disclosure Report may contain "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward looking statements. Accordingly, JEA cautions holders and potential purchasers not to place undue reliance on these statements. All statements other than the statements of historical fact could be deemed forward looking and should not be considered a comprehensive representation of JEA's expected operational or financial performance. All opinions, estimates, projections, forecasts and valuations are preliminary, indicative and are subject to change without notice. The information in this Annual Disclosure Report is current as of the dates set forth in this Annual Disclosure Report and there may be events that have occurred or will occur subsequent to such dates that would have a material adverse effect on the operational or financial information that is presented in this Annual Disclosure Report. JEA has not undertaken any obligation to update any information in this Annual Disclosure Report.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to this Annual Disclosure Report, including any forward-looking statements or financial forecasts presented in this Annual Disclosure, and, accordingly, do not express an opinion or any other form of assurance on the information in this Annual Disclosure Report, except where expressly indicated otherwise..

JEA Establishment and Organization

JEA is a body politic and corporate organized and existing under the laws of the State of Florida (the "State") and is an independent agency of the City. The City is a consolidated city-county local government for Duval County, located in Northeast Florida. For information regarding the governing body of JEA (the "JEA Board"), see "INTRODUCTION - JEA Establishment and Organization" below. JEA (then known as Jacksonville Electric Authority) was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (the "Electric System"). In 1997, the Council amended the Charter of the City (the "Charter") in order to authorize JEA to own and operate additional utility functions and, effective on June 1, 1997, the City transferred to JEA the City's combined water and sewer utilities system (the "Water and Sewer System"). Effective as of October 1, 2004, JEA established a separate utility system (the "District Energy System") for its local district energy facilities, including its chilled water activities and any local district heating facilities JEA may develop in the future. The Charter

assigns responsibility for the management of JEA's utility systems, including the Electric System, to the JEA Board. JEA operates and maintains its records on the basis of a fiscal year ending on each September 30th (a "Fiscal Year").

The JEA Board consists of seven members. The Council previously enacted an ordinance placing a referendum question on the November 3, 2020 general election ballot that asked the voters of the City to approve a change to the Charter that would require four members of the JEA Board be appointed by the Council president and three members be appointed by the Mayor of the City. In all cases the appointments would have to be confirmed by the Council. One of the Council president's appointments must be a former JEA employee or a person recommended by an employee, union or group of current or former JEA employees. The referendum item was supported by the majority of voters on November 3, 2020, and on December 8, 2020, the Council enacted an ordinance that codified these changes, among others, into the Charter. The members serve without pay for staggered terms of four years each, with a maximum of two consecutive full terms each.

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

<u>MEMBER</u>	<u>OCCUPATION</u>	<u>TERM⁽¹⁾</u>
John D. Baker II, Chair	Executive Chairman & CEO, FRP Holdings, Inc.	April 16, 2020 – February 28, 2024
Robert L. Stein, Vice Chair	President, The Regency Group	February 28, 2021 – February 28, 2025
Martha T. Lanahan, Secretary	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – February 28, 2023
Joseph P. DiSalvo	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2022
Dr. A. Zachary Faison, Jr.	President & CEO, Edward Waters College	April 16, 2020 – February 28, 2022
Dr. Leon L. Haley, Jr.	CEO, UF Health Jacksonville	April 16, 2020 – February 28, 2024
Thomas VanOsdol	President and CEO, Ascension Florida	April 16, 2020 – February 28, 2023

⁽¹⁾ At the January 28, 2020 JEA Board meeting, the previous Chair of the JEA Board announced her resignation and following such meeting, Mayor Lenny Curry announced that all of the members of the JEA Board would be leaving their positions effective February 29, 2020. Accordingly, all seven of the current members of the JEA Board were subsequently appointed and all of their terms commenced on April 16, 2020.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida ("Nassau County") in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County.

Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (a) the Electric System, (b) the Water and Sewer System, (c) the District Energy System and (d) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. Should any additional utility system be undertaken by JEA in the future, such utility system may, at the option of JEA, constitute an additional utility function added to, and may become a part of, the Water and Sewer System or the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Certain Other Covenants - *Additional Utility Functions*" in APPENDIX B attached hereto. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

Management and Employees

The Charter assigns responsibility for the management of JEA's utilities systems to the JEA Board. JEA employs a Managing Director and Chief Executive Officer as its chief executive officer. The Managing Director, executive officers, directors, managers, executive assistants and other appointed staff, numbering approximately 396 persons, form the management team (the "Management Team") and are not subject to the City's civil service system.

Management

JEA's senior level management has experienced significant changes from 2018 through 2020. JEA previously disclosed such changes in various voluntary notices and offering documents which are available on EMMA. Mr. Stowe assumed his responsibilities at JEA as Managing Director and Chief Executive Officer on November 30, 2020.

Effective March 1, 2021, JEA implemented a new organizational structure comprised of: (a) a "Leadership Team" comprised of a Chief Operating Officer, Chief Customer Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Administrative Officer, Chief External Affairs Officer, and Chief Strategy Officer and (b) an "Extended Leadership Team" comprised of a Vice President, Electric Systems; Vice President, Water/Wastewater Systems; Vice President, Financial Services; Vice President, Supply Chain/Operations Support; Vice President, Chief Information Officer; Chief Legal Counsel; Vice President, Government Relations; Vice President, Environmental Services; and Vice President, Economic Development. The Vice President, Financial Services and Vice President, Chief Information Officer positions are currently filled on an interim basis.

The Leadership Team reports to the Managing Director and Chief Executive Officer. The Vice President, Electric Systems and Vice President, Water/Wastewater Systems will report to the Chief Operating Officer. The Vice President, Financial Services; Vice President, Supply Chain/Operations Support; and Vice President, Chief Information Officer will report to the Chief Financial Officer. The Chief Legal Counsel will report to the Chief Administrative Officer; and the Vice President, Government Relations; Vice President, Environmental Services; and Vice President, Economic Development will report to the Chief External Affairs Officer. The Vice President, Electric Systems; Vice President, Water/Wastewater Systems; the Interim Vice President, Financial Services; Vice President, Supply Chain and Operations Support; and Interim Chief Information Officer will report to the Managing Director and Chief Executive Officer until the vacant positions of Chief Operating Officer and Chief Financial Officer are filled.

The Leadership Team positions of Chief Operating Officer, Chief Financial Officer, and Chief External Affairs Officer are currently vacant. In addition, the Extended Leadership positions of Chief Legal Counsel and Vice President, Economic Development are currently vacant. JEA currently plans to complete its vacant position searches by July 30, 2021.

The following is information regarding the Managing Director and Chief Executive Officer of JEA and the Leadership Team.

Joseph "Jay" C. Stowe III, Managing Director and Chief Executive Officer. Mr. Stowe was named JEA's Managing Director and Chief Executive Officer in November 2020. In his role, he oversees Florida's largest community-owned water, wastewater and electric utility, which employs approximately 2,000 team members and serves more than one million residents and businesses across Northeast Florida.

For more than 25 years in the not-for-profit utility sector, Mr. Stowe has held executive leadership positions and supported groups including: operations, finance, engineering, administration, human resources, and customer experience. Mr. Stowe is a visionary who focuses on elevating employee satisfaction, customer satisfaction, community engagement and economic development – which he believes is critical to JEA's ability to best serve its customers and community.

Prior to joining JEA, Mr. Stowe was CEO of Stowe Utility Group in Chattanooga, Tennessee, where he provided consulting services in support of utility operations, business and functional needs to community-owned utilities across the Southeast and Midwest. He served in senior vice president roles over distributed energy resources and operations for the Tennessee Valley Authority ("TVA"), developing renewable energy, energy efficiency and electrification initiatives. Prior to TVA, he spent more than a decade at Huntsville (Alabama) Utilities, where he served as VP of Operations and COO before becoming President and CEO. Under Mr. Stowe's leadership, Huntsville Utilities grew to become the 15th largest public gas system in the country, the 20th largest public electric system in the country and one of the largest water systems in the Southeast. Earlier, he served as Utilities Director in Shelby, N.C. and Public Works and Utilities Director in Newton, N.C. He started his career working for private engineering firms in the Carolinas and Ohio.

Mr. Stowe earned a bachelor's degree in civil engineering from North Carolina State University.

Sheila E. Pressley, Chief Customer Officer. Ms. Pressley was named JEA's Interim Chief Customer Officer in November 2020. Over her 18-year tenure at JEA, she has provided a wealth of operational and strategic leadership, including service on the extended leadership team and the Customer Experience Business Unit executive leadership team. She has also held leadership positions in Revenue Cycle, Customer Assistance Programs, Call Center Operations, Meter Reading, and Commercial Client Relationships departments and was the Communications and Change Manager for the Customer Care & Billing Project. Additionally, she was among the team members who championed customer satisfaction initiatives that led to JEA's 51-point improvement in the 2013 JD Power Residential Customer Satisfaction Survey.

Ms. Pressley is heavily engaged in community and civic endeavors. She has served as a JAX Chamber Trustee and serves on the board of directors for several nonprofit agencies. She is a 2019 Leadership Jacksonville graduate and volunteers her time to support this longstanding leadership program. She is currently serving a second term as Chair of the Planning Committee for the Northeast Florida Community Action Agency (NFCAA), a nonprofit agency purposed to stabilize vulnerable households and empower families in Northeast Florida to achieve self-sufficiency through education, employment, and advocacy. She also serves on the National Energy & Utility Affordability Coalition (NEUAC) board of directors, a nationwide organization that advocates for the energy needs of low-income households. She is a former board member of Community Health Charities of Florida and a past mentor with Take Stock in Children.

L. David Emanuel, Chief Human Resources Officer. Mr. Emanuel was named JEA's Senior Vice President and Chief Human Resources Officer in February 2021. He is responsible for the development and implementation of organizational re-design efforts, talent acquisition, succession planning, compensation plans, and employee engagement efforts critical to JEA's efficiency and productivity.

As a human resources executive with over 30 years of experience in a variety of sectors, Mr. Emanuel strives to help others navigate personnel and organizational matters in a thoughtful, progressive and meaningful manner. He has worked globally, while learning the value of diversity of cultures. He firmly believes that while rules, policies, standards, and expectations can differ, respect for the individual cannot.

Prior to joining JEA, Mr. Emanuel served in a number of senior leadership roles, most recently as Chief Human Resources Officer for APR Energy, a global organization responsible for designing, manufacturing, and operating emergency power sources to customers in 35 countries internationally. He also worked as Senior Vice President of Global Human Resources for CIT, where he was responsible for business process redesign of all human resources in the corporate functional, operations and administration areas across its global footprint. Additionally, Mr. Emanuel was Vice President of Global Human Resources for Anschutz Entertainment Group (AEG) Worldwide, where he was head of the global human resources sports and entertainment business, encompassing sports teams, entertainment, content management, product development, and facility management for over 35 major venues around the world.

Mr. Emanuel is the Chair of the Dean's Council at the University of North Florida, Co-Chair of the Talent Advancement Network for the Jacksonville Chamber of Commerce, and has been a speaker for the Minority Business Roundtable for over a decade. He earned a bachelor's degree in history from Wittenberg University.

Jody L. Brooks, Chief Administrative Officer. Ms. Brooks rejoined the Office of General Counsel of the City ("OGC") in April 2020 and prior to her appointment as Chief Administrative Officer on March 1, 2021, served as Chief Legal Counsel to JEA where she provided operational, transactional and governance legal services to the organization.

Ms. Brooks previously worked for OGC from April 2013 to March 2019 and served as the Chief Legal Officer for JEA from 2016 to 2019. Immediately prior to rejoining OGC, Ms. Brooks worked as an Assistant County Attorney for Clay County.

Prior to her public service, Ms. Brooks served as General Counsel at Allen Land Group Inc. and in-house counsel with The St. Joe Company. She began her legal career as an associate with Lewis, Longman and Walker, P.A.

Ms. Brooks received her Juris Doctor, with honors, from the University of Florida, Fredric G. Levin College of Law, with a Certificate in Environmental Land Use Law in December 2000. [BIOGRAPHICAL SKETCH TO BE REVIEWED]

Laura M. Dutton, Chief Strategy Officer. Ms. Dutton assumed the new role of JEA's Chief Strategy Officer in March 2021. In her role, she leads a team focused on corporate strategy and support, including Analytics, Continuous Improvement, Board Services, Real Estate, New Solutions, Market Development and Learning and Development.

Ms. Dutton has served the public power industry for more than 17 years with experience in strategy development, planning and analysis. She also served as Senior Advisor in External Relations and Resources & Operations Support organizations. Most recently, she was responsible for Talent Planning at Tennessee Valley Authority (TVA) in Chattanooga, Tennessee

The following is information regarding the Extended Leadership Team.

Ricky D. Erixton, Vice President, Electric Systems. Mr. Erixton began his career as a co-op student at JEA in 1989 in the Substation Maintenance Department and joined JEA in a permanent role in 1991 as an engineer in the System Operations Department. During his 30 year career at JEA, Mr. Erixton has worked in the System Operations Department, managed Bulk Power Operations, had leadership positions in Transmission and Distribution Maintenance, Substation and Transmission Maintenance, and most recently was Senior Director of Transmission and Distribution where he was responsible for the maintenance of the entire Electric System from the generation resources to the customer.

Mr. Erixton holds a Bachelor of Science in Electrical Engineering from the University of Florida and holds a NERC System Operator Certification.

Hai X. Vu, Vice President, Water/Wastewater Systems. Mr. Vu has nearly 22 years of experience in the water and wastewater industry. Prior to joining JEA in 2004, Mr. Vu worked as

a design engineer and project manager for a consulting firm. At JEA, he has served as the professional engineer for the Water and Sewer Expansion Authority, professional engineer for the development review group, project manager overseeing engineering and construction of various water and wastewater facilities, Manager of Water Plants Engineering and Construction, and Director of Water/Wastewater & Reuse Treatment and District Energy System.

Mr. Vu has a Bachelor of Science degree in Engineering Science and a Bachelor of Science degree in Environmental Engineering from the University of Florida. He received a Master of Business Administration from the University of North Florida and a Master of Science in Environmental Engineering from the University of Central Florida. He is a licensed Professional Engineer in Florida.

Joseph E. Orfano, Interim Vice President, Financial Services and Treasurer. Mr. Orfano has served as Interim Vice President, Financial Services, of JEA since February 2021 and as Treasurer beginning in December 2013. He also served as Interim Chief Financial Officer from December 2019 through June 2020. He is responsible for overseeing all financial affairs for the utility including financial reporting, treasury, rates, financial planning, budgeting and insurance. Mr. Orfano currently serves on the Finance and Audit Committee of The Energy Authority ("TEA").

Prior to joining JEA, Mr. Orfano was Director of Treasury at a mining company located in Scottsdale, Arizona. Before that, he held a variety of treasury management positions over the course of more than 20 years in a number of large diversified electric utility companies including NV Energy, Inc., SCANA Corporation and Florida Progress Corporation. Early in his career, Mr. Orfano gained experience in corporate banking in Florida and Pennsylvania. He holds a B.B.A. in Finance from the University of Notre Dame.

Alan D. McElroy, Vice President, Supply Chain/Operations Support. Mr. McElroy joined JEA in 2014 as the Director of Fleet Services. Most recently, he served as the Director of Operations Support Services, which includes fleet services, facilities, supply chain (warehousing, investment recovery operations), utility locates and emergency preparedness.

Mr. McElroy joined JEA after a 32-year career at Duke Energy, where he served as Vice President of Fleet Services and Meter Operations. After the 2006 merger of Duke Energy and Cinergy in the Midwest, Mr. McElroy led the combined Fleet Services and Meter Operations team.

Mr. McElroy earned a Bachelor of Science in Civil Engineering from the University of Alabama, where he also received the Distinguished Fellow of Civil, Construction and Environmental Engineering recognition. He received a Master of Business Administration from Queens University.

Stephen H. Datz, Interim Vice President, Chief Information Officer. Mr. Datz has worked in the Information Technology field for more than 30 years. His career at JEA includes positions as Director, IT Infrastructure and Compliance Assurance; Director, Technology Infrastructure; Manager, Technical Services; as well as system project leader for data architect. His previous roles, working for the St. Johns River Power Park, included responsibilities for supporting a global

network infrastructure in addition to leading the planning, analysis, design, construction, testing and implementation of several IT enterprise system upgrades.

Mr. Datz received his Bachelor of Science in Information Systems from the University of North Florida.

Kurtis R. Wilson, Vice President, Government Relations. Mr. Wilson joined JEA in March 2020 on an interim basis to lead its Office of Government Affairs, which is responsible for fostering relationships with federal, state and local partners and legislative bodies that impact JEA.

Prior to joining JEA, Mr. Wilson served 25 years with the Jacksonville Fire & Rescue Department, moving through the ranks from firefighter to Director/Fire Chief. It is there that his government affairs responsibilities began in 2011, when he was appointed to Division Chief of Administrative Services. Following that, he was appointed to Division Chief of Fire Prevention in 2012, Division Chief of Operations in 2013, and ultimately Chief of the Department in 2015. In that role he worked with most city agencies, department heads and local elected officials to help solve problems they faced in the realm of public safety. His responsibilities included managing 1,600 personnel, all budget and legislative affairs, delivering state-of-the-art fire-rescue services to Duval County residents, and managing responses to large-scale events such as hurricanes Matthew and Irma, industrial accidents and multi-alarm structure fires.

Mr. Wilson earned a Bachelor of Science in Public Administration from Flagler College and holds numerous certifications in Incident Command System, Hazardous Materials, and Urban Search and Rescue.

O. Wayne Young, Vice President Environmental Services. Mr. Young is a Jacksonville native. His 15 years at JEA were preceded by a highly decorated military career. During his career at JEA, Mr. Young has served as Director, Meter Reading, Billing and Revenue Collections; Director, Advanced Network Metering; Director, Industrial, Commercial and Business Client Relations; Director, Government Affairs and Economic Development; and Director, Environmental Programs. He currently serves in the position of Vice President Environmental Services.

Mr. Young's military career is highlighted by service in the Pentagon as Political Affairs Officer to numerous foreign countries and wartime Command of two Naval Warships - AEGIS Cruiser and Guided Missile Frigate. He also served as Director of the Navy's Surface Warfare Engineering School and has earned certifications in operating mechanical, electrical, and water generation and distribution systems.

Mr. Young holds a Bachelor of Science degree from the U.S. Naval Academy, and a Master of Science in Telecommunications Systems and Master of Arts in Strategic Policy and Decision Making.

Employees

The employees of JEA are considered to be governmental (public) employees and, as such, have the right to organize, be represented and bargain collectively for wages, hours and terms and conditions of employment, as provided in Chapter 447, Part II, Florida Statutes. Florida state law

prohibits strikes and concerted work slowdowns by governmental (public) employees. Pursuant to the Charter, JEA has full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees and, consistent with the provisions of the Charter relating to civil service, to establish employment policies relating to hiring, promotion, discipline, termination and other terms and conditions of employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2020, JEA had 2,158 budgeted employee positions (exclusive of the Power Park (as defined in the Electric ADR) employees referred to below), of which 625 were budgeted to the Water and Sewer System, six were budgeted to the District Energy System, and 1,527 were budgeted to the Electric System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,530 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), the International Brotherhood of Electrical Workers ("IBEW"), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers' International Union of North America ("LIUNA"), all of which are affiliated with the AFL-CIO, and by a professional employees' association (the "PEA," Professional Employees Association) and a supervisors' association (the "JSA," Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the Council, and are effective through September 30, 2022.

Pension

Substantially all of JEA's employees participate in the City's general employees pension plan ("GEPP"). See Note 12 to JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City's plan. The Actuarial Valuation and Review as of October 1, 2018 for the City's GEPP (the "2018 Actuarial Valuation Report") and the Actuarial Valuation and Review as of October 1, 2019 for the City's GEPP (the "2019 Actuarial Valuation Report") are available for viewing and downloading from the City's website at: (<http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements>) and selecting the October 1, 2018 Valuation or the October 1, 2019 Valuation, respectively, under "General Employees Retirement Plan."

For the five Fiscal Years ended September 30, 2015, 2016, 2017, 2018 and 2019, JEA contributed \$40,179,000, \$43,156,000, \$48,942,000, \$35,459,523 and \$33,855,607 to the GEPP. JEA's minimum required contribution to the GEPP for the Fiscal Year ending September 30, 2020 was \$37,592,034.

[Preparation of the Actuarial Valuation and Review as of October 1, 2020 for the City's GEPP has not been completed as of the date of this Annual Disclosure Report. The

following discussion is based on the 2019 Actuarial Valuation Report and the 2018 Actuarial Valuation Report, the latest two reports available.]

JEA expects that its annual contributions to GEPP will be at lower levels in the near term than it had been for Fiscal Year Ended September 30, 2017 primarily due to the recognition of a pension liability surtax beginning with Fiscal Year Ended September 30, 2017 and then it expects its annual contributions to GEPP to increase over the longer-term as a result of the expected increase in the GEPP's unfunded actuarial accrued liability. JEA expects that the GEPP's unfunded actuarial accrued liability and JEA's portion of that unfunded liability will continue to increase over the near term primarily due to a delay in receipt of the revenues from the pension liability surtax.

For the Fiscal Year ended September 30, 2019, the aggregate unfunded actuarial accrued liability for the GEPP was \$1,278,140,150, which represented an increase of \$103,004,940 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2018 of \$1,175,135,210. For the Fiscal Year ended September 30, 2018, the aggregate unfunded actuarial accrued liability for the GEPP was \$1,175,135,210, which represented an increase of \$93,821,769 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2017 of \$1,081,313,441. JEA was informed by the City that the actuary for the GEPP calculated (a) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2019 of \$616,855,471 (an increase of \$51,062,602 from JEA's allocated share for Fiscal Year 2018) of the aggregate amount of \$1,278,140,150 and (b) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2018 of \$565,792,869 (an increase of \$42,416,322 from JEA's allocated share for Fiscal Year 2017) of the aggregate amount of \$1,175,135,210. The actuarial accrued liability is an estimate by the actuary for GEPP of the present value of the amount of earned benefit payments that GEPP will pay to retirees during retirement. The unfunded actuarial accrued liability represents the amount that the actuarial accrued liability exceeds assets in GEPP available to pay those benefit payments. These figures are based on numerous assumptions, such as retirement age, mortality rates, and inflation rates, and use numerous methodologies all of which can cause the actual performance of the GEPP to differ materially from the estimates of the actuary in any actuarial valuation. However, based on the current unfunded actuarial accrued liability of the GEPP, JEA expects that its annual contributions to GEPP will be increasing over the near future to fund its portion of the unfunded amount.

JEA also maintains a medical benefits plan that it makes available to its retirees. The medical plan is a single-employer, experience-rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries. JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees.

See Note 12, Note 13 and pages 106-113 of JEA's Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, "other post-employment benefit" plan and actuarial accrued liability.

Certain Demographic Information

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area ("MSA") is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,559,514 as of July 1, 2019. The Jacksonville MSA is currently the fourth most populous MSA in the State. The table below shows the population for the Jacksonville MSA.

Population

<u>Year</u>	<u>Jacksonville MSA</u>
1980	722,252
1990	906,727
2000 ⁽¹⁾	1,122,750
2010	1,345,596
2019	1,559,514

Source: United States Census Bureau
⁽¹⁾ Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (the home field of the National Football League's Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

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The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State and the United States for calendar years 2010 through 2019.

<u>Year</u>	<u>Jacksonville MSA Labor Force</u>			<u>Unemployment Rate (%)</u>	
	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment Rate (%)</u>	<u>Florida</u>	<u>U.S.</u>
2010	697,120	622,208	10.7	11.1	9.6
2011	701,533	633,405	9.7	10.0	8.9
2012	704,090	646,370	8.2	8.5	8.1
2013	709,351	659,773	7.0	7.2	7.4
2014	715,253	670,631	6.2	6.3	6.2
2015	718,820	680,220	5.4	5.5	5.3
2016	735,105	701,068	4.6	4.8	4.9
2017	759,045	728,247	4.1	4.2	4.4
2018	770,771	743,987	3.5	3.6	3.9
2019	785,189	760,810	3.1	3.1	3.7

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics database <https://www.bls.gov/lau/data.htm> (for Jacksonville MSA and Florida annual data) and Current Population Survey database <https://www.bls.gov/cps/cpsaat01.htm> (for U.S. annual data). Annual data are not seasonally adjusted.

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the 12 months ended December 2020.

	<u>Number of Employees</u>	<u>Percent of Distribution</u>
Trade, Transportation and Utilities	150,300	21.4
Education and Health Services	111,200	15.8
Professional and Business Services	109,300	15.5
Government	77,700	11.0
Leisure and Hospitality	75,000	10.7
Finance	67,500	9.6
Construction	45,700	6.5
Other Services ⁽¹⁾	34,700	4.9
Manufacturing	<u>32,300</u>	<u>4.6</u>
Total Non-Agricultural Employment (Except Domestic, Self-Employed And Unpaid Family Workers)	<u>703,700</u>	<u>100.0</u>

Source: Bureau of Labor Statistics Current Employment Statistics database, extracted from Florida Department of Economic Opportunity <http://www.floridajobs.org/workforce-statistics/data-center/statistical-programs/current-employment-statistics>.

⁽¹⁾ Consists of other services, information and natural resources and mining.

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The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Approximate No. of Employees</u>
Baptist Health System	Healthcare	10,650
Bank of America / Merrill Lynch	Banking	7,700
Mayo Clinic	Healthcare	6,400
Florida Blue	Health Insurance	5,700
Southeastern Grocers	Supermarkets	5,700
St. Vincent's Healthcare	Healthcare	5,380
Amazon	E-commerce Fulfillment	4,300
UF Health Jacksonville	Healthcare	4,200
Citibank	Banking	4,000
JP Morgan Chase	Banking	3,900

Source: Jacksonville Regional Chamber of Commerce Research Department.

The following table lists the eight largest governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Type of Entity/Activity</u>	<u>Approximate No. of Employees</u>
Naval Air Station, Jacksonville	United States Navy	20,000
Duval County Public Schools	Public Education	11,550 ⁽¹⁾
Naval Air Station, Mayport	United States Navy	10,030
City of Jacksonville	Municipal Government	7,639 ⁽²⁾
St. Johns County School District	Public Education	5,298 ⁽³⁾
Clay County School Board	Public Education	5,000
Fleet Readiness Center	Maintenance / Repair Overhaul	4,200
United States Postal Service	United States Government	3,800

Source: Jacksonville Regional Chamber of Commerce Research Department.

⁽¹⁾ Duval County Public Schools website, full-time staff (<http://www.duvalschools.org/domain/5268>).

⁽²⁾ City of Jacksonville Annual Budget 2020-21.

(<https://www.coj.net/departments/finance/docs/budget/fy20-21-annual-budget-approved.aspx>).

⁽³⁾ St. Johns County School District website, full- and part-time staff (<http://www.stjohns.k12.fl.us/about/>).

Indebtedness of JEA

The indebtedness of JEA relating to its Water and Sewer System as of the date of this Annual Disclosure Report consists of Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (as such terms are hereinafter defined) and borrowings under the Revolving Credit Facility for the account of the Water and Sewer System. See, "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer System" herein. The indebtedness of JEA relating to the District Energy System currently consists of District Energy System Bonds (as such term is hereinafter defined) and borrowings outstanding under the Revolving Credit Facility for the account of the District Energy System. See "DISTRICT ENERGY SYSTEM - FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM - Debt Relating to the District Energy System" herein. For information regarding the Revolving Credit Facility, see "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. As described under "INTRODUCTION - General" herein, and except as described under "WATER AND SEWER

SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to its Electric System, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources. Accordingly, (a) except as described under "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Debt Relating to Water and Sewer System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the information contained in this Annual Disclosure Report relating to JEA's Water and Sewer System is not relevant to the Electric System Bonds (as described in the Electric ADR), the Subordinated Electric System Bonds (as described in the Electric ADR), Power Park Issue Three Bonds (as described in the Electric ADR), Additional Bulk Power Supply System Bonds (as described in the Electric ADR) or the District Energy System Bonds and should not be taken into account in evaluating such debt; and (b) the information contained in this Annual Disclosure Report relating to the District Energy System is not relevant to the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds, the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

The description of the debt of JEA contained herein and of the documents authorizing, securing and relating to such debt do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents.

For a detailed description of the outstanding debt of JEA as of September 30, 2020, see Note 8 to the financial statements of JEA set forth in APPENDIX A attached hereto.

Strategic Planning

JEA has been actively engaged in strategic planning. As part of its planning process, JEA considered various options with respect to its business which included potential rate increases and/or the redemption or defeasance of various debt obligations of JEA. Consistent with this focus, JEA launched its Strategic Asset Realignment Plan ("STAR Plan"), a plan designed to accelerate debt repayment through 2023. In connection with the plan, JEA proposed to utilize a combination of current and future year net revenues and available cash and investments in order to accelerate debt repayment. Due to the expected reduction in cash and investment balances, JEA previously increased the size of its Revolving Credit Facility by \$200,000,000 for a total commitment equal to \$500,000,000. See "OTHER FINANCIAL INFORMATION - Revolving Credit Facility" herein. In February 2019, JEA retired \$94,955,000 of Water and Sewer System debt, and in October 2019, JEA retired an additional \$45,425,000 of Water and Sewer System debt as part of this effort. Future redemptions or defeasance of Water and Sewer System debt are subject to availability of funds and JEA Board approval. In addition to the STAR Plan, JEA is also evaluating changes to its cost and rate structures.

Previously Proposed Privatization of JEA

In 2018 and 2019, the Council and the JEA Board took several actions to examine and understand all aspects and implications of a potential sale or restructuring of JEA and to gather the relevant facts and community considerations the Council should consider in any decisions related

to a potential sale of JEA. In December 2019, after significant community opposition to the sale of JEA continued to surface, the JEA Board voted unanimously to discontinue all previously approved actions relating to the potential privatization of JEA. It later became publicly known that a federal grand jury had begun investigating certain aspects of the proposed privatization of JEA. That investigation is ongoing. See "LITIGATION - LITIGATION AND OTHER MATTERS - Other Matters" herein.

On February 4, 2020, the president of the Council convened the Special Investigatory Committee on JEA Matters comprised of five members of the Council (the "Investigatory Committee") to investigate the pursuit to potentially privatize JEA and determine what problems could be prevented in the future through legislative action. The Investigatory Committee met regularly and held its final meeting December 7, 2020. It released its final report on January 4, 2021 in which it made recommendations for future Council consideration in the areas of procurement, Council investigatory authority, compensation programs and ethics and transparency.

Other legislation concerning JEA may be proposed by the Council from time to time. JEA cannot predict whether such legislative proposals will be approved by Council or the outcome of such legislation proposals. Although it has not adopted a resolution to that effect, the current JEA Board has publicly stated that JEA is not for sale and that it is JEA's intent to remain a municipally-owned, independent authority of the City.

WATER AND SEWER SYSTEM

WATER AND SEWER SYSTEM FUNCTIONS

General

The Water and Sewer System consists of (a) facilities for the provision of potable water (hereinafter referred to as the "Water System"), (b) facilities for the collection and treatment of wastewater (hereinafter referred to as the "Sewer System") and (c) facilities for the treatment and distribution of reclaimed water (herein referred to as the "Reclaimed Water System"). The Water and Sewer System provides water and sewer service within the urban and suburban areas of the City, other than certain excluded areas described below. The Water and Sewer System's service territory extends into St. Johns County, which is southeast of the City, and Nassau County, which is north of the City, and also serves a number of customers in Clay County, which is southwest of the City. It is JEA's policy to serve any customer requesting service within its urban and suburban service area. Investor-owned utilities must file a petition with the Public Service Commission in order to provide water or wastewater service within the City, and JEA would object to any petition for expansion of investor-owned utility service areas unless it otherwise determines that it would be in JEA's interest not to do so.

The Water System, which served an average of 363,597 customer accounts and 17,031 reuse water customers, respectively, in the Fiscal Year ended September 30, 2020, currently is composed of 38 water treatment plants and three repump facilities, 135 active water supply wells, approximately 4,874 miles of water distribution mains and water storage capacity of 83 million gallons (including the repump facilities). The overall peak capacity of the Water System is

approximately 319 million gallons per day ("mgd"), and the Water System experienced an average daily flow of approximately 118 mgd and a maximum daily flow of approximately 170 mgd during the Fiscal Year ended September 30, 2020. Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, which provides high quality water. Total Water System sales revenues (including water capacity fees) during the Fiscal Year ended September 30, 2020 were approximately \$193,459,000 (see "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Schedules of Debt Service Coverage" herein).

The Sewer System, which served an average of 285,104 customer accounts in the Fiscal Year ended September 30, 2020, currently is composed of 11 wastewater treatment plants that have a rated average daily treatment capacity of approximately 123 mgd and a maximum daily flow capacity of approximately 247 mgd, approximately 1,508 pumping stations, approximately 802 low pressure sewer units and approximately 4,179 miles of gravity sewers and force mains. The Sewer System experienced an average daily flow of approximately 79 mgd and a non-coincident maximum daily flow of approximately 137 mgd during the Fiscal Year ended September 30, 2020. Total Sewer System sales revenues (including sewer capacity fees) during the Fiscal Year ended September 30, 2020 were approximately \$303,055,000 (see "WATER AND SEWER SYSTEM - *FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM* - Schedules of Debt Service Coverage" herein).

Since the transfer of the Water and Sewer System from the City to JEA in 1997, JEA has acquired the assets and customers of seven privately-owned water and sewer companies and one governmentally-owned water and sewer utility. From time to time, JEA may explore other potential acquisition opportunities but presently has no plans to do so.

In July 1999, JEA entered into a 10-year interlocal agreement (the "1999 Interlocal Agreement") with St. Johns County in connection with JEA's acquisition of JCP Utility Company, a standalone water and wastewater utility located wholly within St. Johns County. In 2001, the 1999 Interlocal Agreement was extended to 30 years and amended to include JEA's acquisition of the entire utility system of United Water Florida, Inc., which included those portions of United Water Florida's water and wastewater operations located within St. Johns County (the "2001 Amendment"). In connection with the 2001 Amendment, JEA made an up-front payment in December 2001 to St. Johns County in the amount of the net present value of five percent of JEA's projected gross revenues from the retail sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in St. Johns County, calculated to be \$3,616,576. Under the terms of the 1999 Interlocal Agreement, subsequent utilities were purchased under the 1999 Interlocal Agreement, and St. Johns County granted JEA the right to: 1) provide water and wastewater service to those customers in an acquired franchise area within St. Johns County, 2) provide water and wastewater service to additional areas in St. Johns County not currently served by either the St. Johns County Water and Sewer Department or other water and wastewater utilities and 3) acquire, in JEA's sole discretion, other private utilities in northern St. Johns County. Under the original terms of the interlocal agreement, at the end of each 10-year anniversary of this 30-year interlocal agreement with St. Johns County, JEA will calculate a "true-up" to adjust for the net present value of the actual retail revenues realized if the revenues exceed the projected revenues during the 10-year period. Additionally, after the 10-year and 20-year anniversaries of the agreement, JEA agrees to pay St. Johns County the net

present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid St. Johns County \$12,176,152 on January 11, 2012 for both components related to the first 10-year anniversary. St. Johns County disputed JEA's methodology for computing the true-up payment related to the first 10-year anniversary, and the parties entered mediation and resolved the issue, with the result that future payments will be made on an annual basis. Pursuant to the 1999 Interlocal Agreement, St. Johns County was granted a purchase option with regard to JEA facilities in St. Johns County. In September 2019, as part of its since-canceled privatization initiative, JEA gave notice to St. Johns County of its intent to enter into negotiations for purchase of the St. Johns County facilities, as provided in the 1999 Interlocal Agreement. For additional information regarding the privatization initiative, see "INTRODUCTION - Review of Strategic Alternatives and Potential Privatization of JEA" herein. **[The 1999 Interlocal Agreement remains in place with the same terms in effect prior to the notice provided by JEA in September 2019. JEA and St. Johns County continue to work to clarify the import of the September 2019 notice and the now-cancelled ITN on the 1999 Interlocal Agreement.]**

In December 2001, JEA entered into a 30-year interlocal agreement (the "2001 Interlocal Agreement") with Nassau County in connection with JEA's acquisition of the entire utility system of United Water Florida, Inc., including those portions of United Water Florida's water and wastewater facilities located within Nassau County. JEA made an up-front payment in December 2001 to Nassau County in the amount of the net present value of five percent of JEA's projected gross revenues from the sale of water and wastewater (excluding reclaimed water) which JEA expected to realize in providing such services for the next 10 years in Nassau County, calculated to be \$720,000. Under the terms of the 2001 Interlocal Agreement, Nassau County granted JEA the right to: (a) provide water and wastewater service to those customers in an acquired franchise area within Nassau County and (b) provide water and wastewater service to additional areas in Nassau County not currently served by either Nassau County or other water and wastewater utilities. At the end of each 10-year anniversary of the 2001 Interlocal Agreement with Nassau County, JEA will calculate a "true-up" based on the actual revenues realized during the 10-year period. If the revenues exceed the projected amount, JEA will pay Nassau County the amount that would have been due based on actual revenues. Additionally, after the 10-year and 20-year anniversaries of the 2001 Interlocal Agreement, JEA agrees to pay the county the net present value of five percent of the projected water and wastewater retail revenues that JEA expects to receive for the ensuing 10-year period. Based on this methodology, JEA paid Nassau County \$3,480,556 on January 11, 2012 for both components related to the first 10-year anniversary. Pursuant to the 2001 Interlocal Agreement, Nassau County was granted a purchase option with regard to JEA facilities in Nassau County. The 2001 Interlocal Agreement provided Nassau County 90 days from receipt of written notice from JEA within which to enter into negotiations for purchase of the Nassau County facilities. In September 2019, as part of its since-canceled privatization initiative, JEA gave notice to Nassau County of its intent to enter into negotiations for purchase of the Nassau facilities, as provided in the 2001 Interlocal Agreement. For additional information regarding the privatization initiative, see "INTRODUCTION - Review of Strategic Alternatives and Potential Privatization of JEA" herein. **[The 2001 Interlocal Agreement remains in place with the same terms in effect prior to the notice provided by JEA in September 2019. JEA and Nassau County continue to work to clarify the import of the September 2019 notice and the now-cancelled ITN on the 2001 Interlocal Agreement.]**

Area Served

Water System

The service territory of the Water System includes (a) virtually the entire City, other than the beach communities (Jacksonville Beach, Atlantic Beach and Neptune Beach), the Town of Baldwin, the active United States Navy facilities located within the City and those areas served by a community-owned water and wastewater utility that is not subject to jurisdiction of the Florida Public Service Commission ("PSC") and one investor-owned water utility and one investor-owned sewer utility that provide service within certificated territories under jurisdiction of the PSC, (b) approximately 143 square miles in St. Johns County and (c) approximately 620 square miles in Nassau County. In addition, the Water System serves a small number of customers in Clay County.

The Water System provides service in an area currently comprising approximately 769 square miles in Duval County, approximately 63 square miles in St. Johns County, approximately 77 square miles in Nassau County and approximately four square miles in Clay County. In the remaining areas of the Water System's service territory not currently served by the Water System, other cities, the Navy, the community-owned utility or investor-owned utility, water service is provided through privately owned and operated wells.

Customers of the Water System are charged for water service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary based upon meter size and monthly consumption.

Sewer System

The service territory for the Sewer System is essentially the same as that for the Water System; the area currently served by the Sewer System is approximately 76 percent of the service territory. In the remaining areas of the Sewer System's service territory not currently served by the Sewer System, other cities, the Navy, the community-owned utility or the investor-owned utility, wastewater service is provided through privately owned and operated septic tanks.

Customers of the Sewer System are charged for sewer service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary and are based upon meter size and monthly flow. The Sewer System provides wholesale bulk sewer service to the investor-owned utility mentioned above.

Existing Facilities

Water System

The Water System consists of 20 major and 18 small water treatment plants and three repump facilities, and is divided into two major distribution grids: the north grid and the south grid (one on each side of the St. Johns River), and includes four minor distribution grids: Ponte Vedra, Ponce de Leon, Mayport and Nassau County. The major distribution grids are fully interconnected, which provides the Water System with a high degree of redundancy. The purpose of such interconnectivity is to provide sufficient water capacity at the least cost which meets JEA's

desired level of customer service requirements and complies with water quality criteria while avoiding adverse impacts on the Floridan Aquifer. The Water System has 135 active wells supplying the various water plants. Each plant consists of wells, aerators, ground storage tanks, water quality treatment and pH monitoring and chlorination facilities. Control is by computer with regular operator oversight. The rated maximum daily treatment capacity of the Water System is approximately 305 mgd for the north and south grids together and 319 mgd for the total Water System, taking into consideration maintenance factors. Treatment at the water plants currently consists of aeration and detention to oxidize hydrogen sulfide and addition of sodium hypochlorite, provide disinfection and prevent biological growth in the water distribution system. JEA also uses packed tower forced draft aeration and ozone to treat hydrogen sulfide at several facilities.

The following table shows the daily average and maximum flow capacities for the Fiscal Years ended September 30, 2016 through 2020:

Fiscal Year Ended September 30,	Average Daily Flow (mgd)	Maximum Daily Flow (Non-Coincident) (mgd)
2016	111	154
2017	114	187
2018	112	152
2019	117	173
2020	118	170

The following table shows the rated maximum daily treatment capacity during the Fiscal Year ended September 30, 2020 for each distribution grid:

Grid	Maximum Daily Treatment Capacity (mgd)
North grid	116
South grid	189
Other	14
Total	<u>319</u>

The water distribution system consists of approximately 4,874 miles of water distribution mains ranging from two to 36 inches in diameter. The water distribution mains are made of various materials, including polyvinyl chloride ("PVC"), galvanized steel, ductile iron, cast iron and asbestos cement. The majority of the water distribution mains are made of PVC, with **[less than one percent]** of the water distribution system being composed of asbestos cement pipe. Water quality monitoring in the areas containing asbestos cement pipe has shown all areas to be within the United States Environmental Protection Agency ("EPA") and the Florida Department of Environmental Protection ("FDEP") regulatory limits. The asbestos cement pipe has been in service for several decades, and JEA anticipates removal of this pipe from the Water System through routine replacement of aging water mains. Virtually all new water system distribution mains are constructed of PVC.

Total finished water storage capacity of the Water System is 83 million gallons. All water storage facilities are located at the various water treatment plants, including three repump facilities. The Water System does not utilize elevated storage tanks.

Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, with high quality water. The Floridan Aquifer covers most of Florida and parts of Georgia and South Carolina. The Floridan Aquifer should be capable of meeting JEA's needs well into the future; *provided* that JEA continues its three-part program and well water quality program described under "Regulation - *Public Water Supply System*" below. Some capital expenditures are required to maintain this capacity, but these expenditures are expected to be equal to or less than those experienced by other Florida water systems of similar size and with similar water supply. As of the date of this Annual Disclosure Report, water quality monitoring of JEA well fields has not detected the presence of any man-made compounds at actionable levels, and water quality impacts are limited to selected wells on the south grid from localized upwelling of trapped water from deep fissures - not the result of lateral salt water intrusion. JEA is the largest single user of water from the Floridan Aquifer in Duval County. Other major users include the paper industry and investor-owned utilities. JEA currently operates under one Consumptive Use of Water Permit ("CUP"). JEA expects that the current permitted withdrawal allocations should be sufficient to satisfy customer demands for the 20-year planning period, subject to compliance with the various conditions set forth in the CUP for 20 years from May 2011 to 2031.

Sewer System

The Sewer System consists of approximately 4,179 miles of gravity sewers and force mains. The gravity sewers range from six to 84 inches in diameter and the force mains range from three to 54 inches in diameter. Approximately 72 percent of the gravity sewers and force mains are made of PVC, with the remaining sewers and mains consisting of various materials including, among others, concrete, vitrified clay, ductile iron, cast iron and polyethylene. Virtually all new sewer system gravity sewers and force mains are constructed of PVC, and the majority of sewer system rehabilitation (using pipe bursting technology) is constructed of high density polyethylene.

The Sewer System has approximately 1,508 pumping stations, approximately 802 low pressure sewer units and 11 treatment plants ranging in rated average daily treatment capacity from 0.2 to 52.5 mgd. Each of the treatment plants provides a minimum of secondary treatment with biological nutrient removal utilized at the major treatment plants. All sludge from the treatment plants is pumped or trucked to either permitted land application sites or a JEA-owned biosolids processing facility for anaerobic digestion, centrifuge dewatering and pelletization in preparation for beneficial use. Current sludge production averages approximately 32.8 dry tons per day ("dt/day"). The Residuals Management Facility ("RMF") is permitted at an annual capacity of 20,290 dry tons per year (64.1 dry tons per day). The RMF produces a usable product (fertilizer) from the sludge. Design of a new biosolids processing facility is underway, which will include solids thickening, dewatering, and cake loadout facilities in a new building. JEA also plans to replace the dryer with new dryers in a new building.

The following table shows the average and maximum daily wastewater treatment flows and the rated average and maximum daily wastewater treatment capacities during the Fiscal Year ended September 30, 2020 for each of JEA's seven regional wastewater treatment plants and corresponding information for JEA's smaller wastewater treatment plants:

Wastewater Treatment Plant	Average Daily Flow (mgd) (Fiscal Year ended September 30, 2019)	Maximum Daily Flow (mgd) (Fiscal Year ended September 30, 2019)	Rated Average Daily Treatment Capacity (mgd)⁽¹⁾	Rated Maximum Daily Treatment Capacity (mgd)⁽¹⁾
Buckman	25.84	58.16	52.50	105.00
District 2	5.69	7.80	10.00	20.00
Southwest	11.72	21.35	14.00	28.00
Arlington East	19.97	28.51	25.00	50.00
Mandarin	6.00	9.13	8.75	17.50
Julington Creek Plantation	0.90	1.07	1.00	2.00
Blacks Ford	4.76	5.51	6.00	12.00
Nassau	1.40	1.66	1.55	3.10
Monterey	2.00	2.88	3.60	7.20
Ponte Vedra	0.67	1.11	0.80	1.60
Ponce De Leon	<u>0.08</u>	<u>0.12</u>	<u>0.24</u>	<u>0.48</u>
Total	<u>79.03</u>	<u>137.30</u>	<u>123.44</u>	<u>246.88</u>

⁽¹⁾ Since the rated maximum daily treatment capacity of each wastewater treatment plant is approximately twice the rated average daily treatment capacity, the Sewer System is able to accept and handle surges that come with peak usage periods (morning and evening) and heavy rains. On-going system maintenance and improvements are aimed at continuing to decrease peak surges from heavy rains and infiltration into the collection system (*i.e.*, storm water and/or ground water that enters the sewer system through cracks or openings in the collection system) and inflow (*i.e.*, water that enters the sewer system through illegal or unpermitted piped connections to the collection system).

Five of the regional wastewater treatment plants (Buckman, District 2, Southwest, Arlington East and Mandarin) provide advanced secondary treatment and two of the regional wastewater treatment plants (Blacks Ford and Nassau) provide advanced waste treatment. The Buckman, District 2, Southwest, Arlington East, Mandarin and Blacks Ford wastewater treatment plants utilize ultraviolet light disinfection (irradiation of the water), and the Julington Creek Plantation plant utilizes chlorination for disinfection and SO₂ for dechlorination prior to discharge to the St. Johns River.

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Although effluent disposal currently is predominately surface water discharge, JEA initiated implementation of a reclaimed water reuse program in 1999 with its acquisition of the assets and customers of an investor-owned water and wastewater utility which had an existing program for reuse of reclaimed water by customers. JEA has established an expanding program to substantially increase water reclamation systems in Nassau, Duval and St. Johns Counties. JEA is actively developing additional reclaimed water capacity, and as of September 2020, the reclaimed water capacity (in mgd) was approximately:

<u>Facility</u>	<u>Capacity (mgd)</u>
Arlington East (Public Access)	8.00
Mandarin (Public Access)	8.75
Blacks Ford (Public Access)	6.00
Julington Creek Plantation (Public Access)	1.00
Ponte Vedra (Public Access)	0.80
Nassau (Public Access)	1.55
Buckman (Non-Public Access)	7.70
District 2 (Non-Public Access)	6.00
Southwest (Non-Public Access)	0.80
Ponce De Leon (Non-Public Access)	<u>0.24</u>
Total	<u>40.84</u>

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Customers and Sales

Water System

During the Fiscal Year ended September 30, 2020, the Water System served an average of 363,597 customer accounts and 17,031 reuse water customers, respectively. Water System revenues, including revenues from environmental charges, sales of water, expressed in 1,000 gallons ("kgal") and the average number of Water System customer accounts, all by customer classification, for the Fiscal Year ended September 30, 2016 through 2020 are shown in the following table:

	Fiscal Year Ended September 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Water Revenues					
Residential	\$100,316	\$ 96,699	\$ 91,954	\$ 96,615	\$ 89,946
Commercial and Industrial	47,011	47,619	47,494	47,969	46,212
Irrigation	35,030	34,800	32,004	36,836	34,846
Subtotal	\$182,357	\$179,118	\$171,452	\$181,420	\$171,004
Reuse Water	<u>21,097</u>	<u>17,909</u>	<u>13,659</u>	<u>13,216</u>	<u>10,267</u>
TOTAL	<u>\$203,454</u>	<u>\$197,027</u>	<u>\$185,111</u>	<u>\$194,636</u>	<u>\$181,271</u>
Water Sales (kgals):					
Residential	18,839,990	17,921,588	16,932,812	17,624,952	17,086,586
Commercial and Industrial	13,540,631	13,958,000	14,023,130	13,402,094	13,343,376
Irrigation	5,891,176	5,816,484	5,230,617	6,218,142	5,927,957
Subtotal	38,271,797	37,696,072	36,186,559	37,245,188	36,357,919
Reuse Water	<u>4,426,905</u>	<u>3,884,210</u>	<u>3,119,739</u>	<u>3,290,311</u>	<u>2,644,046</u>
TOTAL	<u>42,698,702</u>	<u>41,580,282</u>	<u>39,306,298</u>	<u>40,535,499</u>	<u>39,001,965</u>
Average Number of Accounts:					
Residential	299,872	292,460	285,404	278,838	272,157
Commercial and Industrial	26,190	25,963	25,702	25,423	24,698
Irrigation	37,535	37,212	37,053	36,755	36,284
Subtotal	363,597	355,635	348,159	341,016	333,139
Reuse Water	<u>17,031</u>	<u>14,267</u>	<u>11,498</u>	<u>9,391</u>	<u>7,498</u>
TOTAL	<u>380,628</u>	<u>369,902</u>	<u>359,657</u>	<u>350,407</u>	<u>340,637</u>

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Sewer System

During the Fiscal Year ended September 30, 2020, the Sewer System served an average of 285,104 customer accounts. Sewer System revenues, including revenues from environmental charges, volume of wastewater treatment billed and the average number of Sewer System customer accounts, all by customer classification, for the Fiscal Years ended September 30, 2016 through 2020 are shown in the following table:

	Fiscal Year Ended September 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Sewer Revenues (000's omitted):					
Residential	\$151,893	\$146,186	\$139,174	\$143,967	\$135,288
Commercial and Industrial	<u>109,682</u>	<u>110,724</u>	<u>108,126</u>	<u>107,446</u>	<u>103,731</u>
TOTAL	<u>\$261,575</u>	<u>\$256,910</u>	<u>\$247,300</u>	<u>\$251,413</u>	<u>\$239,019</u>
Volume (kgals):					
Residential	16,405,359	15,717,129	14,623,682	15,225,124	14,614,026
Commercial and Industrial	<u>11,754,843</u>	<u>12,009,667</u>	<u>11,716,940</u>	<u>11,487,646</u>	<u>11,203,632</u>
TOTAL	<u>28,160,202</u>	<u>27,726,796</u>	<u>26,340,622</u>	<u>26,712,770</u>	<u>25,817,658</u>
Average Number of Accounts:					
Residential	266,460	259,308	252,531	246,187	239,738
Commercial and Industrial	<u>18,644</u>	<u>18,507</u>	<u>18,340</u>	<u>18,149</u>	<u>17,981</u>
TOTAL	<u>285,104</u>	<u>277,815</u>	<u>270,871</u>	<u>264,336</u>	<u>257,719</u>

Largest Customers***Water System***

The 10 highest consumption customers served by the Water System composed 5.9 percent of total Water System consumption during the Fiscal Year ended September 30, 2020. The following table sets forth the 10 highest consumption customers, by kgal, during the Fiscal Year ended September 30, 2020.

<u>Customer Account</u>	<u>Annual Billed (kgal)</u>	<u>Percentage of Total</u>
St. Johns County Utility	591,411	1.4
City of Jacksonville	550,726	1.3
Southern Baptist Hospital	268,201	0.6
Duval County Public Schools	211,020	0.5
The American Bottling Company	208,998	0.5
Mayo Clinic Jacksonville	174,682	0.4
Mid-America Apartments	143,170	0.3
Johnson & Johnson Vision Care	141,309	0.3
WWF Operating Company	135,005	0.3
American Homes 4 Rent	<u>134,191</u>	<u>0.3</u>
Total	<u>2,558,713</u>	<u>5.9</u>

Sewer System

The 10 customers with the highest usage level served by the Sewer System composed 5.8 percent of the total volume of wastewater treatment billed during the Fiscal Year ended September 30, 2020. The following table sets forth the 10 customers with the highest usage level, by volume of wastewater treatment billed, during the Fiscal Year ended September 30, 2020.

<u>Customer Accounts</u>	<u>Annual Billed (kgal)</u>	<u>Percentage of Total</u>
St. Johns County Utility	312,532	1.1
City of Jacksonville	275,253	1.0
Duval County Public Schools	152,336	0.5
Southern Baptist Hospital	140,943	0.5
Mayo Clinic Jacksonville	135,575	0.5
Symrise Inc	129,823	0.5
The American Bottling Company	128,280	0.5
WWF Operating Company	123,538	0.4
American Homes 4 Rent	110,099	0.4
Mid-America Apartments	<u>104,698</u>	<u>0.4</u>
Total	<u>1,613,077</u>	<u>5.8</u>

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. New commercial accounts are generally assessed a deposit. Residential customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria or do not maintain a good payment record may be assessed a deposit, which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days. The amount of uncollectible accounts is budgeted to be approximately 0.3 percent of estimated gross Water and Sewer System revenues for the Fiscal Year ending September 30, 2021. Actual uncollectible accounts were 0.12 percent of gross Water and Sewer System revenues for the Fiscal Year ended September 30, 2020.

Rates

General

Water and Sewer System revenues are derived from two basic types of charges: (a) monthly service charges and (b) connection charges (which include capacity charges). Additionally, environmental charges collected are reflected in Water and Sewer System Revenues. The JEA Board has sole discretion to set rate levels and revenue requirements for the Water and Sewer System. JEA sets its retail rates after a public hearing.

Generally, Water System customers are charged for monthly water service based upon metered consumption, and Sewer System customers are charged for monthly sewer service based upon water consumption during that same month, utilizing readings of the water meters. Approximately 14 percent of the customers of the Water System have separate meters for water used for irrigation purposes. In those cases, billings for monthly sewer service exclude the water

used for irrigation purposes. In the case of Sewer System customers that obtain water service from a community- or investor-owned utility, monthly sewer charges are based upon readings of that utility's water meter. In the case of Sewer System customers that obtain water from privately owned wells, water meters meeting JEA's requirements are required to be installed, and monthly sewer charges are based upon readings of those meters. In addition, in some instances, non-residential customers have separate meters to measure wastewater flows, and JEA charges those customers for sewer service based upon readings of such separate meters. Further, certain non-residential Sewer System customers are subject to surcharges for wastewater discharges that exceed certain designated levels of chemical oxygen demand and suspended solids.

The rates for monthly water and sewer service shown in the following tables have been in effect since October 1, 2012 and remain in effect as of September 30, 2020 and as of the date of this Annual Disclosure Report.

Rates for Monthly Service

The schedules shown in the following tables reflect rates for monthly water, sewer service and reclaimed service effective as of October 1, 2012:

Water Rates

Water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules:

**Water System
Monthly Service Availability Charge**

<u>Meter Size</u>	<u>Residential</u>	<u>Residential Irrigation</u>	<u>Commercial</u>	<u>Multi-Family</u>	<u>Multi-Family Irrigation; Commercial Irrigation</u>
5/8"	\$ 12.60	\$ 12.60	\$ 12.60	\$ 18.41	\$ 12.60
3/4"	18.90	18.90	18.90	27.62	18.90
1"	31.50	31.50	31.50	46.03	31.50
1 1/2"	63.00	63.00	63.00	92.05	63.00
2"	100.80	100.80	100.80	147.28	100.80
3"	201.60	201.60	201.60	294.56	201.60
4"	-	-	315.00	460.25	315.00
6"	-	-	630.00	920.50	630.00
8"	-	-	1,008.00	1,472.80	1,008.00
10"	-	-	1,974.55	2,117.15	-
12"	-	-	3,691.55	3,958.15	-
20"	-	-	7,726.50	8,284.50	-

**Water System
Unit Charge (per kgal)**

<u>Non-Irrigation</u>					<u>Irrigation</u>					
<u>Residential Tiers (kgal)</u>			<u>Commercial Meter Size</u>		<u>Multi-Family Meter Size</u>		<u>Residential Tiers (kgal)</u>		<u>Multi-Family; Commercial Tiers (kgal)</u>	
<u>1-6</u>	<u>7-20</u>	<u>>20</u>	<u>≤ 8"</u>	<u>> 8"</u>	<u>≤ 8"</u>	<u>> 8"</u>	<u>1-14</u>	<u>>14</u>	<u>1-14</u>	<u>>14</u>
\$0.93	\$2.60	\$5.60	\$1.49	\$1.24	\$1.00	\$1.00	\$2.60	\$5.60	\$3.44	\$3.96

**Water System
Environmental Charge (per kgal)**

Water	\$0.37
Irrigation	0.37

Sewer Rates

Users of the Sewer System are charged a monthly service availability charge according to water meter size, plus a unit rate based on water consumption from JEA, community- or investor-owned utilities or private wells, as applicable and an environmental charge according to the following schedules:

**Sewer System
Monthly Service Availability Charge**

<u>Meter Size</u>	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>
5/8"	\$ 14.10	\$ 24.68	\$ 21.15
3/4"	21.15	37.01	31.73
1"	35.25	61.69	52.88
1 1/2"	70.50	123.38	105.75
2"	112.80	197.40	169.20
3"	225.60	394.80	338.40
4"	-	616.88	528.75
6"	-	1,233.75	1,057.50
8"	-	1,974.00	1,692.00
10"	-	2,837.63	2,432.25
12"	-	5,305.13	4,547.25
20"	-	11,103.75	9,517.50

**Sewer System
Unit Charge (per kgal)**

<u>Tiers (kgal)</u>	<u>Residential</u>	<u>Multi-Family; Commercial</u>
1-6	\$4.94	-
7-20	6.02	-
All	-	\$6.02

**Sewer System
Environmental Charge (per kgal)**

Residential: 1-20 kgal	\$0.37
Commercial; Multi-Family;	0.37
Limited Service: All kgal	

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Reclaimed Water Rates

Reclaimed (reuse) water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules:

Reclaimed System		
<u>Monthly Service Availability Charge</u>		
<u>Meter Size</u>	<u>Residential⁽¹⁾</u>	<u>Multi-Family⁽¹⁾; Commercial⁽¹⁾</u>
5/8"	\$ 12.60	\$ 12.60
3/4"	18.90	18.90
1"	31.50	31.50
1 1/2"	63.00	63.00
2"	100.80	100.80
3"	201.60	201.60
4"	-	315.00
6"	-	630.00
8"	-	1,008.00

⁽¹⁾ Non-bulk reclaimed customers will be charged an additional \$6.00 regardless of meter size to cover costs due to regulatory requirements.

Reclaimed System		
<u>Unit Charge (per kgal)</u>		
<u>Tiers (kgal)</u>	<u>Residential</u>	<u>Multi-Family; Commercial</u>
1-14	\$2.60	\$3.44
> 14	5.60	3.96

Reclaimed System
<u>Environmental Charge (per kgal)</u>
\$0.37

Note: Environmental charge not applicable to bulk reclaimed usage.

Connection and Capacity Charges

In addition to the monthly charges for water and wastewater service described above, JEA assesses connection and capacity charges for new Water and Sewer System customers, which charges are designed to cover some of the capital costs of providing service to new customers.

Capacity charges are included within the revenues pledged for payment of the Water and Sewer System Bonds. However, under applicable Florida law and in accordance with the provisions of the Water and Sewer System Resolution, such capacity charges may be used and applied only for the purpose of paying costs of expansion of the Water and Sewer System, or paying or providing for the payment of debt service on Water and Sewer System Bonds, Subordinated Indebtedness or other indebtedness of JEA relating to the Water and Sewer System issued for such purpose.

New Water System customers are assessed a one-time plant capacity charge for new connections.

Plant Capacity Fees for Residential Service

<u>Meter Size</u>	<u>Potable</u>	<u>Potable and Reclaimed Irrigation</u>
¾"	\$339.50	\$ 339.50
1"	354.34	653.55
1 ½"	696.74	2,221.59
2" ⁽¹⁾	854.51	5,673.18

Plant Capacity fees for Commercial Service

<u>Meter Size</u>	<u>Potable</u>	<u>Potable and Reclaimed Irrigation</u>
¾"	\$ 414.12	\$ 981.89
1"	433.88	1,850.28
1 ½"	996.04	4,571.76
2" ⁽¹⁾	1,916.55	8,509.92

⁽¹⁾ Services greater than 2" and those that have more fixture units than allowed by meter size will be charged based on the estimated average daily flow.

The average daily flow is determined by reference to industry standards, subject to review and approval by the JEA Board. In addition, all new Water and Sewer System connections are assessed a one-time "line extension growth" capacity charge that is a minimum of \$1,695.00.

The following table presents the connection charges for new Water System customers:

Water System Connection Charges

<u>Meter Size</u>	<u>Tap Fee</u>	<u>Set Fee</u>
¾"	\$610.00	\$202.33
1"	610.00	223.71
1 ½"	700.00	527.26 ⁽¹⁾
2" and greater	700.00	588.96 ⁽¹⁾

⁽¹⁾ Or actual installation cost, whichever is greater.

New Sewer System customers also are assessed a one-time capacity charge for new connections.

Plant Capacity Fees for Sewer Service

<u>Meter Size</u>	<u>Residential</u>	<u>Commercial</u>
¾"	\$1,274.00	\$1,554.02
1"	1,329.69	1,618.98
1 ½"	2,614.56	3,737.71
2"	3,206.63	7,192.01

The following table presents the connection charges for new Sewer System customers:

<u>Sewer System Connection Charges</u>	
<u>Connection Size</u>	<u>Charge</u>
Up to 6"	\$1,853.00
Greater than 6"	(1)

(1) Charge based on actual installation cost.

Effective on October 1, 2007, the retail reclaimed (reuse) water rate was modified to reflect (a) a separate rate for commercial customers in DRIs equal to potable, non-DRI, commercial irrigation rates and (b) a new rate class for commercial bulk reclaimed (reuse) water service.

Regulation

Water and Sewer System

The future financial condition of the Water and Sewer System could be adversely affected by, among other things, legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies. Future changes to new and existing regulations may substantially increase the cost of water and sewer service by requiring changes in the design or operation of existing or new facilities. JEA cannot predict future policies such agencies may adopt.

Several upcoming rules could impact the potable water system:

America's Water Infrastructure Act of 2018 ("AWIA"). AWIA will require biannual distribution of JEA's Water Quality Report; as well as a Risk and Resilience assessment that was due March 31, 2020, and must be reviewed every five years to determine if it needs to be revised. It also required JEA to prepare an emergency response plan that incorporates the findings from the risk and resiliency assessment and submit it by September 30, 2020. Both of these items have been completed and submitted.

The revised Lead and Copper Rule ("LCR"). The LCR includes (a) lead service line replacement by the utility of the utility-owned section when a customer changes the portion they own, (b) a new trigger level of 10 ppb for the 90th percentile sample for optimizing corrosion control treatment ("CCT") or completing a CCT study if not currently treating, (c) increase sampling reliability by imbedding current guidance in the rule and revising sampling pool requirements, (d) require public notification with 24 hours of an action level exceedance, (e) require utilities to test for lead in schools and child care facilities and (f) require a lead service line inventory and replacement plan. The final rule was published January 15, 2021, with an effective date of March 16, 2021. As described above, the rule will require additional sampling and reporting; however, the overall financial impacts are expected to be minimal.

Potential regulation of Per- and Polyfluoroalkyl substances ("PFAS"). PFAS are group of synthetic compounds widely used in consumer and commercial products, including perfluorooctanoic acid ("PFOA") and perfluorooctanesulfonic acid ("PFOS"). The PFAS rule is still pending; however, it will likely not affect JEA as there is no PFOA

or PFOS in our deep Floridan aquifer wells, and levels reported in wastewater effluent are below provisional screening levels.

Public Water Supply System

The St. Johns River Water Management District ("SJRWMD") regulates groundwater withdrawals and issues permits for the same. JEA was issued a 20-year CUP in May 2011 from the SJRWMD. As of the date of this Annual Disclosure Report, modeling efforts have indicated that a sustainable groundwater supply can continue to be met for the 20-year planning period out to 2031 and beyond with a three-part program that is the basis of JEA's water capital improvement plan: (a) continued expansion of the reuse system, (b) aggressive water conservation program and (c) water transfers from areas with a higher supply on JEA's north grid to areas with a lower supply on JEA's south grid via river-crossing pipelines. JEA has also implemented a groundwater quality management program to mitigate the effects of (non-lateral) saltwater intrusion into specific wells on the systems south grid that includes routine well monitoring, backplugging of specific wells, and reducing or replacing wells that show continued increases in chlorides. The 2020 permitted CUP allocation was 140.17 million gallons per day. **[Actual calendar year withdrawals through October 2020 averaged 118 million gallons per day.]**

JEA's groundwater withdrawals are subject to a consumptive use permit issued by the St. Johns River Water Management District. Pursuant to its CUP, JEA is required to address its share of impact to water bodies with set minimum flows and levels, which are regulatory water levels intended to prevent significant harm.

Rulemaking to set Minimum Flows and Levels ("MFLs") is currently underway for several water bodies in north Florida. The SJRWMD is due to set MFLs for Lakes Brooklyn and Geneva in 2021. The Florida Department of Environmental Protection is due to set MFLs for the Lower Santa Fe and Ichetucknee Rivers in 2021. Based on preliminary information, one or more of the MFLs for these water bodies may be violated upon completion of rulemaking.

In this case, JEA would be required to participate in the process to address these MFLs and may be required to reduce its impacts to these water bodies. As such, JEA's costs associated with its use of groundwater could be increased or JEA may be required to implement more costly sources of water.

In addition, the SJRWMD and SRWMD have developed a joint North Florida Regional Water Supply Plan, which was released in October 2016 and approved in January 2017. The plan concludes that future water demands through 2035 can be met with water conservation measures and water supply options included in the plan. The SJRWMD and SRWMD have started a new regional water supply plan and a draft is due in late 2021.

Wastewater Treatment System

The Sewer System is regulated by EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Control Act. EPA has delegated the wastewater regulatory program to the FDEP. Except as described below, the Sewer System is in substantial compliance with all federal and state wastewater regulations.

In 2013, EPA and FDEP reached an agreement on the adoption of numeric nutrient criteria ("NNC") for the State. As part of the NNC adoption process, EPA re-approved the Lower St. Johns River nutrient Total Maximum Daily Load ("TMDL"). The EPA re-approval means the TMDL will remain the legally enforceable nutrient standard for the Lower St. Johns River. JEA has completed all the treatment plant improvements required of the utility by the TMDL and its facilities are in compliance with its nutrient allocation.

Because JEA has reduced nitrogen well below its own permitted nitrogen reduction goals, it has the ability to generate Water Quality Credits. JEA has previously recorded a reduction in its NPDES permit to generate and transfer 30.34 metric tons per year of Total Nitrogen Water Quality Credits ("Initial Credits") to the City through 2023 and is positioned to remain in compliance with its Aggregate Nitrogen permit. JEA has agreed to provide these annual Initial Credits to the City for no compensation through December 31, 2033 and intends to extend the transfer of the Initial Credits to the City every ten years as long as the Initial Credits are authorized and approved by the appropriate regulatory agency. JEA's current aggregate nitrogen limit for all wastewater plants discharging to the St. Johns River is 683 short tons per year. During the Fiscal Year ended September 30, 2020, JEA facilities discharged 299 short tons to the river.

As the regulatory reduction of Total Nitrogen in the Lower St. Johns River is an ongoing annualized requirement that both the City and JEA will be required to meet beyond December 31, 2023, the City and JEA have agreed to engage in discussions to work on a plan for meeting the future needs of both parties beyond December 31, 2023.

On December 11, 2006, JEA and the FDEP executed a long-term sanitary sewer overflows ("SSO") consent order. The long-term SSO consent order is the mechanism under which periodic, unforeseeable JEA SSOs are reviewed and adjudicated. The SSOs for each fiscal year are typically adjudicated on an annual to bi-annual basis. JEA will be assessed an estimated penalty of \$173,000 by FDEP for Fiscal Year 2020 SSOs. In lieu of paying the penalty, JEA intends to spend at least \$259,500 on environmental improvement projects as approved by FDEP. JEA is undertaking an extreme weather resiliency program to evaluate and implement processes or physical projects to reduce the potential for and mitigate impacts from SSOs during extreme weather events or due to effects of climate change.

Capital Program

The Water and Sewer System's projected capital program for the five-year period ending September 30, 2025 is summarized below. The capital program is centered on renewal and replacement and to enable the Water and Sewer System to remain in compliance with all applicable regulatory requirements, as well as to lower operating and maintenance expenses. Major projects include expansion of the Southwest Water Reclamation Facility from 14.0 mgd to 18.0 mgd, expansion of the Nassau Regional Water Reclamation Facility from 2.0 mgd to 4.0 mgd, construction of the new Greenland Water Reclamation Facility with a capacity of 6.0 mgd, the rebuild of the biosolids operation at the Buckman Water Reclamation Facility and construction of a 6.0 mgd Water Treatment Plant to serve customers in the southwestern part of JEA's service territory and expansion of the Greenland Water Treatment Plant from 6.0 to 9.0 mgd. This program contains funding targeted to improve water and sewer treatment plants, in addition to

meeting the three-part program described in "Regulation - *Public Water Supply System*" above to maintain sustainable water supply for JEA's customers.

**Water and Sewer System Capital Program
(000's omitted)**

Fiscal Year Ending <u>September 30,</u>	<u>Amount</u>
2021	\$ 298,000
2022	382,000
2023	344,000
2024	225,000
2025	<u>225,000</u>
Total	<u>\$1,474,000</u>

The total amount of the capital program for the five-year period is estimated to be approximately \$1,474 million. It is expected that the total amount of the capital program for this period will be provided from Water and Sewer System revenues (including capacity charges) and revolving credit facility advances on an interim basis, to be refinanced with additional Water and Sewer System Bonds. The projected total amount of the capital program may be affected by future environmental legislation and regulation. See "Regulation" above.

Certain Factors Affecting the Water and Sewer Utility Industry

COVID-19 Pandemic

[TO BE UPDATED]

Background. JEA continues to respond to the outbreak of the COVID-19 pandemic, a respiratory disease caused by a new strain of coronavirus. As a result of the potential health threat posed by the COVID-19 pandemic, State and local executive orders ranging from the initial declaration of a public health state of emergency and shelter in place requirements to the more recent re-opening of businesses with capacity limitations and facial covering restrictions have been enacted.

While the impact of the COVID-19 pandemic continues to affect JEA's operations, the commencement of the immunization process of the COVID-19 vaccination is anticipated to curtail the scope, duration and extent of the COVID-19 pandemic on: (i) the existing restrictions and warnings imposed by local, state or federal governments and (ii) the effects of these restrictions and warnings on JEA's operations, revenues and expenditures including any material adverse effect on the finances and operations of JEA.

Employee Response. JEA quickly responded to the effects of the COVID-19 pandemic with the implementation of practices and protocols to protect the wellbeing of its employees. All non-field employees, including call center staff, worked remotely under Jacksonville Mayor Curry's "Safer-at-Home" order and JEA established shelter-in-place policies for critical non-redundant facilities. JEA has established fully redundant electric and water control centers; both are used on a day-to-day basis, but either can control the System in an emergency. If a significant

number of JEA's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing utility service could be adversely impacted. To date JEA has managed the impact of COVID-19 on its workforce and operations have not been materially impacted.

There are also certain expenditures for personal protective equipment as well as cleaning supplies that may be eligible for recovery from FEMA. JEA may seek recovery from FEMA for these amounts in the future.

Customer Response. JEA implemented several COVID-19 specific programs to minimize the number of potential disconnections, including (a) suspending disconnections from March 12, 2020 to July 9, 2020; (b) waiving late and reconnection fees from March 31, 2020 to September 30, 2020; and (c) waiving credit card convenience fees for MasterCard, Visa, and Discover card payments up to \$10,000 from April 6, 2020 to September 30, 2020. Waived late and disconnection fees are estimated to have been between \$2,000,000 and \$3,000,000 for both the Electric System and Water and Sewer System. Waived convenience fees paid on behalf of customers totaled \$1,882,000 for both the Electric System and Water and Sewer System.

Financial Impact. JEA saw a 3.0 percent reduction in commercial and industrial water kgal sales during Fiscal Year 2020, compared to Fiscal Year 2019, which was offset by 5.1 percent and 1.3 percent increases in residential and irrigation customer kgal sales, respectively. Total water sales were up 1.5 percent in Fiscal Year 2020 compared to Fiscal Year 2019.

JEA saw a 2.1 percent reduction in commercial and industrial sewer kgal demand during Fiscal Year 2020, compared to Fiscal Year 2019, which was offset by a 4.4 percent increase in residential customer kgal demand, between such periods. Total sewer demand was up 1.6 percent in Fiscal Year 2020 compared to Fiscal Year 2019.

FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM

Debt Relating to Water and Sewer System

Water and Sewer System Bonds

As of September 30, 2020, \$1,064,455,000 in aggregate principal amount of bonds (the "Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on February 18, 1997 and referred to therein as the "Water and Sewer System Revenue Bond Resolution" (as amended, restated and supplemented, the "Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$1,046,885,000 in aggregate principal amount of Water and Sewer System Bonds outstanding under the Water and Sewer System Resolution, consisting of (a) \$147,025,000 in aggregate principal amount of variable rate Water and Sewer System Bonds and (b) \$899,860,000 in aggregate principal amount of fixed rate Water and Sewer System Bonds.

Water and Sewer System Bonds may be issued for the purposes of (a) paying or providing for the payment of Costs (as defined in the Water and Sewer System Resolution) of the Water and Sewer System and (b) refunding any Water and Sewer System Bonds. See "SUMMARY OF

CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Additional Water and Sewer System Bonds" in APPENDIX B attached hereto.

Pursuant to the Water and Sewer System Resolution and the laws of the State, the amount of Water and Sewer System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Water and Sewer System Resolution.

From time to time, JEA requests Council approval of the issuance of Water and Sewer System Bonds and Subordinated Indebtedness (as defined in the Water and Sewer System Resolution). Pursuant to previous Council approvals, JEA currently is authorized to issue additional Water and Sewer System Bonds and/or Subordinated Indebtedness for the purpose of paying or providing for the payment of Costs (as defined in the Water and Sewer System Resolution) of the Water and Sewer System in an aggregate principal amount of \$218,078,022. JEA expects that such authorization will be adequate to finance its Water and Sewer System capital program through the Fiscal Year ending September 30, 2022 **[and that Council authorization will be required for the issuance of additional Water and Sewer System Bonds and Subordinated Indebtedness to finance the capital program in subsequent years.] [FOR JOE ORFANO REVIEW].** See "WATER AND SEWER SYSTEM - *WATER AND SEWER SYSTEM FUNCTIONS* - Capital Program" herein.

JEA also has received approvals from the Council for the issuance of Water and Sewer System Bonds for the purpose of refunding outstanding Water and Sewer System Bonds and Subordinated Indebtedness. JEA may issue additional Water and Sewer System Bonds or Subordinated Water and Sewer System Bonds to refund outstanding Water and Sewer System Bonds and/or Subordinated Indebtedness from time to time as it deems economical or advantageous.

In the future, JEA will continue to seek authorization as needed from the Council to issue additional Water and Sewer System Bonds and/or Subordinated Indebtedness in order to enable it to finance its Water and Sewer System capital program.

A summary of certain provisions of the Water and Sewer System Resolution, including a description of the recent amendments thereto described below, is attached to this Annual Disclosure Report as APPENDIX B.

Liquidity support in connection with tenders for purchase of the Variable Rate Water and Sewer System Revenue Bonds, 2008 Series B (the "SBPA Supported Variable Rate Water and Sewer Bond") currently is provided by a bank pursuant to a standby bond purchase agreement between JEA and such bank. Credit and liquidity support for JEA's Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A-2 (the "LOC Supported Variable Rate Water and Sewer System Bond" and, together with the SBPA Supported Variable Rate Water and Sewer System Bond, the "Senior Liquidity Supported Water and Sewer Bonds") currently is provided by a direct-pay letter of credit issued by a different bank. Any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its (a) standby bond purchase agreement between JEA and such bank or (b) letter of credit issued in connection with the reimbursement agreement between JEA and such bank, as applicable, and is not remarketed is

required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit reimbursement agreement, as applicable, will constitute an "Option Bond" within the meaning of the Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under such standby bond purchase agreement or letter of credit reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreement and such reimbursement agreement, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreement or such letter of credit. The standby bond purchase agreement and letter of credit are subject to periodic renewal at the discretion of the respective bank. The current expiration date for the standby bond purchase agreement is May 8, 2023, and the current expiration date for the letter of credit is December 1, 2023.

Subordinated Water and Sewer System Bonds

As of September 30, 2020, \$191,980,000 in aggregate principal amount of bonds (the "Subordinated Water and Sewer System Bonds") issued pursuant to the resolution of JEA adopted on May 15, 2003 and referred to therein as the "Water and Sewer System Subordinated Revenue Bond Resolution" (as supplemented, the "Subordinated Water and Sewer System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$189,680,000 in aggregate principal amount of Subordinated Water and Sewer System Bonds outstanding under the Subordinated Water and Sewer System Resolution, consisting of (a) \$100,835,000 in aggregate principal amount of variable rate Subordinated Water and Sewer System Bonds and (b) \$88,845,000 in aggregate principal amount of fixed rate Subordinated Water and Sewer System Bonds.

The Subordinated Water and Sewer System Bonds may be issued (a) for any lawful purpose of JEA relating to the Water and Sewer System or (b) to refund any of the Water and Sewer System Bonds or the Subordinated Water and Sewer System Bonds.

Pursuant to the Subordinated Water and Sewer System Resolution and the laws of the State, and in accordance with the Water and Sewer System Resolution, the amount of Subordinated Water and Sewer System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the Subordinated Water and Sewer System Resolution. For a discussion of the Council authorization currently in effect for the issuance of Water and Sewer System Bonds and/or Subordinated Water and Sewer System Bonds, see subsection "*Water and Sewer System Bonds*" above in this section.

A summary of certain provisions of the Subordinated Water and Sewer System Resolution is attached to this Annual Disclosure Report as APPENDIX C.

Liquidity support in connection with tenders for purchase of the Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series A-1, 2008 Series A-2 and 2008 Series B-1 (the "Subordinated Liquidity Supported Water and Sewer Bonds") currently is provided by certain banks pursuant to standby bond purchase agreements between JEA and each such bank. Any Subordinated Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Subordinated Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement will constitute an "Option Subordinated Bond" within the meaning of the Subordinated Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" on the part of JEA under the standby bond purchase agreement. Upon any such tender or deemed tender for purchase, the Subordinated Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain "ratings triggers" contained in such standby bond purchase agreements, see "OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes" herein. As of the date of this Annual Disclosure Report, no Subordinated Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreements. Such standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank. The current expiration dates for the standby bond purchase agreements range from May 8, 2023 to March 19, 2024.

Water and Sewer System Contract Debts

Contract Debts, a component of the Water and Sewer System's Operation and Maintenance Expenses, is defined by the Water and Sewer System Resolution to mean any obligations of JEA under any contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of the Revenues of the Water and Sewer System for property, services or commodities whether or not the same are made available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the Water and Sewer System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the Water and Sewer System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the Water and Sewer System, including the Water and Sewer System Bonds and Subordinated Indebtedness (including the Subordinated Water and Sewer System Bonds).

Water and Sewer System Support of the District Energy System Bonds

Effective as of October 1, 2004, JEA established the District Energy System, a separate system to provide chilled water services and other local district energy functions. JEA transferred its assets relating to chilled water production and distribution from the Electric System to the District Energy System. The Electric System received approximately \$30,000,000 from the District Energy System for the transferred assets. The District Energy System is operated as a separate system for accounting and financing purposes. See the financial statements of JEA attached hereto as APPENDIX A.

As of the date of this Annual Disclosure Report, there is \$31,410,000 in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

Pursuant to Resolution No. 2013-2, adopted by JEA on March 19, 2013, revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the "2013 Series A Bonds Subaccount") established for the District Energy System Refunding Revenue Bonds, 2013 Series A (the "DES 2013 Series A Bonds") and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

Schedules of Debt Service Coverage

The following table sets forth Schedules of the Debt Service Coverage for the Water and Sewer System for the twelve months ended September 30, 2020 and September 30, 2019, and has been prepared in accordance with the requirements of the Resolution. Such information should be read in conjunction with JEA's audited financial statements for the Water and Sewer System and the notes thereto for the fiscal years ended September 30, 2020 and 2019, included as APPENDIX A to this Annual Disclosure Report.

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**JEA Water and Sewer System Schedules of Debt Service Coverage
(In Thousands)**

	<u>Fiscal Year Ended</u>	
	September 30, 2020	September 30, 2019
Revenues:		
Water	\$181,808	\$178,908
Water capacity fees	11,651	10,477
Sewer	281,848	274,505
Sewer capacity fees	21,207	18,911
Investment income	2,879	7,710
Other ⁽¹⁾	13,941	15,040
Plus: amounts paid from the Rate Stabilization Fund into the Revenue Fund	32,201	22,327
Less: amounts paid from the Revenue Fund into the Rate Stabilization Fund	<u>(25,677)</u>	<u>(25,099)</u>
Total revenues	<u>519,858</u>	<u>502,779</u>
Less: Operating and maintenance expenses ⁽²⁾	<u>186,674</u>	<u>171,473</u>
Net revenues	<u>\$333,184</u>	<u>\$331,306</u>
Debt service on Water and Sewer System Bonds (prior to reduction of Build America Bonds subsidy)	\$ 62,160	\$ 94,693
Less: Build America Bonds subsidy	<u>(2,455)</u>	<u>(2,478)</u>
Debt service on Water and Sewer System Bonds	<u>\$ 59,705</u>	<u>\$ 92,215</u>
Debt service coverage on Water and Sewer System Bonds ⁽³⁾	<u>5.58x</u>	<u>3.59x</u>
Net revenues (from above)	\$333,184	\$331,306
Debt service on Water and Sewer System Bonds (from above)	\$ 59,705	\$ 92,215
Plus: debt service on Subordinated Water and Sewer System Bonds	<u>7,418</u>	<u>17,585</u>
Debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds	<u>\$67,123</u>	<u>\$109,800</u>
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds excluding capacity fees ⁽⁴⁾	<u>4.47x</u>	<u>2.75x</u>
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees ⁽⁴⁾	<u>4.96x</u>	<u>3.02x</u>

⁽¹⁾ Excludes the Build America Bonds subsidy.

⁽²⁾ Excludes depreciation and recognition of deferred costs and revenues, net.

⁽³⁾ Net revenues divided by debt service on Water and Sewer System Bonds. Minimum annual coverage is 1.25x.

⁽⁴⁾ Net revenues divided by debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds. Minimum annual coverage is either 1.00x debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds (excluding capacity fees) or the sum of 1.00x debt service on Water and Sewer System Bonds and 1.20x debt service on Subordinated Water and Sewer System Bonds (including capacity fees).

Management's Discussion of Water and Sewer System Operations - JEA Water and Sewer System Schedules of Debt Service Coverage

Revenues. Water revenues increased \$2.9 million, or 1.6 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to a 1.5 percent increase in consumption and a 2.2 percent increase in customer accounts. Sewer revenues (including reuse) increased \$7.3 million, or 2.7 percent, for the Fiscal Year ended

September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to a 1.6 percent increase in sewer sales, a 14.0 percent increase in reuse sales, a 2.6 percent increase in sewer accounts and a 19.4 percent increase in reuse accounts.

Water sales volume, measured in thousands of gallons (kgals), increased 575,725 kgals, or 1.5 percent, to 38,271,797 kgals for the Fiscal Year ended September 30, 2020 from 37,696,072 kgals for the Fiscal Year ended September 30, 2019. Sewer sales volume increased 433,406 kgals, or 1.6 percent, to 28,160,202 kgals for the Fiscal Year ended September 30, 2020 from 27,726,796 kgals for the Fiscal Year ended September 30, 2019. Reuse sales volume increased 542,695 kgals, or 14.0 percent, to 4,426,905 kgals for the Fiscal Year ended September 30, 2020 from 3,884,210 kgals for the Fiscal Year ended September 30, 2019.

Investment income decreased \$4.8 million, or 62.7 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, related to lower investment yields and lower investable balances as a result of the combined retirement of approximately \$140.4 million of Water and Sewer System debt as described in the STAR Plan. For a discussion of the STAR Plan, see "JEA - Strategic Planning" herein.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund increased \$9.9 million, or 44.2 percent primarily due to debt management withdrawals which were used to retire Water and Sewer System debt, in October 2019, as part of the STAR Plan.

Operating and Maintenance Expenses. Operating and maintenance expenses increased \$15.2 million, or 8.9 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to a \$4.9 million increase in compensation and benefits, a \$4.4 million increase in professional services, a \$2.4 million increase in interlocal payments and a \$2.0 million increase in maintenance.

Net Revenues. Net revenues available for debt service increased \$1.9 million, or 0.6 percent, to \$333.2 million for the Fiscal Year ended September 30, 2020 from \$331.3 million for the Fiscal Year ended September 30, 2019. Total revenues increased \$17.1 million, or 3.4 percent, and total operating expenses increased \$15.2 million, or 8.9 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, as described above.

Debt Service on Water and Sewer System Bonds. Debt service on Water and Sewer System Bonds for the Fiscal Year ended September 30, 2020 decreased \$32.5 million, or 35.3 percent, as compared to the Fiscal Year ended September 30, 2019, primarily related to a \$26.8 million decrease in principal amortization and a \$5.7 million lower interest expense as a result of lower outstanding debt balances.

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During the Fiscal Year ended September 30, 2020, JEA issued Water and Sewer System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding ⁽¹⁾	July 2020	\$104,000,000	\$125,055,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

JEA did not issue any Water and Sewer System Bonds during the Fiscal Year ended September 30, 2019.

Debt Service Coverage on Water and Sewer System Bonds. The debt service coverage ratio on Water and Sewer System Bonds increased to 5.58 times for the Fiscal Year ended September 30, 2020 as compared to the debt service coverage ratio of 3.59 times for the Fiscal Year ended September 30, 2019, as a result of the 0.6 percent increase in net revenues available for debt service and the 35.3 percent decrease in debt service on Water and Sewer System Bonds between such periods.

Debt Service on Subordinated Water and Sewer System Bonds. Debt service on Subordinated Water and Sewer System Bonds decreased \$10.2 million, or 57.8 percent, for the Fiscal Year ended September 30, 2020 as compared to the Fiscal Year ended September 30, 2019, primarily related to a \$8.1 million decrease in principal amortization and a \$2.1 million lower interest expense as a result of lower outstanding debt balances.

During the Fiscal Year ended September 30, 2020, JEA issued Subordinated Water and Sewer System Bonds as summarized in the following table:

<u>Series</u>	<u>Purpose</u>	<u>Month Issued</u>	<u>Par Amount Issued</u>	<u>Par Amount Refunded</u>
2020 Series A	Refunding ⁽¹⁾	July 2020	\$26,590,000	\$31,635,000

⁽¹⁾ Fixed rate bonds issued to refund fixed rate bonds.

JEA did not issue any Subordinated Water and Sewer System Bonds during the Fiscal Year ended September 30, 2019.

Debt Service Coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees. The debt service coverage ratio on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds increased to 4.96 times for the Fiscal Year ended September 30, 2020 as compared to the debt service coverage ratio of 3.02 times for the Fiscal Year ended September 30, 2019, as a result of the 0.6 percent increase in net revenues available for debt service and the 38.9 percent decrease in debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds between such periods.

Liquidity Resources

The Days of Cash on Hand for the Water and Sewer System at September 30, 2020 was 176 days, and the Days of Liquidity was 353 days. The Days of Cash on Hand for the Water and Sewer System at September 30, 2019 was 186 days, and the Days of Liquidity was 334 days. The Days of Cash on Hand computation is as follows:

(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX A) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)

The Days of Liquidity computation is as follows:

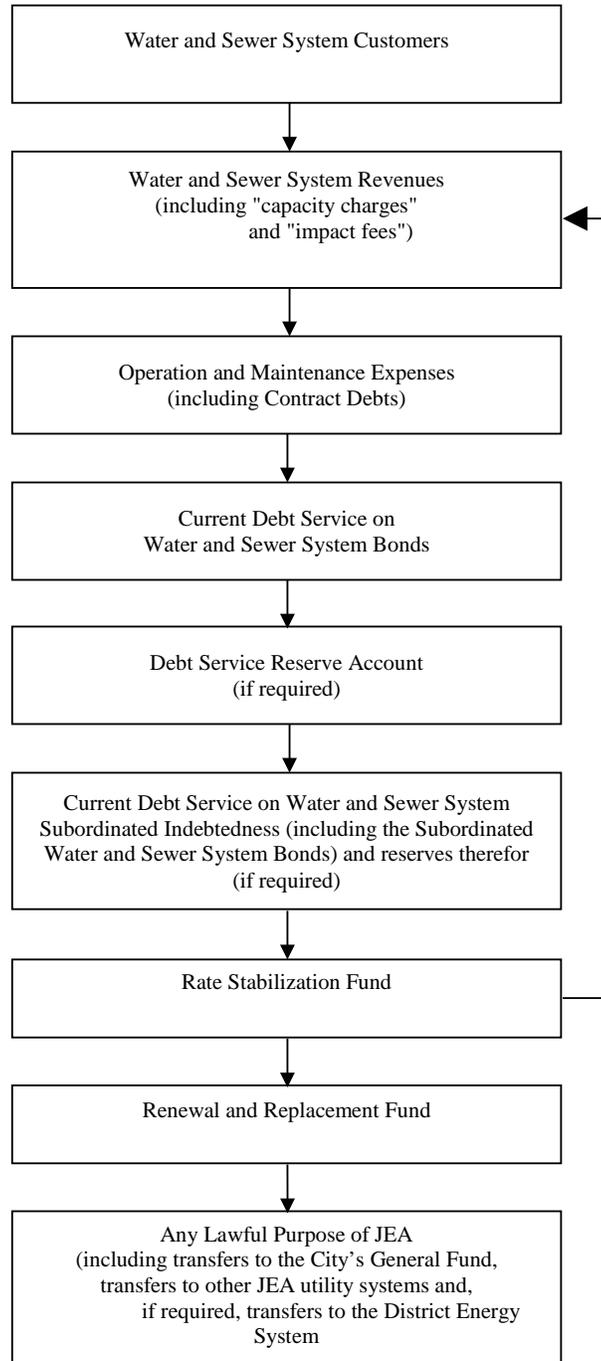
(Cash and cash equivalents and Investments amounts under Current assets on the Combining Statement of Net Position + Renewal and Replacement Fund balance referenced in Note 4 of the JEA Financial Statements attached hereto as APPENDIX A + allocated share of available Revolving Credit Facility) / ((Total operating expenses - Depreciation + Contributions to General Fund, City of Jacksonville, Florida) / 365 days) (366 days for September 30, 2020 calculation)*

* Allocated share of available Revolving Credit Facility at September 30, 2020 was approximately \$105.2 million and approximately \$90.3 million at September 30, 2019; however, the total balance available to the Water and Sewer System of \$295 million could have been drawn beginning November 1, 2018, and \$297 million could have been drawn prior to November 1, 2018.

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APPLICATION OF WATER AND SEWER SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the Water and Sewer System Resolution.



DISTRICT ENERGY SYSTEM

DISTRICT ENERGY FUNCTIONS

General

The District Energy System provides chilled water to customers for air-conditioning. The facilities for the chilled water business consist of chilled water plants to generate chilled water and underground piping to distribute the chilled water to buildings located within the respective districts served by the plants and certain ancillary equipment. JEA's first chilled water facility became fully operational in March 2003.

The establishment of the District Energy System was approved by the Council in September 2004. Effective as of October 1, 2004, the District Energy System was established as a separate utility system for its local district energy facilities, including the chilled water activities, and any local district heating facilities JEA may develop in the future. Since its commencement of operations, JEA subsequently added three other chilled water facilities, one of which was sold on September 30, 2020.

Chilled Water Facilities

Chilled water systems air condition buildings by circulating cold water in a continuous flow to the building. A central chilled water plant provides chilled water to buildings through an underground loop, rather than the customer installing and operating its own chiller equipment. JEA has entered into agreements with the City to provide chilled water systems to the baseball park, the arena, the Duval County Courthouse, the library and other government buildings. JEA also has contracts with private entities to serve institutional buildings.

JEA's first chilled water facility, the Hogan's Creek Plant, located on Hogan Street in downtown Jacksonville, became fully operational in March 2003. At this time, the plant is serving the Baseball Grounds of Jacksonville (310-ton contract demand) and the Jacksonville Veteran's Memorial Arena (2,350-ton contract demand). The facility includes three 2,100-ton chillers, two 1,600-ton cooling towers and a one-million-gallon chilled water storage tank for peak demand capacity.

A second chilled water facility located on Duval Street serves five City buildings including the Court House, State Attorney's Office, Library, City Hall Annex and a City garage for a total contract demand of 5,870 tons. The plant also serves the JEA downtown complex with a demand of 700 tons. The facility includes three 2,400-ton chillers, one 800-ton standby chiller and a 7,200-ton cooling tower.

JEA's third chilled water facility is located at 2103 Boulevard Avenue in the Springfield neighborhood. The Springfield facility currently serves eight locations on the UF Health Jacksonville complex. The total contracted demand for the facility is 6,500 tons. The facility includes six 1,500-ton chillers, an 8,100-ton cooling tower and a 3,000-ton cooling tower. The second cooling tower was added in 2018.

A fourth chilled water facility is located on Riverplace Boulevard with two 400-ton air-cooled chillers. The total contracted demand was 594 tons at this facility, serving a single customer - San Marco Place Condominiums. On September 30, 2020, this facility was sold to San Marco Place Condominium Association, Inc.

Customers and Sales

The District Energy System had contracts to provide 17 locations with chilled water and total District Energy System sales revenues were approximately \$8,586,000 for the Fiscal Year Ended September 30, 2020. Currently and following the sale of the Riverplace Boulevard chilled water facility, the District Energy System has contracts to provide 16 locations with chilled water.

Customer Billing Procedures

Customers are billed on a cycle basis approximately once per month. If the customer has not paid a bill within 42 days after the initial bill date, JEA may discontinue service to that customer. Customers who meet JEA's credit criteria are not assessed a deposit. Customers who do not meet JEA's credit criteria, or do not maintain a good payment record, are assessed a deposit which may vary with consumption. A late payment fee of 1.5 percent is assessed to customers for past due balances in excess of 27 days.

Rates

District Energy System revenues are derived from two basic types of charges: (a) a demand charge based upon the customer's estimated expected yearly cooling load requirements and (b) a consumption charge based upon the actual amount of chilled water consumed by the customer. JEA has sole discretion to set rate levels and revenue requirements for the District Energy System.

Standard rates for chilled water services are based on the customer's demand and consumption of chilled water and a standard 2,400 Equivalent Full Load Hour ("EFLH") profile. EFLH is defined as the annual ton-hours of chilled water required divided by the chiller's design capacity in tons.

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The following schedule reflects the rates for chilled water service:

<u>Contract Size</u>	<u>Charge</u>	<u>Rate Effective on December 1, 2016</u>	<u>Rate Effective on February 1, 2016</u>	<u>Rate Effective on October 1, 2015</u>	<u>Rate Effective on July 1, 2012</u>
> 200 tons	Demand Charge	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton
@ ≤ 2,400 EFLH	Consumption Charge	\$0.10569/ ton-hour	\$0.10973/ ton-hour	\$0.11624/ ton-hour	\$0.11754/ ton-hour
> 200 tons	Demand Charge	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton	\$20.00/ ton
@ > 2,400 EFLH	Consumption Charge	\$0.08869/ ton-hour	\$0.09273/ ton-hour	\$0.09924/ ton-hour	\$0.10054/ ton-hour
< 200 tons	Demand Charge	NONE	NONE	NONE	NONE
@ ≤ 2,400 EFLH	Consumption Charge	\$0.19569/ ton-hour	\$0.19973/ ton-hour	\$0.20624/ ton-hour	\$0.20754/ ton-hour
< 200 tons	Demand Charge	NONE	NONE	NONE	NONE
@ > 2,400 EFLH	Consumption Charge	\$0.08869/ ton-hour	\$0.09273/ ton-hour	\$0.09924/ ton-hour	\$0.10054/ ton-hour

Permits, Licenses and Approvals

All permits, licenses and approvals required for the operation of all of the District Energy System facilities have been obtained, and all of the facilities are operating in compliance with such permits, licenses and approvals.

Capital Program

The District Energy System's capital program consists of capital requirements for renewal and replacement and improvements to existing facilities. The District Energy System's projected capital program for the five-year period ending September 30, 2025 is summarized below.

District Energy System Capital Program (000's omitted)

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 6,700
2022	2,200
2023	4,600
2024	2,700
2025	<u>2,900</u>
Total	<u>\$19,100</u>

The total amount of the capital program for the Fiscal Years 2021 through 2025 is estimated to be approximately \$19.1 million, which includes approximately \$2.95 million for a new backup power generator at the Springfield facility. This facility primarily serves the UF Health Jacksonville medical campus. JEA expects the total amount required for the capital program will be derived from revenues and other available funds of the District Energy System.

FINANCIAL INFORMATION RELATING TO DISTRICT ENERGY SYSTEM

Debt Relating to the District Energy System

District Energy System Bonds

As of September 30, 2020, \$33,135,000 in aggregate principal amount of bonds (the "District Energy System Bonds") issued pursuant to the resolution of JEA adopted on June 15, 2004, as amended and supplemented (the "District Energy System Resolution") was outstanding. As of the date of this Annual Disclosure Report, there is \$31,410,000 in aggregate principal amount of District Energy System Bonds outstanding under the District Energy System Resolution.

District Energy System Bonds may be issued to finance any lawful purpose of JEA relating to the District Energy System. See "SUMMARY OF CERTAIN PROVISIONS OF THE DISTRICT ENERGY SYSTEM RESOLUTION - Additional Bonds" in APPENDIX D attached hereto.

Pursuant to the District Energy System Resolution and the laws of the State, the amount of District Energy System Bonds that may be issued by JEA is not limited and is subject only to approval by the Council and satisfaction of the conditions set forth in the District Energy System Resolution.

Pursuant to a previous Council approval, JEA currently is authorized to issue additional District Energy System Bonds for the purpose of financing the costs of additions, extensions and improvements to the District Energy System in such principal amount as shall provide JEA with "net proceeds" (defined as principal amount, less original issue discount, less underwriters' discount, less costs of issuance) of approximately \$54,321,245. JEA expects that such authorization will be adequate to enable JEA to maintain its District Energy System capital improvement program as projected through the Fiscal Year ending September 30, 2025. See "DISTRICT ENERGY SYSTEM - *DISTRICT ENERGY FUNCTIONS* - Capital Program" herein. In the future, JEA will continue to seek authorization as needed from the Council to issue additional District Energy System Bonds in order to enable it to finance its District Energy System capital program.

JEA also has received approvals from the Council for the issuance of District Energy System Bonds for the purpose of refunding outstanding District Energy System Bonds. JEA may issue additional District Energy System Bonds to refund outstanding District Energy System Bonds from time to time as it deems economical or advantageous.

A summary of certain provisions of the District Energy System Resolution is attached to this Annual Disclosure Report as APPENDIX D.

District Energy System Contract Debts

Contract Debts, a component of the District Energy System's Operation and Maintenance Expenses, is defined by the District Energy System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made

available, furnished or received. JEA has not incurred any obligations constituting Contract Debts under the District Energy System Resolution, but it may do so in the future. All Contract Debts will be payable from the Revenues of the District Energy System prior to any payments from such Revenues for indebtedness not constituting Contract Debt issued for the District Energy System, including the District Energy System Bonds.

Schedules of Debt Service Coverage

The following table sets forth Schedules of the Debt Service Coverage for the District Energy System for the years ended September 30, 2020 and September 30, 2019, respectively. Such Schedules of Debt Service Coverage were derived from supplemental information included with JEA's 2020 Financial Statements and certain other information available to JEA. Such Schedules of Debt Service Coverage should be read in conjunction with such financial statements and the notes thereto.

JEA did not issue any District Energy System Bonds during the Fiscal Year ended September 30, 2020.

JEA District Energy System Schedules of Debt Service Coverage (000's omitted)

	Fiscal Year ended September 30	
	<u>2020</u>	<u>2019</u>
Revenues:		
Services revenues	\$8,587	\$8,891
Investment income	72	156
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	=	2,737
Total revenues	<u>8,659</u>	<u>11,784</u>
Less: Operating expenses ⁽¹⁾	<u>4,611</u>	<u>4,703</u>
Net revenues	<u>\$4,048</u>	<u>\$7,081</u>
Aggregate debt service	<u>\$3,021</u>	<u>\$3,020</u>
Debt service coverage ⁽²⁾⁽³⁾	1.34x	2.34x

⁽¹⁾ Excludes depreciation.

⁽²⁾ On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer Revenues an amount equal to the Aggregate DES Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month.

⁽³⁾ Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

Management's Discussion of District Energy System Operations - JEA's District Energy System Schedules of Debt Service Coverage

Revenues. Total revenues decreased \$3.1 million, or 26.5 percent, to \$8.7 million for the Fiscal Year ended September 30, 2020 from \$11.8 million for the Fiscal Year ended September 30, 2019 primarily related to the \$2.7 million decrease in amounts paid from the Rate Stabilization Fund into the Revenue Fund.

Operating Expenses. Operating expenses decreased \$0.1 million, or 2.0 percent, to \$4.6 million for the Fiscal Year ended September 30, 2020 from \$4.7 million for the Fiscal Year ended September 30, 2019.

Net Revenues. Net revenues decreased \$3.0 million, or 42.8 percent, to \$4.1 million for the Fiscal Year ended September 30, 2020 from \$7.1 million for the Fiscal Year ended September 30, 2019, primarily related to the decrease in total revenues.

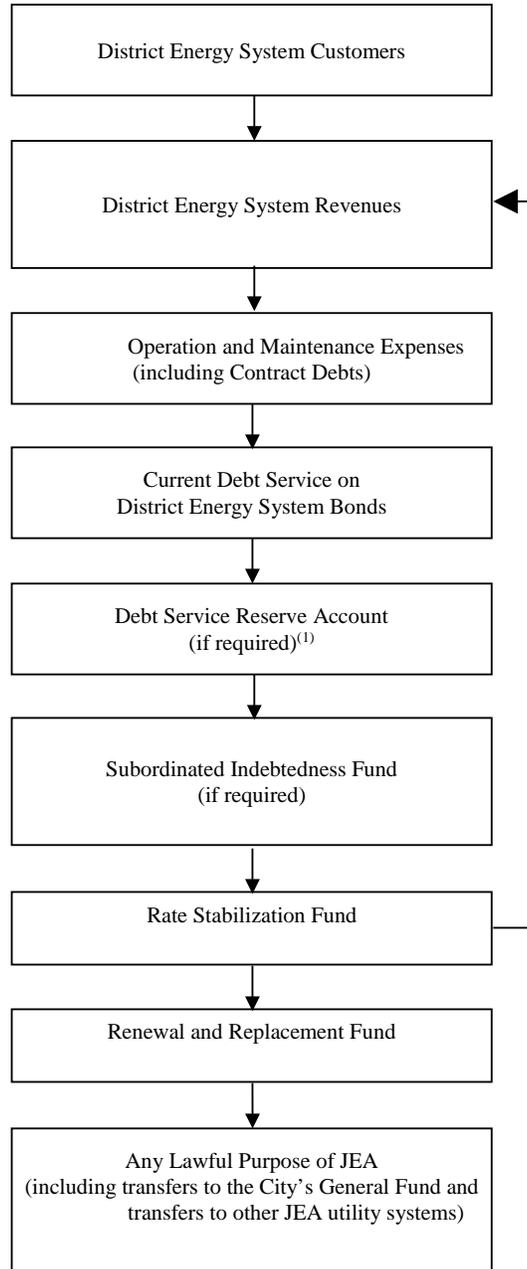
Aggregate Debt Service on District Energy System Bonds. Aggregate Debt Service on District Energy System Bonds for the Fiscal Year ended September 30, 2020 remained relatively flat as compared to the Fiscal Year ended September 30, 2019.

Debt Service Coverage on District Energy System Bonds. The debt service coverage ratio on District Energy System Bonds decreased to 1.34 times for the Fiscal Year ended September 30, 2020 as compared to the debt service coverage ratio of 2.34 times for the Fiscal Year ended September 30, 2019 as a result of the 42.8 percent decrease in net revenues available for debt service.

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APPLICATION OF DISTRICT ENERGY SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the District Energy System Resolution.



⁽¹⁾ Revenues of the Water and Sewer System shall be deposited into a special subaccount in the Debt Service Reserve Account (the "2013 Series A Bonds Subaccount") established for the DES 2013 Series A Bonds and pledged to pay debt service on the DES 2013 Series A Bonds in the event that revenues of the District Energy System are insufficient to pay debt service on such DES 2013 Series A Bonds.

OTHER FINANCIAL INFORMATION

General

JEA maintains separate accounting records for the Water and Sewer System and the District Energy System. For purposes of financial reporting, however, JEA prepares combined financial statements that include the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park⁽¹⁾, the Water and Sewer System and the District Energy System. Set forth in APPENDIX A hereto are (a) the financial statements of JEA for its Fiscal Year 2020 (which consist of the statement of net position of JEA as of September 30, 2020 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2020 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on such financial statements, (b) certain supplemental data as of September 30, 2020 and for the year then ended (which consist of the combining statement of net position, the combining statement of revenues, expenses, and changes in net position and the combining statement of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the year ended September 30, 2020 for the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park, the Water and Sewer System and the District Energy System), together with the report of Ernst & Young LLP, independent auditors, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2020 Financial Statements, which are an integral part of the financial statements.

The assets reflected in the statement of net position included in JEA's 2020 Financial Statements include all of the assets of the Water and Sewer System, Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System, and the liabilities reflected in such statement of net position include, among other things, the Water and Sewer System Bonds, the Subordinated Water and Sewer System Bonds, the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, the Additional Bulk Power Supply System Bonds and the District Energy System Bonds. The statement of revenues, expenses, and changes in net assets includes all expenses (*e.g.*, interest charges, operating and maintenance expenses, fuel expenses) of the Water and Sewer System, the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System.

Except as described under the caption "INTRODUCTION - General" herein, for financing purposes, the debt of JEA relating to the Electric Utilities Functions, the debt of JEA relating to its Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as described under the caption "WATER AND SEWER SYSTEM - FINANCIAL INFORMATION RELATING TO WATER AND SEWER SYSTEM - Debt Relating to Water and Sewer

⁽¹⁾ The Power Park ceased operations on January 5, 2018.

System - *Water and Sewer System Support of the District Energy System Bonds*" herein, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). Accordingly, potential purchasers of the Water and Sewer System and District Energy System Bonds are advised that the information in JEA's 2020 Financial Statements relating to JEA's Electric System is not relevant to a decision to purchase the Water and Sewer System and District Energy System Bonds.

Transfers to the City

The Charter currently provides that, as consideration for the unique relationship between the City and JEA, there shall be assessed upon JEA in each Fiscal Year, for the uses and purposes of the City, from the revenues of the Electric System and Water and Sewer System operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System and the Water and Sewer System (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such Electric System and the Water and Sewer System and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to terms of the Charter), an amount that is periodically negotiated by JEA and the City. The City's annual assessment of JEA does not include assessments pertaining to the District Energy System. The Charter provides that the Council may reconsider the assessment calculations every five years; however, pursuant to the Charter, the Council may also revise the assessments at any time by amending the Charter with a two-thirds vote of the Council. From time to time, proposals have been made, and may be made in the future, to increase the amount of the City's annual assessment on JEA.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the Electric System and the Water and Sewer System and this combined assessment has been set forth in the Charter.

JEA and the City reached agreement on amendments (the "2016 Amendments") to the Charter which affect the amount of the combined assessment that JEA is required to pay to the City. The 2016 Amendments were set forth in Ordinance 2015-764, were approved by the Council on March 8, 2016 and took effect on March 10, 2016. The 2016 Amendments set forth the combined assessment from fiscal year 2016-2017 through fiscal year 2020-2021. JEA and the City reached agreement on additional amendments (the "2019 Amendments," and together with the 2016 Amendments, the "Charter Amendments") to the Charter set forth in Ordinance 2018-747, enacted by the Council on February 12, 2019, which set forth the combined assessment from fiscal year 2021-2022 through fiscal year 2022-2023. The Charter Amendments provide that effective October 1, 2016, the combined assessment for the Electric System and the Water and Sewer System will be equal, but not exceed the greater of (A) the sum of (i) the amount calculated by multiplying 7.468 mills by the gross kilowatt hours delivered by JEA to retail users of electricity in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year (other than sales of energy to FPL from JEA's St. Johns River Power Park System) during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is applicable, plus (ii) the amount calculated by multiplying 389.20 mills by the number of kgals (1000 gallons) potable water and sewer service, excluding reclaimed water service, provided to consumers during the 12-month period ending on April 30 of the Fiscal Year immediately preceding the Fiscal Year for which such assessment is

applicable or (B) a minimum calculated amount which increases by 1% per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-16 combined assessment of \$114,187,538 as the base year. The amounts applicable to clause (B) above are: for fiscal year 2016-2017 - \$115,329,413; for fiscal year 2017-2018 - \$116,482,708; for fiscal year 2018-2019 - \$117,647,535; for fiscal year 2019-2020 - \$118,824,010; for fiscal year 2020-2021 - \$120,012,250; for fiscal year 2021-2022 - \$121,212,373; and for fiscal year 2022-2023 - \$122,424,496. A "mill" is one one-thousandth of a U.S. Dollar. The Charter Amendments provide that the amended assessment calculations for the electric system and the water and sewer system shall be in effect until September 30, 2023 and that the Council may reconsider the assessment calculations after October 1, 2022 and changes, if any, shall become effective October 1, 2023. As provided in the Charter, the Council may change the assessment calculation by ordinance within the provisions of the relevant section of the Charter. The Charter Amendments contemplate that in the event the Council does not reconsider the assessment calculations, the assessments shall be calculated using the existing formulas specified in the Charter, including a minimum calculated amount in clause (B) therein, which increases by one percent per year for each fiscal year computed as provided in the Charter.

In addition to the changes to the annual assessment, the 2016 Amendments provide that JEA, pursuant to the terms of an Interagency Agreement with the City (the "Interagency Agreement"), agrees to provide total nitrogen water quality credit to the City to assist the City in meeting its Basin Management Action Plan load reduction goal ("BMAP Credit"). The 2016 Amendments provide that if JEA cannot provide the BMAP Credit pursuant to the terms of the Interagency Agreement, the Council and JEA shall work cooperatively to address the BMAP Credit shortfall or the Council may reconsider the assessment calculations. The 2019 Amendments provide that JEA, pursuant to amended terms of the Interagency Agreement, agrees to transfer additional future BMAP Credits to the City.

In recognition of the 2016 Amendments to the Charter as described above, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2016 of \$15,000,000 (the "2016 Additional Contribution"). The City has committed to use the 2016 Additional Contribution for City water and sewer infrastructure projects. Pursuant to the 2019 Amendments, JEA paid to the City an additional one-time contribution in the Fiscal Year ending September 30, 2019 of \$15,155,000 (the "2019 Additional Contribution"). The City's stated intent was to use \$15,000,000 of the 2019 Additional Contribution for City water and sewer infrastructure projects and \$155,000 for river level monitoring equipment.

The portion of the budgeted aggregate assessment calculated with respect to the Water and Sewer System has increased from approximately \$24,953,042 for the Fiscal Year ended September 30, 2020 to \$26,402,695 for the Fiscal Year ending September 30, 2021. While the Charter requires JEA to pay the JEA assessment to the City at such times as the City requests, but not in advance of collection, the Ordinance Code of the City requires JEA to pay the JEA assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to the Charter and the annual transfer of available revenues from JEA to the City pursuant to the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA, JEA may, in its discretion, determine how to allocate the aggregate assessment between the Electric System and the Water and Sewer System, and the aggregate assessment may be paid from any available revenues of JEA.

In addition, the Charter provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

The Charter imposes a monthly Franchise Fee which JEA was required to pay to the City commencing June 1, 2008 for revenues derived effective April 1, 2008 in an amount initially equal to three percent (and not to exceed six percent, with increases requiring a request by the Mayor of the City and a two-thirds supermajority vote by the Council) of the revenues of the Electric System derived within Duval County other than the beach communities and the Town of Baldwin and subject to a per customer maximum. The Charter authorizes JEA to pass through the amount of the Franchise Fee to the customers of JEA, which JEA does. As a result, the Franchise Fee has no effect on JEA's net revenues.

In November 2019, a bill was filed in the Florida House of Representatives that would prohibit any Florida municipal electric utility from using any revenue collected from its customers to finance general government functions. Revenue use would be restricted exclusively for utility functions. On March 14, 2020, the bill was "indefinitely postponed and withdrawn from consideration" by the Florida House. Because of the lack of legislative interest the bill received, JEA does not anticipate a comparable proposal prospectively.

Effect of JEA Credit Rating Changes

General

JEA has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in JEA's credit ratings below specified levels, which provisions commonly are referred to as "ratings triggers."

The table below sets forth the current ratings and outlooks for JEA's Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds, without giving effect to any third-party credit enhancement. Given JEA's current levels of ratings, JEA's management does not believe that the ratings triggers contained in any of its existing agreements will have a material adverse effect on its results of operations or financial condition. However, JEA's ratings reflect the views of the rating agencies and not of JEA, and therefore JEA cannot give any assurance that its ratings will be maintained at current levels for any period of time.

	<u>Fitch Ratings</u>	<u>Moody's</u>	<u>S&P</u>
Outstanding Water and Sewer System Bonds	AA (stable)	A2 (stable)	AA+ (developing)
Outstanding Subordinated Water and Sewer System Bonds	AA (stable)	A2 (stable)	AA (developing)

Liquidity Support for JEA's Variable Rate Bonds

In particular, JEA has entered into a credit agreement, standby bond purchase agreements and letter of credit reimbursement agreement with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the Senior Liquidity Supported Water

and Sewer Bonds and the Subordinated Liquidity Supported Water and Sewer Bonds (collectively the "Liquidity Supported Bonds"). As of the date of this Annual Disclosure Report, there is \$137,110,000 in aggregate principal amount of Senior Liquidity Supported Water and Sewer Bonds outstanding and \$100,835,000 in aggregate principal amount of Subordinated Liquidity Supported Water and Sewer Bonds outstanding. The standby bond purchase agreements and reimbursement agreements, as applicable, relating to the Liquidity Supported Bonds provide that any of such Liquidity Supported Bonds that are purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit, as applicable, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain "events of default" with respect to JEA under such standby bond purchase agreement or such reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, such Liquidity Supported Bonds so tendered or deemed tendered will be due and payable immediately.

In general, the credit agreement and each standby bond purchase agreement and reimbursement agreement, as applicable, provides that it is an event of default on the part of JEA thereunder if the long-term ratings on the Liquidity Supported Bonds to which the credit agreement or such standby bond purchase agreement or such reimbursement agreement, as applicable, relates, without giving effect to any third-party credit enhancement, fall below "BBB-" by Fitch Ratings, "Baa3" by Moody's Investors Service ("Moody's") and / or "BBB-" by Standard & Poor's, a business of Standard & Poor's Financial Services LLC, a limited liability company, organized and existing under the laws of the State of Delaware ("S&P"), or are suspended or withdrawn (generally for credit-related reasons).

Interest Rate Swap Transactions

From time to time, JEA enters into interest rate swap transactions pursuant to both its debt management policy (see "Debt Management Policy" below) and its investment policies (see "Investment Policies" below), which interest rate swap transactions may be for the account of the Water and Sewer System. JEA had interest rate swap transactions outstanding under interest rate swap master agreements with four different counterparties in an aggregate notional amount of \$510,385,000 as of September 30, 2020, of which \$104,400,000 were for the account of the Water and Sewer System. For additional information concerning those interest rate swap transactions, see (a) "Debt Management Policy" below, (b) "Investment Policies" below and (c) Notes 1(k) and 8 to JEA's 2020 Financial Statements set forth in APPENDIX A attached hereto.

Under each master agreement, the interest rate swap transactions entered into pursuant to that master agreement are subject to early termination upon the occurrence and continuance of certain "events of default" and upon the occurrence of certain "termination events." One of such "termination events" with respect to JEA is a suspension or withdrawal of certain credit ratings with respect to JEA or a downgrade of such ratings to below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon any such early termination of an interest rate swap transaction, JEA may owe to the counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner provided in the applicable master agreement and would be based primarily upon market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on

the part of JEA contained in the master agreements range from (x) below "BBB" by S&P and below "Baa2" by Moody's to (y) below "A-" by S&P and below "A3" by Moody's.

Additionally, the master agreement between JEA and Merrill Lynch Derivative Products AG ("MLDP") for the account of the Water and Sewer System contains an automatic transfer provision triggered by a certain rating downgrade or downgrades, as applicable, of JEA or Merrill Lynch Derivative Products AG. Under certain circumstances if the rating on JEA's senior lien Water and Sewer System Bonds or the long-term, unsecured, unsubordinated debt rating or financial program rating of Merrill Lynch Derivative Products AG were to fall below the double-A category, all rights and obligations of Merrill Lynch Derivative Products AG under the master agreement and all transactions under the master agreement would be automatically assigned and delegated to Merrill Lynch Capital Services, Inc. ("MLCS"). MLCS has entered into an agreement with JEA to cause a guarantee from Merrill Lynch & Co. to be delivered to JEA after the assignment occurs and such guarantee will guarantee the payments of MLCS under the master agreement to JEA. S&P downgraded MLDP to "A+" on August 5, 2013, triggering the assignment to MLCS and the Merrill Lynch & Co. guarantee described above.

As of September 30, 2020, JEA's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was approximately \$177,287,000, of which approximately \$37,681,000 was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System.

In connection with the issuance or proposed issuance of certain of JEA's bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Water and Sewer System. These swap transactions are entered into with various providers and are otherwise described in the table below.

<u>Related Bonds</u>	<u>Counterparty</u>	<u>Initial Notional Amount</u>	<u>Notional Amount as of September 30, 2020</u>	<u>Fixed Rate of Interest</u>	<u>Variable Rate Index⁽¹⁾</u>	<u>Termination Date⁽²⁾</u>
<i>Water and Sewer System Revenue Bonds, 2006 Series B Variable Rate</i>	Morgan Stanley Capital Services, Inc.	\$38,730,000	\$19,110,000	4.03-4.09%	CPI Index	10/1/2020 to 10/1/2022
<i>Water and Sewer System Revenue Bonds, 2008 Series B</i>	Merrill Lynch Capital Services, Inc.	85,290,000	85,290,000	3.895%	BMA Municipal Swap Index	10/1/2041

⁽¹⁾ The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

⁽²⁾ Unless earlier terminated.

Debt Management Policy

JEA's debt management policy applies to all current and future debt and related hedging instruments issued by JEA. The policy is designed to provide both broad policy guidance and facilitate management, control and oversight of JEA's debt function, thus fostering ongoing access to the capital markets in order to fund future capital projects of JEA.

The counterparties with whom JEA may deal must meet the requirements for counterparties described under the caption "Investment Policies" below. The policy requires JEA staff to submit to the JEA Board an annual plan of finance, which will address, at a minimum, the amount of debt projected to be issued during the next Fiscal Year, whether such debt is senior or subordinated, whether such debt is fixed or variable, and whether any hedging instruments may be utilized. Under the policy, JEA's net variable rate debt will not exceed 30 percent of total debt and JEA's net variable rate debt plus net fixed-to-floating interest rate swaps will not exceed 55 percent of total debt. "Net variable rate debt" is actual variable rate debt minus net variable rate assets. "Net variable rate assets" is actual variable rate assets minus the notional amount of investment/asset-matched interest rate swaps. "Net fixed-to-floating interest rate swaps" is the aggregate notional amount of fixed-to-floating swaps maturing in 10 years or less minus the aggregate notional amount of floating-to-fixed swaps maturing in 10 years or less outstanding on the last day of each month. "Total debt" equals fixed rate debt plus variable rate debt. "Variable rate assets" are investments maturing in less than one year. "Variable rate debt" is actual variable rate debt outstanding less variable rate debt that is associated with a floating-to-fixed rate swap where the term of the swap matches the term of the variable rate debt. The percentages are to be computed monthly.

JEA's fixed rate debt, variable rate debt and debt-related hedging instruments are to be managed in conjunction with investment assets and investment-related hedging instruments to incorporate the natural occurrence of hedging impacts in those balance sheet categories. The purpose is to use each side of the balance sheet to mitigate or hedge cash flow risks posed by the other side of the balance sheet.

The policy creates procedures to be followed in conjunction with the issuance of fixed rate debt, variable rate debt and debt refundings. Beginning in the Fiscal Year ended September 30, 2010, deposits were made to the Rate Stabilization Fund for the Debt Management Strategy Reserve to reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Under JEA's pricing policy, withdrawals from the Debt Management Strategy Stabilization Fund were limited to expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. In September 2019, the JEA Board authorized revisions to the debt management and pricing policies eliminating the Rate Stabilization Fund for the Debt Management Strategy Reserve and authorized those funds, along with other available funds of JEA, to be used to defease certain outstanding Electric System and Water and Sewer System debt. Such defeasances were effected on October 11, 2019.

The policy establishes a framework for JEA's utilization of hedging instruments including interest rate swaps and caps and collars. The utilization of hedging instruments offers JEA a cost-effective alternative to traditional debt financing choices. JEA is authorized to enter into floating-to-fixed rate swaps, fixed-rate-to-floating rate swaps and basis swaps (*i.e.*, swaps which seek to manage the risk associated with the mismatch between two benchmarks used to set the indices utilized in an interest rate swap transaction). The percentage of variable rate exposure (the notional amount of net fixed-to-floating interest rate swaps and net variable rate debt outstanding) to total debt outstanding may not exceed 55 percent. The notional amount of interest rate swaps, caps,

collars and related hedging instruments is limited to the amount approved by the JEA Board from time to time.

Interest rate caps and related hedging instruments are to be utilized to help JEA manage interest rate risk in its debt management program. Generally, a fixed-to-floating interest rate swap will have an associated interest rate cap for the same notional amount at a level no greater than 200 basis points above the interest rate swap fixed rate. It is also contemplated that an interest rate cap will not always have the same maturity as the interest swap with which it is associated. The average life of the aggregate of outstanding caps will not be less than 75 percent of the average life of the associated aggregate swaps.

The policy sets out various decision rules which govern the decision to execute various hedging instruments. Valuations are performed on a quarterly basis and adjustments to fair value are included in JEA's financial statements.

The policy calls for no more than \$500,000,000 of net interest rate swap and cap or other hedging instruments to be outstanding in the aggregate with any one provider or affiliate thereof. The aggregate amount of all "long dated" (greater than 10 years) transactions executed with financial institutions and all affiliates thereof, shall be limited to an amount based on the credit rating of the financial institution at the time of the entry into the long-dated hedging transaction as shown below:

<u>Rating Level</u>	<u>Notional Amount</u>
AAA/Aaa by one or more rating agencies	\$400,000,000
AA-/Aa3 or better by at least two rating agencies	300,000,000
A/A2 or better by at least two rating agencies	200,000,000
Below A/A2 by at least two rating agencies	0

The ratings criteria shown above apply either to the counterparty to the long-dated transaction or, if the payment obligation of such counterparty under the relevant swap agreement shall be guaranteed by an affiliate thereof, such affiliate. The overall maximum by definition of the above limits cannot exceed \$400,000,000 for long dated transactions.

These diversification requirements include all interest rate swap, cap and other hedging instruments JEA may utilize to manage interest rate risks including, but not limited to, debt management and 100 percent investment/asset-matched program. Interest rate swap and cap transactions are to be competitively bid (unless otherwise determined by the Managing Director and Chief Executive Officer) by at least three providers that have executed interest rate swap agreements with JEA.

Under the policy, an annual budgeted reserve contribution is to be made to a reserve fund. The contributions to the reserve fund will be funded in three equal installments of 1 percent of the notional amount beginning in the month the swap is executed. Once funded, the reserve fund shall at all times be not less than three percent of the notional amount of fixed-to-floating rate debt interest rate swaps outstanding, but can be used for any lawful purpose as approved by JEA's Managing Director and Chief Executive Officer.

The aggregate notional amount of all hedging instrument transactions entered into for the account of the Water and Sewer System outstanding at any one time, net of offsetting transactions, under all swap agreements is established at not to exceed (a) \$600,000,000 in the case of interest rate swaps, (b) \$250,000,000 in the case of basis swaps and (c) \$400,000,000 in the case of caps and collars. A transaction that reverses an original transaction in every respect thereby offsetting the cash flows perfectly is referred to herein as an "offsetting transaction." Generally, in the past JEA has elected to receive or pay an upfront cash payment to reverse the original swap transaction. The phrase "net of offsetting transactions" would relate to reversals that remain on JEA's books if JEA elected not to take/make an upfront cash payment.

Investment Policies

The goals of JEA's investment policy are to (a) provide safety of capital, (b) provide sufficient liquidity to meet anticipated cash flow requirements, and (c) maximize investment yields while complying with the first two goals. Sound investment management practices help maintain JEA's competitive position since investment income reduces utility rates. JEA's funds are invested only in securities of the type and maturity permitted by its bond resolutions, Florida statutes, its internal investment policy and federal income tax limitations. JEA does not speculate on the future movement of interest rates and is not permitted to utilize debt leverage in its investment portfolio. Debt leverage is the practice of borrowing funds solely for the purpose of reinvesting the proceeds in an attempt to earn more income than the cost of the debt.

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2020, 26.3 percent of JEA's total investment portfolio (including funds held under the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution, the District Energy System Resolution, the Bulk Power Supply System Resolution, the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution and the Second Power Park Resolution) was invested in securities issued by the United States Government, federal agencies or state and local government entities and has a weighted average maturity of approximately 4.9 years. As of September 30, 2020, the remaining 73.7 percent of such investment portfolio was invested in commercial paper rated at least "A-1" and "P-1" by S&P and Moody's, respectively, having a weighted average maturity of less than 180 days, in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in money market mutual funds and in bank accounts are used primarily for operating expenses.

JEA has entered into securities lending agreements in the past wherein from time to time JEA loaned certain securities in exchange for eligible collateral consisting of United States Government and federal agency securities whose market values were at least 103 percent of the market values of the loaned securities which were re-priced daily. JEA earned a fee in connection with such securities lending agreements, which augmented its portfolio yield. Although JEA currently does not have any securities held pursuant to its securities lending program, JEA may enter into similar securities lending agreements in the future.

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five

years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2020, JEA had, and as of the date of this Annual Disclosure Report, JEA has, no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future.

The JEA Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (a) "AAA"/"Aaa" by one or more nationally recognized rating agencies at the time of execution, (b) "A"/"A2" or better by at least two of such credit rating agencies at the time of execution, or (c) if such counterparty is not rated "A"/"A2" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A"/"A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, swap agreements generally will require the counterparty to enter into a collateral agreement to provide collateral when (a) the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" by two rating agencies and (b) a termination payment would be owed to JEA.

JEA's payment obligations under the interest rate swap transactions consist of periodic payments based upon fluctuations in interest rates and, in the event of a termination of a transaction prior to the stated term thereof, potential termination payments. The amounts of such potential termination payments are based primarily upon market interest rate levels and the remaining term of the transaction at the time of termination. JEA is authorized to enter into both (a) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Electric System ("Electric System Swap Agreements") and (b) interest rate swap agreements the obligations of JEA under which are payable from available funds of the Water and Sewer System ("Water and Sewer System Swap Agreements").

In the case of interest rate swap transactions entered into pursuant to Water and Sewer System Swap Agreements, JEA's payment obligations thereunder are payable following the payment of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer System, debt service on Water and Sewer System Bonds, debt service on any Subordinated Indebtedness of the Water and Sewer System (including Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

Interest rate swap transactions for the account of the Water and Sewer System may be entered into pursuant to either Water and Sewer System Swap Agreements or Electric System Swap Agreements. In the case of interest rate swap transactions for the account of the Water and Sewer System that are entered into pursuant to Electric System Swap Agreements, JEA has established procedures pursuant to which (a) all amounts received by JEA pursuant to such interest rate swap transactions are transferred to the Revenue Fund established pursuant to the Water and Sewer System Resolution and (b) all payments required to be made by JEA pursuant to such interest rate swap transactions are paid for from Revenues of the Water and Sewer System; *provided, however*, that no such payments may be made from Revenues of the Water and Sewer System until payment (or provision for payment) has been made of the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts of the Water and Sewer

System, debt service for the Water and Sewer System Bonds, debt service for any Subordinated Indebtedness of the Water and Sewer System (including the Subordinated Water and Sewer System Bonds) and the deposits to the Renewal and Replacement Fund established by the Water and Sewer System Resolution.

For further information regarding this interest rate swap program, see Notes 1(k) and 8 to JEA's 2020 Financial Statements set forth in APPENDIX A attached hereto.

Revolving Credit Facility

Effective December 17, 2015, JEA entered into a revolving credit agreement with JPMorgan Chase Bank, National Association ("JPMorgan") for a \$300,000,000 commitment (the "Revolving Credit Facility"). The Revolving Credit Facility was initially scheduled to expire on December 17, 2018. Effective May 24, 2018, JEA and JPMorgan amended the agreement to extend the expiration date to May 24, 2021, and effective November 1, 2018, the parties further amended the agreement to increase the maximum principal amount of the credit facility available for Electric System loans by \$200,000,000, for a total commitment equal to \$500,000,000 [MONITOR RENEWAL STATUS]. Subject to meeting various conditions, the Revolving Credit Facility is available to JEA to provide working capital and short-term and interim financing for capital projects in connection with any of its systems. Payment obligations allocable to the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power System under the Revolving Credit Facility are payable from the respective revenues of the Electric System, Power Park (under the Second Power Park Resolution) and the Bulk Power Supply System, as applicable, but are subordinate to the payment of JEA's Electric System, Power Park and Bulk Power Supply System debt (including the Electric System Bonds, the Subordinated Electric System Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of the date of this Annual Disclosure Report, JEA has \$5,000,000 in borrowings outstanding under the Revolving Credit Facility, which are for the account of the Water and Sewer System.

Loans Among Utility Systems

Pursuant to the Charter, JEA has the authority to lend money from one of its utility systems to another of its utility systems under terms and conditions as determined by JEA. As of the date of this Annual Disclosure Report, no loans among the systems are outstanding.

No Default Certificates

Section 714.2 of the Water and Sewer System Resolution and Section 7.07 of the Subordinated Water and Sewer Resolution require that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution, respectively, and if so, the nature of such default. Section 713.2 of the District Energy System Resolution requires that JEA annually obtain a certificate of its independent firm of certified public accountants stating whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the

District Energy System Resolution, and if so, the nature of such default. The actual certificates provided by such accountants state that nothing has come to such accountants' attention that caused such accountants to believe that JEA failed to comply with the terms, covenants, provisions or conditions of the applicable section(s) of the relevant resolutions, *insofar as they relate to accounting matters* (emphasis supplied). The accountants have advised JEA that the italicized qualifying language is required to be included by their professional standards (specifically, Statement on Auditing Standards No. 62). JEA does not believe that any other nationally-recognized accounting firm will provide certificates that strictly meet the requirements of the applicable section(s) of the relevant resolutions and that differ materially from the certificates provided by JEA's accountants.

Notwithstanding the failure of the accountants' certificates to strictly meet the requirements of the respective resolutions as described above, as of the date of this Annual Disclosure Report, JEA is not in default in the performance of any of the covenants, agreements or conditions contained in the Water and Sewer System Resolution, Subordinated Water and Sewer Resolution and the District Energy System Resolution.

LITIGATION AND OTHER MATTERS

General

In the opinion of the Office of General Counsel of the City, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of JEA relating to the Water and Sewer System or the District Energy System other than as set forth in the financial statements of JEA in APPENDIX A of this Annual Disclosure Report and other than the matters set forth in this Annual Disclosure Report.

JEA, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation, the OGC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of JEA, threatened against JEA or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Water and Sewer System.

Other Matters

[UPDATE]

On April 21, 2020, the United States District Court for the Middle District of Florida issued a Subpoena to Testify Before Grand Jury to JEA requesting numerous documents and records relating to, among other things, the selection of JEA's former CEO, the former ITN, and a bonus pay plan for senior executives established during the administration of the former CEO. JEA has complied with the subpoena and provided the requested documents and records.

On June 5, 2020, JEA filed a civil action in state court against Mr. Zahn. The complaint accuses Mr. Zahn of engaging in fraudulent behavior while acting as Managing Director and Chief Executive Officer of JEA and breaching both his fiduciary duty to JEA and the public trust.

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APPENDIX B

INTER-OFFICE MEMORANDUM

April 12, 2021

SUBJECT: CORPORATE HEADQUARTERS UPDATE

FROM: Jay Stowe, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA has been planning for a new corporate headquarters (HQ) for several years to address business continuity risks while meeting our headquarters needs in a cost-effective manner. The Board approved a lease with Ryan Companies US, Inc. (Ryan) at its June 25, 2019 meeting and the lease was executed on July 9, 2019 after approval of the site purchase and sale agreement between Ryan and the City of Jacksonville. Reviews by the JEA Board and its Corporate Headquarters Committee in May 2020 resulted in approved changes to the scope of the HQ project including reducing two floors from the main building and the parking garage. A lease amendment reflecting the scope changes was executed on June 23, 2020. JEA executed lease amendment 3 on February 26, 2021 setting the guaranteed maximum price (GMP) for construction scope with Ryan Companies in line with the target budget established in the June 2020 lease amendment.

DISCUSSION:

Significant progress continues on the office building construction. The steel frame construction on the mechanical penthouse is nearing completion and the 7th floor deck concrete pour will be completed in April. Fire proofing of steel beams is underway and exterior wall framing and sheathing will commence in early May. Precast concrete construction for the garage structure will begin in mid-May. Detailed coordination continues on construction elements, utilities and design clarifications. JEA and RS&H are finalizing the program recommendations to accommodate the hybrid workplace model. RS&H is coordinating on early lead design items with the Ryan team including layouts for the ground floor.

Mechanical penthouse
steel construction
above 7th floor deck

April 2nd update



FINANCIAL IMPACT:

The proposed reassessment for downtown locations discussed in January may allow for better use of space in the long term and the possibility of short term financial savings.

RECOMMENDATION:

This is provided as information only.

Jay Stowe, Managing Director/CEO

JCS/LMD/NKV

APPENDIX C

April 2021

CORPORATE COMMUNICATIONS & COMMUNITY OUTREACH



The Customer & Community Engagement Team develops engaging communications across a range of channels to educate our customers and community on JEA services and programs in order to help them save money, time and provide peace of mind.

ADVERTISING & SOCIAL MEDIA CAMPAIGNS • CUSTOMER COMMUNICATIONS • DIGITAL COMMUNICATIONS • VIDEOGRAPHY • COMMUNITY OUTREACH



Working Together to Protect Our Environment

April 2021

WORKING TOGETHER TO PROTECT OUR ENVIRONMENT

In the April bill insert we highlighted ways JEA strives to be a responsible steward of the environment through our commitment to meeting energy, water and wastewater service needs in a way that is environmentally, socially and economically sustainable.

In a nod to Water Conservation Month, we shared tips for how customers can conserve water and save money at the same time.

MONTHLY CUSTOMER PAID IMPRESSIONS

MEDIA	IMPRESSIONS
Television/Cable	631,000
Radio	431,000
Out-of-Home	4,037,440
Online Display/Video	1,603,087
Paid Social	961,575
Online Paid Social	103,443
Print	0
TOTAL	7,767,545

Customers should have a choice for how they pay their JEA bill. The variety of billing and payment options designed to meet their needs was the focus of one of the 15-second commercials we ran, associated with our customer education campaign, in April.



<https://vimeo.com/510453335/20f566c824>

DIGITAL COMMUNICATION HIGHLIGHTS



The top social media post for the month, was Jay Stowe's Tweet featuring an employee appreciation video.

400 views
2746 impressions

<https://twitter.com/NewsfromJEA/status/1367934213194924035>

SOCIAL MEDIA ENGAGEMENT

Our Facebook post about lighting up the JEA logo on the building also scored high engagement.



88 Total Engagements
671 Total Minutes Viewed
2249 3-second Video Views

Performed **1.7x** better than other posts.

Brand Sentiment

29% increase positive brand sentiment
37% decrease negative brand sentiment

Our brand sentiment did see a bit of a shift over the past month. The main source for the negative mentions were related to the grand jury investigation.

MEDIA HIGHLIGHTS

NEWS BREAK

SEPTIC TANK FUNDING TO BETTER HEALTH OF RESIDENTS, ST. JOHNS RIVER

The City and JEA are teaming up this year to make good on a promise to protect the beauty and health of the St. Johns River.

ACTION NEWS JAX

WINN-DIXIE HELPS VACCINATE HUNDREDS OF JEA EMPLOYEES

JEA and Winn-Dixie partnered to get up to 200 employees vaccinated in an effort to reduce the spread of Covid-19.

NEWS4JAX

APPLICATIONS OPEN FOR JACKSONVILLE'S EMERGENCY RENTAL & UTILITY ASSISTANCE PROGRAM

Positive story highlighting this program and the partnership between the City, the United Way and JEA.

ENGAGING WITH OUR COMMUNITY

We celebrated **Ambassador/Volunteer Appreciation Week**, April 18-25, with social media posts, leadership video messages to team members, and a small token to staff recognizing their service and commitment to improving the lives of those we serve.

99
Volunteer
Activities

350
Volunteer
Hours

10
Ambassador
Activities

JEA Volunteers Kickoff First In-Person Community Service Project Since Pandemic

The City of Jacksonville and Keep Jacksonville Beautiful hosted the **26th Annual St. Johns River Cleanup on Saturday, March 20**. JEA volunteers pitched in to help with the cleanup the day before on Friday, March 19, by having our first in-person community service since the pandemic began.

More than **60 volunteers worked 156 hours** removing trash and debris, collecting over 200 bags of trash and miscellaneous items.

UNITED WAY CAMPAIGN RESULTS

Because of the generosity of JEA employees and our commitment to making a difference in the community we serve, we raised **\$244,293.55** for our **United Way Employee Giving Campaign**.



The funds raised from our campaign events, employee contributions and annual and safety leave donations will benefit United Way agencies in Northeast Florida. Since 1997, JEA employees have contributed more than \$8 million to United Way. As our community continues to heal from the financial strain brought on by COVID-19, the funds will help provide much needed support and services for the UW agencies.

What happens when 63 JEA volunteers unite for one purpose? Watch this video to find out!



<https://youtu.be/q-ALZ5E908A>

AMBASSADOR & VOLUNTEER SPOTLIGHTS

AMBASSADOR OF THE MONTH



MATT POTEET
Associate Manager,
Facilities Capital Projects

Matt's favorite part of being an Ambassador is the one-on-one contact with community members. In fact, although he has continued participating in virtual activities, such as making calls for the Downtown Ecumenical Services Council, he prefers the live events like the STEM Science Fairs and the Learning Academies. "I like helping people understand JEA and the work we do," he says.

VOLUNTEER OF THE MONTH



CAROLYN SHULTZ
Office Support Associate, Pollution
Prevention Programs

Continuous new experiences remain her favorite part of volunteering. "The opportunity to volunteer with senior adults who are often eager to share their unique stories and diverse backgrounds is very fulfilling," Carolyn says. "My life has been enriched by these seniors and their sacrifice for future generations. As I share with them, I am the one who does much of the learning."



APPENDIX D

INTER-OFFICE MEMORANDUM

April 8, 2021

SUBJECT: **SOLE SOURCE & EMERGENCY PROCUREMENT/PROCUREMENT
APPEALS BOARD REPORT**

FROM: Jay Stowe, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Sections 1-113 and 1-114 of the JEA Purchasing Code require the Chief Procurement Officer to submit a report on all Sole Source and Emergency procurements and all Procurement Appeals Board decisions to the JEA Board on a quarterly basis.

DISCUSSION:

This report is submitted for the quarter ending March 31, 2021. Summary information for all awards is provided below. A detailed listing for the Formal Sole Source and Emergency Awards is attached. Detailed back-up information for all other awards is retained by the Chief Procurement Officer and is available upon request. There were no Procurement Appeals Board (PAB) actions this quarter.

Quarter Ending March 31, 2021

Formal Awards	Number	%	Dollar Amount	%
Total	70		\$168,896,000.37	
Sole Source Awards	1	1.43%	\$1,809,000.00	1.07%
Emergency Awards	0	0.00%	\$0.00	0.00%
Informal Awards	Number	%	Dollar Amount	%
Total	1928		\$18,237,411.05	
Sole Source Awards	0	0.00%	\$0.00	0.00%
Emergency Awards	1	0.05%	\$42,770.00	0.23%

FINANCIAL IMPACT:

No financial impact at this time. This presentation is provided as information.

RECOMMENDATION:

This item is submitted for information. No action by the Board is required.

Jay C. Stowe, Managing Director/CEO

JCS/ADM/JGM/JVB

Formal Sole Source Awards by Department - Detailed Listing					
12 months ending March 31, 2021					
Sole Source Awards (12 Items totaling \$23,614,576.27)					
Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
5/7/2020	\$409,803.00	Energy	Powerplus Cleaning Systems	N01 CFB HRA Impulse Cleaning System	Sole Source: This request is for the purchase of an impulse cleaning system on the N01 CFB HRA to improve heat transfer which would improve overall unit efficiency. The Northside Generating Station Circulating Fluidized Bedboilers (CFB's) heat recovery area (HRA) are prone to ash build up, which decreases the thermal efficiency of the HRA, causing the HRA outlet gas temperature to be elevated (35 degrees higher than design). This elevated temperature causes increase limestone consumption in the air quality control system (AQCS), approximately 9%, and an overall unit heat rate degradation for each 1 degree over design at the HRA exit of 2.51 BTU/KWH. This project is designed to bring the HRA exit gas temperature closer to design temperature through impulse cleaning. There are several technologies for ash removal which include; detonation (impulse cleaning), soot blowers and acoustic wave. JEA has soot blowers which are maintenance intensive, provide limited coverage and potentially damage tubes. Acoustic wave has been used by JEA with limited success in removing build up. Based on research detonation (impulse cleaning) is the selected technology and demonstrates a quick return on investment.
7/9/2020	\$1,270,850.00	Energy	Applied Specialties, Inc.	Chemical Supply For JEA	Sole Source: JEA uses Applied Specialties for chemicals and chemistry related services for the following chemicals: Cor-Chek 2 - NGS Oxygen Scavenging AS-6114 – NGS Closed Loop Cooling corrosion inhibitor AS-8004 – NGS Polymer for SDA AS-743 – NGS Sodium Bromide Water Treatment AT-7538 - Brandy Branch Generating Station cooling tower corrosion inhibitor. AS-8656 – Anti-Scalent Reverse Osmosis The services include but are not limited to chemical supply and delivery, system analysis, coupon evaluation and, and chemistry adjustments for both Northside Generating Station and Brandy Branch Generating Station.
9/24/2020	\$15,818,528.00	Customer	ICF Resources LLC	Non-Road Electrification Program	Sole Source: This scope of work is for JEA's incumbent Non-Road Electrification Program (NRE) provider ICF Resources LLC to continue and expand the operation of its current program for JEA's commercial and industrial customers. The NRE is a growth initiative that promotes the replacement of fossil fuel-powered commercial and industrial equipment with clean, efficient electrically powered equipment. Rebates (\$9M) will be offered to JEA customers to offset a portion of the incremental equipment costs and/or to assist with the installation of electrical infrastructure necessary to support the new equipment. In its early stages, this program has focused on prescription rebates and the replacement of gas powered forklifts to make an immediate impact. In the future, this program is expected to accelerate the adoption of electric-powered equipment, and to displace the local emission of CO2, NOx and other pollutants by incentivizing large and more complex applications. This contract provides JEA a newly sustainable revenue stream via the replacement of current fossil fuel powered equipment with electrical battery and the purchase of new electrically powered equipment. JEA and ICF estimate annual growth of an additional 193 GWh or \$12MM by FY 2025, or a total of 1,938 GWh or \$72M NPV generated for the ten-year estimated life of the incentivized electric equipment.
10/22/2020	\$303,449.97	Customer	Qualtrics, LLC	Online Survey and Customer Analytics Core XM Software	Sole Source: This scope of work is to maintain and upgrade JEA's existing Online Survey and Customer Analytics software solution Core XM provided by Qualtrics. Core XM is an online survey package which Customer Analytics has used to program for programming three ongoing transactional customer surveys (online and web-based), as well as ad-hoc research projects conducted throughout the year (e.g., Demand Pilot Research, COVID Return-to-Work Employee Survey, Appliance Saturation Study, and many others). This is deemed a sole source based on the sole source Purchasing code definition "(a) there is only one justifiable source for the required Supplies or Services". In 2015, Qualtrics was selected through a competitive bid process to replace previous contracts with third-party market research vendors (i.e., Foresee, JD Power) by collecting and reporting on survey data using in-house resources. This change resulted in substantial savings over the previous vendors. Over the course of the last five years, Qualtrics has provided extra value as the tool has been used to execute many additional studies beyond the transactional studies it originally replaced. Customer Analytics staff have invested time in training and practice in the Qualtrics tool and are now proficient in executing surveys on short order for internal clients. Additionally, JEA has spent much time and effort in programming the ongoing transactional studies, and would incur a similar amount of lost time in switching to a new platform or vendor. It initially took several months work for the team to transition, as it was necessary to verify that results obtained using the new system are truly comparable. Qualtrics' platform is widely recognized in the market research industry as a leading online survey tool.
10/29/2020	\$430,235.00	Energy	Switchgear Power Systems LLC	4kV Switchgear for Park & King Substation	Sole Source: As a part of the rehabilitation of the JEA Park and King 13.2/4kV Substation located in the Riverside and Avondale Historic District, new 4kV switchgear is required. The substation is located between two non-JEA properties and is approximately the size of two car garage. JEA's Standards group, in support of the Park & King Substation replacement project, developed a new specification for switchgear equipment. Through the development of the specification and in consideration of the unique requirements of the Park & King Substation, JEA has one equipment manufacturer and arc quench technology manufacturer that can provide the equipment required for this project. All functional and safety requirements need to be met, while at the same time, meeting size and space requirements for this location.

JEA Board of Directors Meeting - April 27, 2021

10/29/2020	\$1,449,499.99	Energy	Wesco Distribution Inc.	13.2kV transformers for JEA HQ & FIS building Riverside	Sole Source: There are two projects currently in the early stages of construction; JEA new HQ and the FIS building. The electrical distribution for these two projects will be underground in vaults. The transformers for these two project may be exposed to water intrusion in storm events. This award is to buy 3, 1000 KVA and 4, 2000 KVA for the JEA HQ and FIS building development projects. JEA's standards group has worked to develop a technical specification for dry transformers for underground vault based applications where the transformer may be exposed to water intrusion into the vault where the transformer is mounted. The manufacturer ABB is the only domestic US manufacturer currently manufacturing dry transformers that meet JEA's technical specification.
11/19/2020	\$303,978.00	Facilities	CBRE, Inc	Owner's Representative Services for JEA Hardened Facility	Sole Source: This sole source request is for Owner's Representative Services for JEA Hardened Facility (HQ2) to Complement New JEA Headquarters (HQ). JEA requires Owner's Representative Services for the planned JEA Hardened Facility (HQ2) to complement the new JEA headquarters (HQ). JEA engaged CBRE through a competitive solicitation in October 2017 to assist with project management of a new JEA headquarters. The process for the corporate headquarters was modified by JEA from the original approach in mid-2018 to include a competitive solicitation for building solutions. CBRE assisted JEA throughout the solicitation process and project planning continued under a modified approach including a build to suit lease solution for the HQ. Project planning and changes continued to May 2020 when the project scope was reduced and the JEA Board approved the final scope and limits in June 2020. The final scope included separating out the Emergency Operations Center (EOC) and related support functions including personnel into a second hardened facility project, given the working name HQ2. Much of the EOC and related scopes had been contemplated for the original HQ project. Given CBRE's continued involvement and working knowledge of the now split projects scopes, it is recommended to continue services with CBRE as Owner's Representative for the complementary HQ 2 project portion. The two projects and data related to scoping of each will provide for continuity and flow between the two projects. The requested service is an appropriate Sole Source Award because it is a follow up of services which may only be done efficiently and effectively by CBRE, who rendered the initial services to JEA by virtue of a contract which was competitively procured.
11/19/2020	\$313,252.00	Energy	Solid State Controls LLC, dba Ametek Solidstate Controls	Brandy Branch Battery UPS Replacement B50, B51, B52 & B53	Sole Source: The Brandy Branch Generating Station maintains Uninterruptable Power Supply (UPS) systems for each of the combustion turbines and control room. Each UPS system consists of battery banks, inverters, chargers bypass switches and transformers. JEA engineering has reviewed multiple product lines from companies over the years, Ametek has won competitive bids in the past to supply UPS systems. This request to approve purchasing replacement equipment for BBGS units 50 control room balance of plant equipment), 51 (CT1), 52 (CT2) and 53 (CT3). JEA made the determination to purchase this equipment on a Sole Source basis directly from the manufacturer vs. going to a reseller, distributor or construction contractor. The power generation Standards Committee took action on September 2, 2020 to approve Ametek inverters and Chargers as standards for CT controls. Ametek UPS systems are installed at Northside Generating Station and at Brandy Branch Generating Station for the Steam Turbine (Unit 54). Replacing the obsolete and outdated UPS systems for units 50, 51, 52 and 53 which are at end of life (20 years of service) with Ametek equipment as the Standard will provide the following benefits: <ul style="list-style-type: none"> • Consistency in equipment platforms for training operators • A single source for spare parts and replacement equipment JEA completed a competitive bid in 2011 for SJRPP and Ametek was selected as the lowest Bidder. JEA has researched other equipment product offering and while similar in price, these other products have locked advanced controls systems which require subscription type support to access functions and do not have the extensive operational history of Ametek. JEA has standardized on Ametek equipment for UPS systems.
11/19/2020	\$672,546.00	Facilities	Florida Power & Light Co	Non-JEA Electric Utilities	Sole Source: This sole source request is for approval to purchase non-JEA electric utility services. JEA has facilities located outside of the JEA service territory. JEA has lift stations located in various areas outside of our electric service territory. At these lift stations, JEA is responsible for paying an electric bill to various utilities companies. JEA has no plans to relocate facilities serviced by non-JEA utility providers and all of these providers are monopolies in their own territories.
11/19/2020	\$355,000.00	Facilities	St Johns County Utility Department	Non-JEA Electric Utilities	Sole Source: This sole source request is for approval to purchase non-JEA electric utility services. JEA has facilities located outside of the JEA service territory. JEA has lift stations located in various areas outside of our electric service territory. At these lift stations, JEA is responsible for paying an electric bill to various utilities companies. JEA has no plans to relocate facilities serviced by non-JEA utility providers and all of these providers are monopolies in their own territories.
12/10/2020	\$478,434.31	Customer	The Energy Authority, Inc	Project Services Agreement for TEA Connected Analytics™ Services	Sole Source: JEA requests to contract with The Energy Authority, Inc (TEA) through a sole source procurement method to provide a data platform, support developing new applications, analytics subscriptions for the associated software. The data platform is managed by TEA, JEA provides data through secure FTP, TEA manages application development and subscriptions. JEA's goal is to improve maintenance operations and revenue generation. The TEA Connected Analytics Common Data Platform™ which is the foundation for the developed analytics services, described hereafter. Each subscription package comes with the TEA Connected Analytics Common Data Platform (TEA CA CDP). TEA is the only justifiable source to provide these services for the following reasons: 1.) Given that JEA provided support in the development of these solutions, and TEA is ready to move into production, it would be cost and timing prohibitive for JEA to abandon these prospective services and source a different product solution considering the value JEA has provided to this effort and will continue to provide. 2.) If JEA were to source and select another provider, JEA would have to start a new first of a kind software engineering event to develop the models and then negotiate and subscribe to a subscription with the new provider. Conservatively, to date, JEA has received around \$500,000.00 in analytical support from TEA for model development at no cost.

2/26/2021	\$1,809,000.00	Customer	Message Broadcast	Customer Alerts and Preferences	<p>Sole Source: Message Broadcast has implemented a customer alert platform that is used by JEA to setup and manage ongoing, triggered and ad hoc customer alerts. The Message Broadcast platform allows JEA to manage all alerts, email, text/SMS (two way), and print, through one (1) interface. The platform hosts the Customer Preference Center (allowing customers to select how, when and what messages they wish to receive) and store customer alert preferences (data hosting). The platform integrates with systems currently used by JEA.</p> <p>This award seeks to purchase access for an unlimited number of users to the Message Broadcast messaging platform, professional services (for development, support and strategic counsel), use of vanity shortcodes and access to telecom carriers to prioritize JEA's messages/traffic. Continued service with Message Broadcast is required for the new Oracle Customer to Meter (C2M) billing solution, currently being implemented, which will use Message Broadcast for customer communications. Message Broadcast provides a messaging platform and communication delivery services that are vital to communicating with JEA's customers alerts in the course of their routine business with JEA, as well as for news, updates and gray sky storm information. Despite this new three (3) year award request JEA intends to start the competitive rebidding process in six (6) months from this award to allow time for rebidding and also enough time for a new up to two (2) year implementation of a new product, if necessary. The contract includes flexibility through termination for convenience to end early if a new product is implemented prior to the end of this award.</p>
Total	\$23,614,576.27				
Formal Emergency Awards by Department - Detailed Listing					
12 months ending March 31, 2021					
Emergency Awards (1 Item totaling \$323,178.71)					
Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
7/30/2020	\$323,178.71	W/WW	Merrell Bros. Inc.	Buckman Water Reclamation Facility (WRF) Centrifuge and Sludge Hauling	Emergency: To provide emergency dewatering services at the Buckman WRF. The services call for a mobile centrifuge, screw press, or belt press with adequate capacity to thicken the sludge from ~1.5% - 4% solids to 20% solids for transport and disposal and to also haul and dispose the thickened sludge at an approved site.
Total	\$323,178.71				

Total Sole Source & Emergency Procurement Actions

	FY20 Q3	FY20 Q4	FY21 Q1	FY21 Q2
Total Awards	\$111.66M	\$81.18M	\$155.76M	\$187.13M
Sole Source (\$)	\$0.67M	\$17.28M	\$4.83M	\$1.81M
Sole Source (%)	0.60%	21.28%	3.10%	0.97%
Emergency (\$)	\$0.12M	\$0.62M	\$0.27M	\$0.04M
Emergency (%)	0.11%	0.77%	0.17%	0.02%
Combined SS/E (%)	0.71%	22.05%	03.27%	0.99%



Board of Directors Meeting April 27, 2021

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

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

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



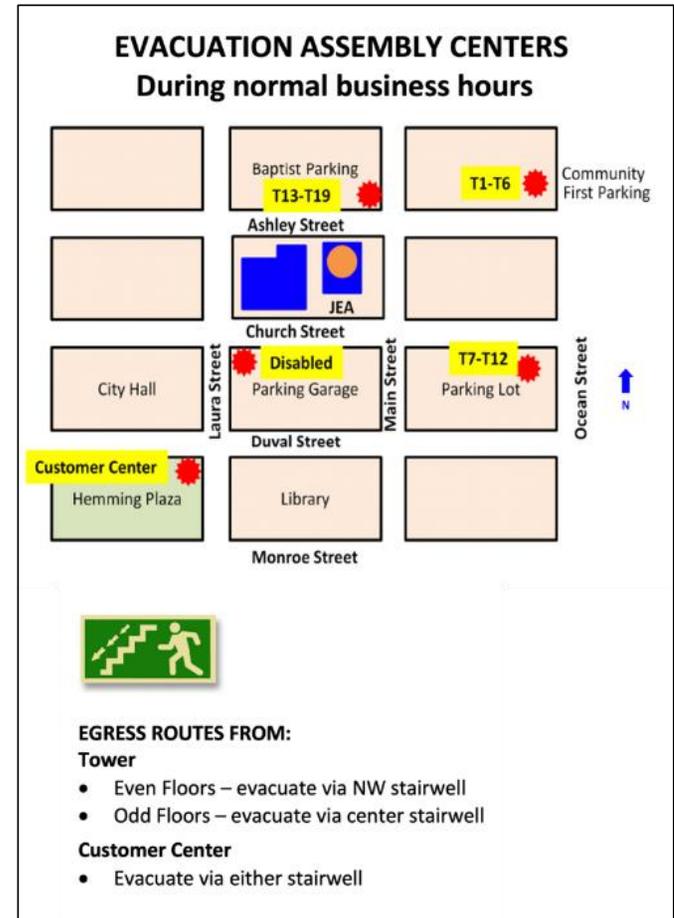
Safety Briefing and Moment

Steve Bossier
Director, Risk Management Services



Safety Briefing

- In the event of an emergency, call 9-911 and alert others
- Emergency Evacuation Route (use stairwell)
- Assembly Location: Baptist Parking Lot (corner of Ashley & Main St.)
- Safety Partner (person to your right)
- Medical Conditions / CPR
- Hazard & Situational Awareness
- Cell Phone Etiquette



Safety Moment

Fall Protection

- **PLANNING** ahead to perform the job without incident
- **IDENTIFYING** all potential fall hazards before commencement of work
- **LOOKING** for fall hazards such as unprotected wet wells, floor openings/edges, shafts, pits, stairwells, and roof openings/edges
- **PROVIDING** the correct equipment (e.g., guardrails, full body harness, lanyards, etc.)
- **TRAINING** employees on safe equipment use including securing harness to an approved anchor point
- **PRACTICING** good housekeeping and keeping work areas free of trip hazards
- **ENFORCING** fall protection safety policies, procedures and safe work instructions
- *Next Month's Safety Moment: Heat Illness Prevention*





Develop an
UNBEATABLE TEAM



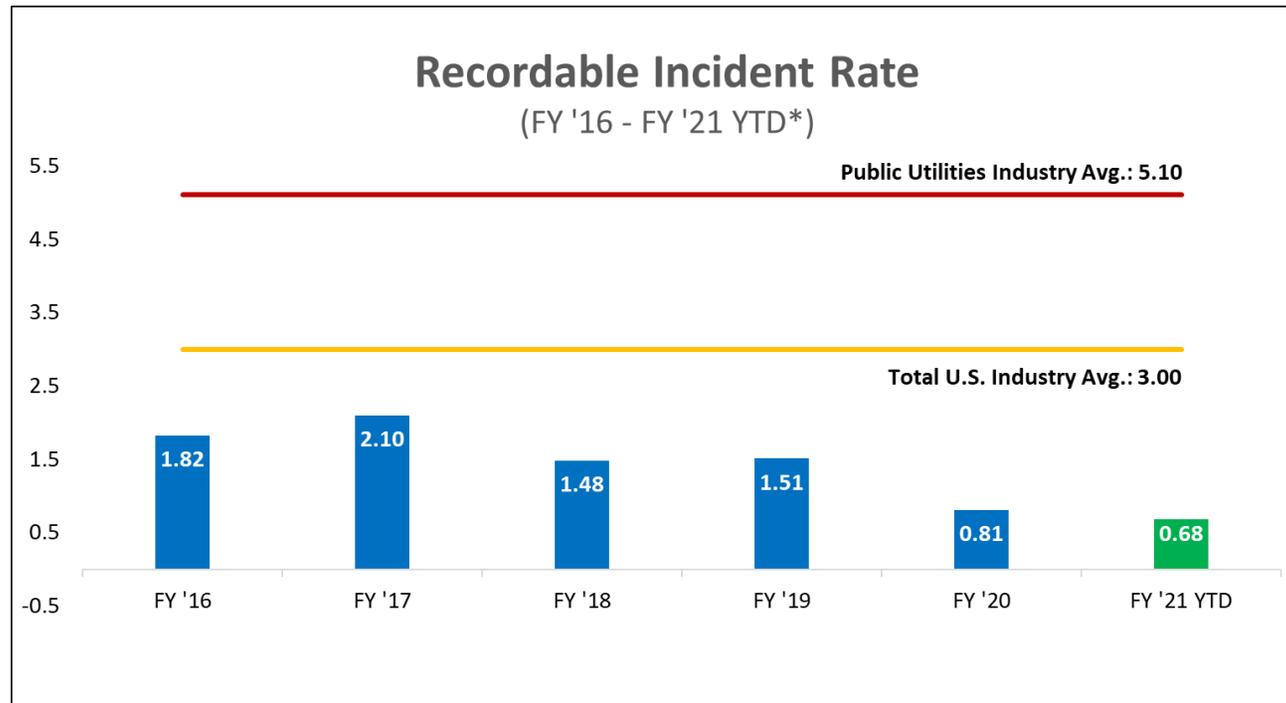
Safety Performance

Tony Long
Director, Safety and Health Services



April 27, 2021

Safety Performance Update



Recordable Incident Rate = [No. of OSHA Recordable Injuries ÷ Hours Worked] x 200,000



* Incident rates valued as of March 31, 2021

Safety Recognition: JEA Facilities Team



2,000-days without a recordable injury - Congratulations!!!





Jacksonville Small and Emerging Business (JSEB) Quarterly Report

Rita Scott
Manager Jacksonville Small Emerging Business Program & Procurement Performance



April 27, 2021

Jacksonville Small and Emerging Business (JSEB) Scorecard

FY21 Q2 Results

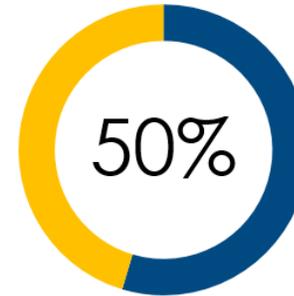
- Available Spend is \$90M
- JSEB Goal is \$18M
- As of Q2, we have achieved \$8.9M in actual spend, representing 50% of the Goal
- Prime JSEB Vendors account for 46% of the actual spend
- There is a diverse mix of JSEB Vendors that account for the actual spend

Available Project Spend

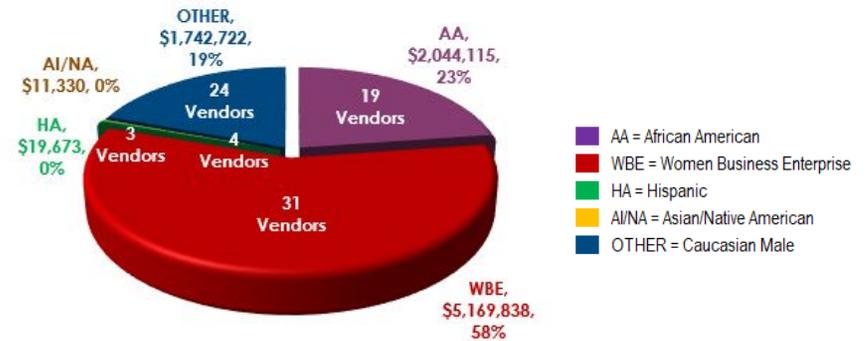
AVAILABLE SPEND	SPEND GOAL = 20%
\$90,000,000	\$18,000,000

JSEB ACTUAL SPEND

\$8,987,678

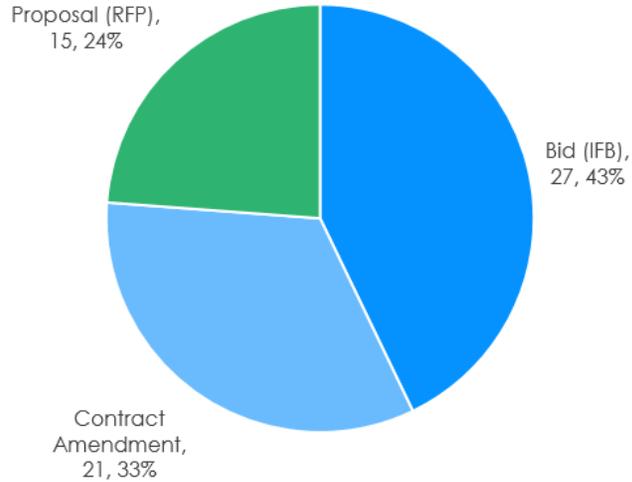


QTR1 JSEB SPEND	\$4,907,986
QTR2 JSEB SPEND	\$4,079,692
QTR3 JSEB SPEND	\$0
QTR4 JSEB SPEND	\$0



Jacksonville Small and Emerging Business (JSEB) Scorecard

JSEB Contract Award Types



Q2 Contracts Awarded to JSEB Vendors

- 63 Contracts have been awarded to JSEB Vendors
- Contracts awarded are valued at \$12.1M (over the next 5 years)
- The bulk of the contracts awarded are projects within the Facilities and Water / Wastewater groups
- Contract awards typically range from 1 to 5 years

Jacksonville Small and Emerging Business (JSEB) Spotlight

JSEB Vendors Highlighted

- Four Waters Engineering, Inc.
- Onas Corporation
- GM Hill Engineering, Inc.

Diversity & Inclusion in Procurement

Efforts to Expand Supplier Diversity

- Diversity survey sent to existing Suppliers
- Updated Vendor form to capture diversity information as suppliers are being on boarded to JEA
- Benchmark with other utilities and local companies to further program development
- Research software and 3rd party systems to obtain information on diverse suppliers
- Expand education beyond the Doing Business With JEA workshop
- Review project minimum requirements from best practice study



Diversity, Equity, & Inclusion

More Than Just The Numbers

David Emanuel
Chief Human Resources Officer



April 27, 2021

JEA Diversity, Equity, & Inclusion

WHY IT'S IMPORTANT



Companies that have more diverse management teams have 19% higher revenue



Diverse teams outperform individual decision-makers up to 87% of the time when it comes to making business decisions



Florida population demographics shifting significantly - Florida will be majority-minority by 2028



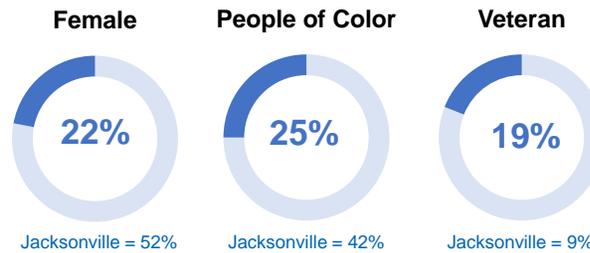
Racially and ethnically diverse companies outperform industry norms by 35%



67% of job seekers said a diverse workforce is important when considering job offers



WHERE WE ARE NOW



JEA data as of March 2021 Excludes CEO, JEA Temporaries and External Contractors
 Jacksonville data based on 2019 estimates [U.S. Census Bureau QuickFacts: Jacksonville city, Florida](#) (Duval, St. Johns, Clay, Nassau, & Baker Counties)

	White	Minority	Minority %	Male	Female	Female %
Craft / Skilled Workforce	965	277	22%	1,056	186	15%
Individual Contributor	288	148	34%	277	159	36%
Manager & Specialist	146	48	25%	140	54	28%
Director	41	4	9%	30	15	33%
Executive	6	4	40%	7	3	30%

WHAT WE'RE GOING TO DO

Evaluate our past successes, know our current state and move beyond metrics

Engage our internal stakeholders in discussions regarding current state, current challenges, and desired future state

Research Best Practices from our business & utility peers in Jacksonville and throughout the U.S.

Build a strategy that makes our employees and the people of Jacksonville proud

FOR POSITIVE CHANGE

Improve how we attract talent, engage our employees and develop the workforce of the future

Improve how we communicate and interact with our community

Form a coalition of employees and community partners building on these relationships to learn from and begin to influence our practices and work at JEA and the community we serve

...because we believe JEA's culture should be a reflection of our community and values



Earn
CUSTOMER LOYALTY



J.D. Power Customer Satisfaction Update

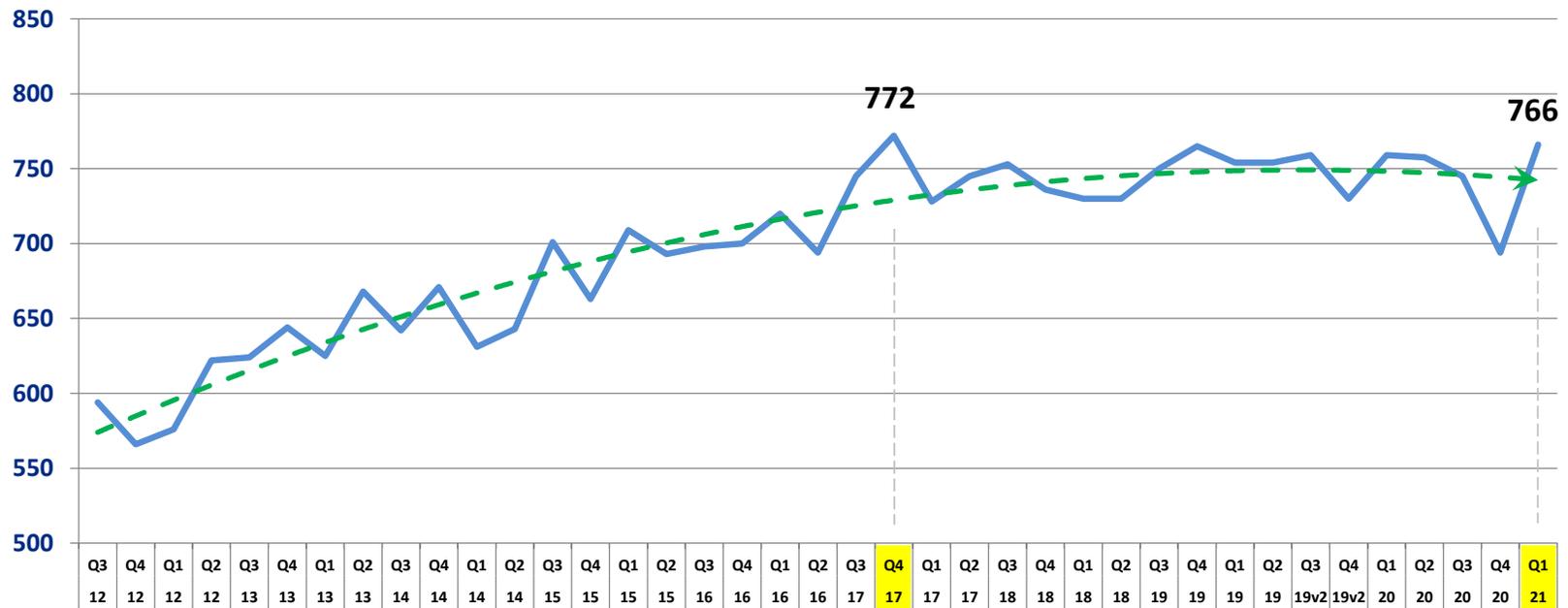
Wave 2 • Jan – Feb 2021

Sheila Pressley
Chief Customer Officer



J.D. Power (JDP) Customer Satisfaction Survey Wave Trend

JEA Survey Wave Results

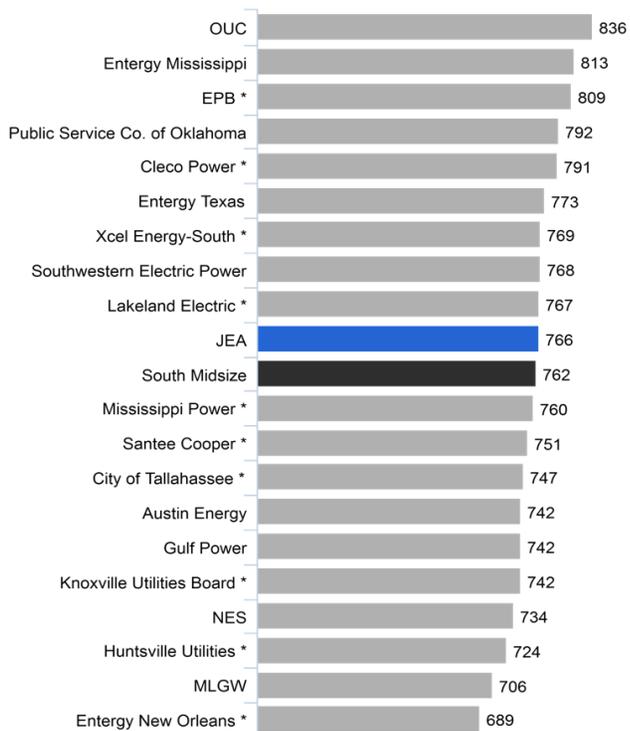


2nd highest overall customer satisfaction survey score since Q3 FY12

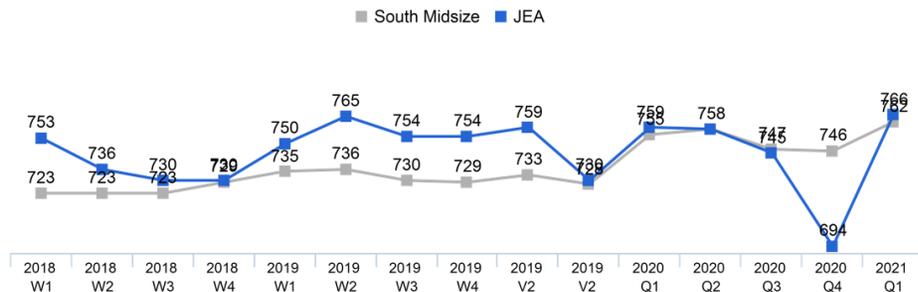


JDP Score Comparison Breakdown

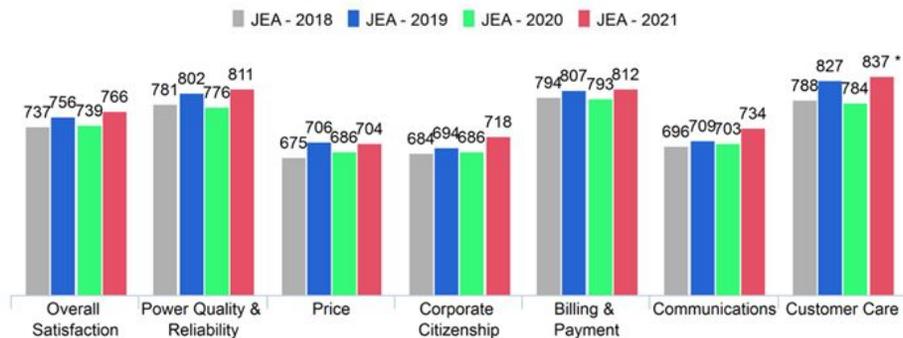
South Midsize – Overall Satisfaction



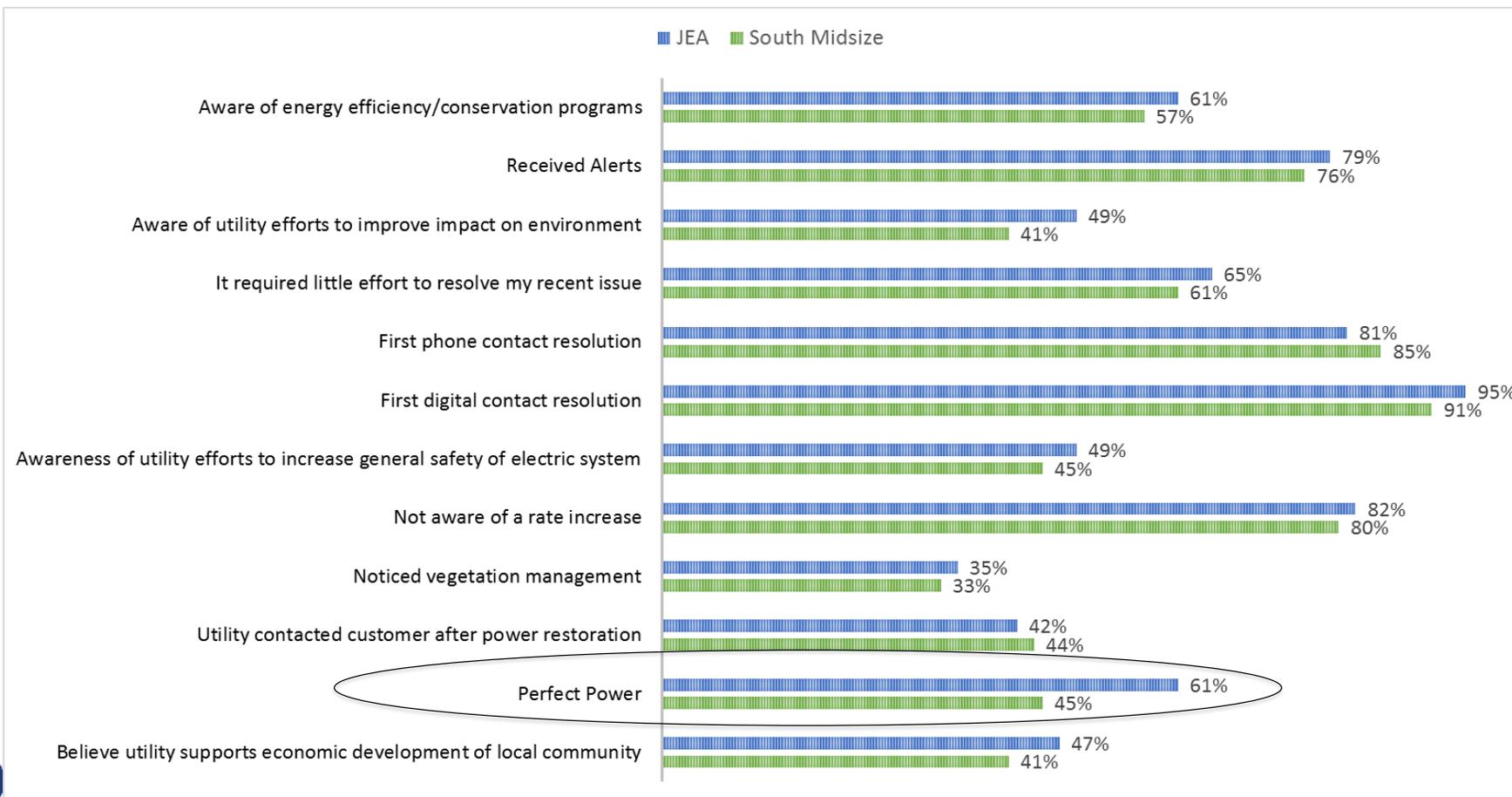
Overall Satisfaction Trend



Index Score Comparison



JEA Outperforms the South Midsize Utilities in Key Areas



Positive Impacts Contributing to Customer Satisfaction Improvement

- Customer education and engagement campaign
- New leadership team announcement
- Reducing the number and duration of power and water outages
- Nextdoor – hyperlocal social networking
- COVID-related payment extensions and deposit considerations
- Focusing on affordability, customer alerts and leak protection
- Messaging about energy savings and money saving tips
- Employee-lead internal communications workgroup

nextdoor



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Online Customer Feedback

Key Insights

JEA Brand | Feb 14, 2021 - Feb 21, 2021

Unique Authors

65

▼42%
Previous Period: 112

Total Mentions

173

▼8%
Previous Period: 189

Top News Stories

1. [JEA announces new leadership team, senior management structure](#)
2. [JEA is paying attention to what's happening in Texas and learning from it](#)
3. [Millions of Texans without power as inclement weather continues](#)

<https://www.jea.com/>

www.jea.com

JEA is a community owned electric, water and sewer utility located in Jacksonville, Florida dedicated to improving lives through innovation.

JEA - Northeast Florida's Community-Owned Electric, Water and Sewer Utility

jea.com

JDP Communication X

reach X



Ellery Griffis Welcome Jay Stowe. I want to thank the JEA for it's great service to our community. Numerous times when the power has gone out, the JEA has been there to get us back up as quickly as they can. In addition, they have been supportive of our country in times of need during disasters. They were one of the first in Puerto Rico after the storms devastated that Island nation a few of years ago. Our community is proud of the JEA and thankful for it's continuing to be a local, publicly owned utility. Power to the people so to speak.

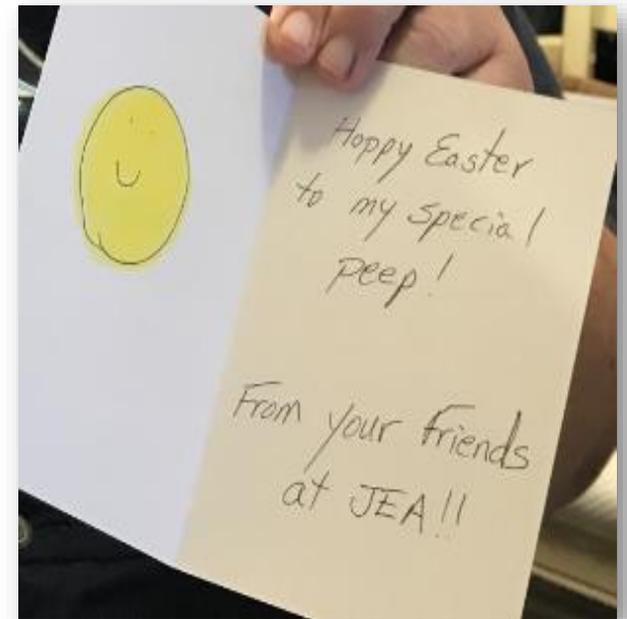
3d • Reply Message Tag



Customer Feedback

My brother-in-law is a resident at ARC Jacksonville Village. On Saturday he received a nice handwritten Easter greeting card from the good folks at JEA. Like everyone, He loves getting personal mail and was very appreciative!

Please share this thank you with the good folks at JEA for their community outreach efforts. The ARC is tops on my wife and my list. JEA's involvement with the ARC is super!





St. John's River Water Management District's Minimum Flows & Levels Strategy

Wayne Young
VP, Environmental Service



April 27, 2021

St. John's River Water Management District's Minimum Flows & Levels Strategy

St. John's River Water Management District

Establishes minimum flows and levels (MFL) for watercourses and surface waters / aquifers respectively

MFL is a tool to assist in making sound water management decisions and preventing significant adverse impacts due to water withdrawals

- Deemed that a MFL recovery strategy was required for Lakes Brooklyn and Geneva
- District Governing Board approved the MFL recovery strategy on April 13, 2021
- The strategy and the associated cost recovery plan were developed very quickly
- The strategy is significantly different from the previous draft of March 30, 2021, which was significantly different from the previous draft of December 3, 2020

North Florida Utility Coordination Group

JEA, Clay County Utility Authority, Gainesville Regional Utilities, St. Johns County Utility, Cities of Neptune Beach, Atlantic Beach, Jacksonville Beach, and the Town of Orange Park

1.2 million customers and thousands of businesses in north Florida

- Committed to protecting our natural resources and supports designated MFL strategy project
- However, the strategy
 - is unclear in presenting financial obligations – up to \$13M
 - may place water supply allocation at risk
- Requested 60 days to vet these important documents
- Proposes to challenge the strategy through petition, which will lead to legal arbitration

Recommendation: Grant CEO authority to continue work with the St. John's River Water Management District to include, if necessary, the submission of an administrative petition



Deliver
BUSINESS EXCELLENCE



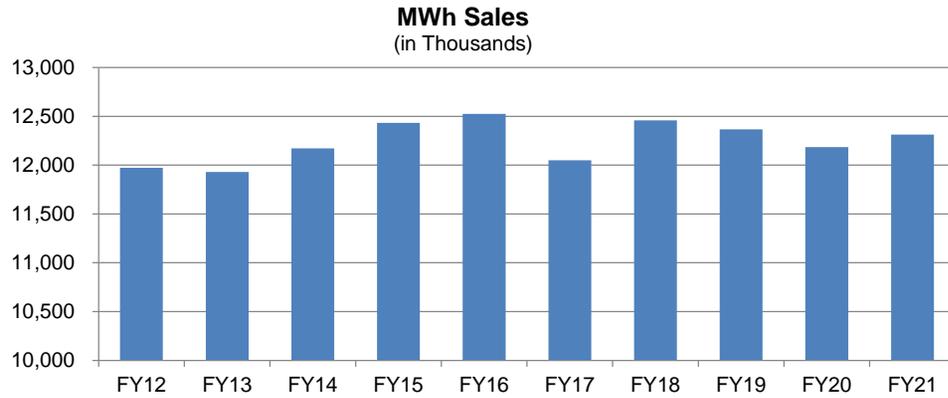
Monthly Financial & Operations Report

Russell Caffey
Controller



April 27, 2021

JEA Electric System MWh Sales



Month	FY20	FY21	%
Oct	1,051,888	1,023,521	(2.7%)
Nov	825,249	855,434	3.7%
Dec	935,174	1,068,044	14.2%
Jan	947,721	934,388	(1.4%)
Feb	828,828	858,434	3.6%
Mar	954,440	911,505	(4.5%)
YTD	5,543,299	5,651,326	2.0%
Apr	854,707		
May	1,032,730		
Jun	1,117,064		
Jul	1,266,372		
Aug	1,248,005		
Sep	1,122,383		
Total/Forecast	12,184,561	12,313,368	1.1%

Forecast = YTD actual plus budget sales for future months

YTD Customer Accounts		
FY20	FY21	%
482,343	492,080	2.0%

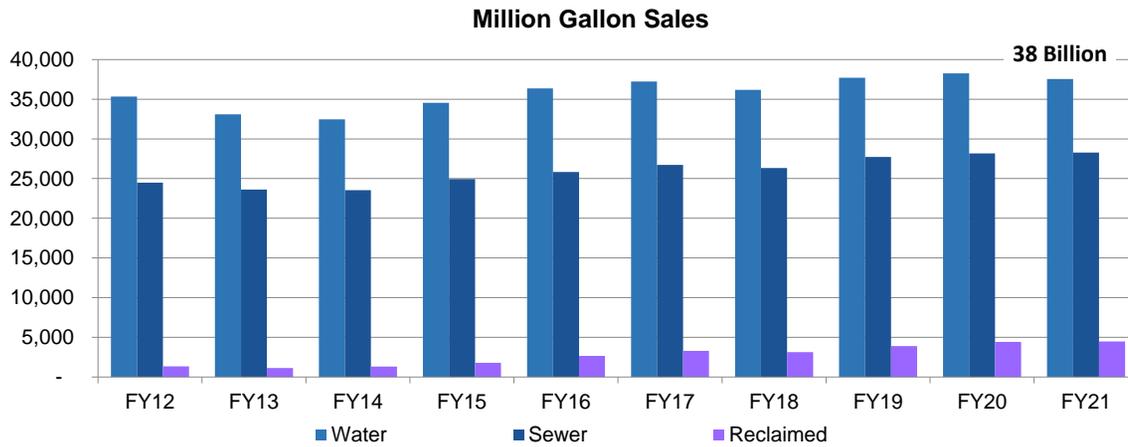
YTD Degree Days			
30-yr. Avg.	FY20	FY21	Δ
1,651	1,566	1,728	162

Total System	2.0%
Residential	8.9%
Commercial	(2.9%)
Industrial	(4.0%)

Residential unit sales are up 8.9% due to a significant increase in degree days YTD and 9,737 new customer accounts, partially offset by lower commercial and industrial sales



JEA Water/Wastewater System Million Gallon Sales



YTD Customer Accounts		
FY20	FY21	%
361,266	370,317	2.5%

YTD Rain			
	30-yr. Avg.	FY20	FY21
Inches	19	18	19
Days	46	43	60

Total System	(5.9%)
Residential	(2.2%)
Commercial	(3.7%)
Irrigation	(24.7%)

Month	FY20	FY21	%
Oct	3,294	3,041	(7.7%)
Nov	2,949	2,753	(6.6%)
Dec	2,934	2,914	(0.7%)
Jan	2,943	2,824	(4.0%)
Feb	2,642	2,389	(9.6%)
Mar	3,429	3,190	(7.0%)
YTD	18,191	17,112	(5.9%)
Apr	3,068		
May	3,990		
Jun	3,135		
Jul	3,642		
Aug	3,235		
Sep	3,010		
Total/Forecast	38,272	37,539	(1.9%)

Forecast = YTD actual plus budget sales for future months

Irrigation unit sales are down 25.6% driven by above average rain days YTD



JEA Electric System Financial Forecast

Current Year Forecast

Revenues

- May 2020 \$24 million customer fuel credit, and higher unit sales results in a \$38 million variance

Expenses

- Increased fuel expenses due to higher projected fuel prices
- \$1 million higher O&M in FY21

Debt/Debt Service/Capital

- Budget basis: FY20 early debt retirement funded with prior years' funds and debt management rate stabilization
- \$107 million Early Debt Retirement from capital balances
- FY21 100% CAPEX funded with current year revenues

\$ in millions	FY20 Actual	FY21 Forecast	Δ
Unit Sales - MWh	12,184,561	12,313,368	128,807
Current Year Revenues	\$1,169	\$1,207	\$38
Prior Period - <u>Budget Basis</u>	\$25	\$107	\$82
Total Revenues	\$1,194	\$1,314	\$120
Fuel Expense	\$343	\$398	\$55
O&M ¹	\$218	\$219	\$1
Non Fuel Purchased Power	\$72	\$68	(\$4)
Transfer to / (from) Fuel Reserve	\$26	(\$2)	(\$28)
Net Revenues	\$535	\$631	\$96
Total Debt Service	\$133	\$126	(\$7)
City Contribution	\$94	\$94	\$0
Replacement & Renewal (R&R) and Operating Capital Outlay (OCO)	\$283	\$304	\$21
Early Debt Retirement	\$55	\$107	\$52
Debt Mgmt Rate Stabilization	(\$30)	\$0	\$30
Other Expenses ²	\$0	\$0	\$0
Balance	\$0	\$0	\$0
Capital Expenditures (\$197 target)	\$194	\$187	(\$7)



¹Includes DSM and Environmental Expenses

²Includes DSM and Environmental stabilization transfers, emergency reserve, uncollectibles, PSC fees and other debt financing costs

JEA Water/Wastewater System Financial Forecast

Current Year Forecast

System Sales Revenues

- \$1 million lower due to unit sales

Expenses

- O&M expenses are stable

Debt/Debt Service/Capital

- Debt service lower in FY21 due to early debt retirement extended through FY22
- Note: FY20 early debt retirement funded with prior years' funds and debt management rate stabilization on a budget basis
- FY21 CAPEX currently forecasted at \$248 million, funded with current year revenues and up to \$21 million of new debt

Unit sales in million gallons \$ in millions	FY20 Actual	FY21 Forecast	Δ
Unit Sales – Water	38,272	37,539	(733)
Unit Sales – Sewer	28,160	28,267	107
Unit Sales – Reclaim	4,427	4,474	47
System Sales Revenues	\$454	\$453	(\$1)
Other Revenues ¹	\$50	\$52	\$2
Prior Period – Budget Basis Capital	\$34	\$0	(\$34)
Total Revenues	\$538	\$505	(\$33)
O&M	\$171	\$166	(\$5)
Net Revenues	\$367	\$339	(\$28)
Total Debt Service	\$72	\$59	(\$13)
City Contribution	\$28	\$27	(\$1)
Replacement & Renewal (R&R) and Operating Capital Outlay (OCO)	\$213	\$246	\$33
Early Debt Retirement	\$48	\$0	(\$48)
Debt Mgmt Rate Stabilization	(\$14)	\$0	\$14
Other Expenses ²	\$11	\$7	(\$4)
Balance	\$9	\$0	\$9
Capital Expenditures (\$297 target)	\$189	\$248	\$59



¹Includes Capacity Fees and Other Income

²Includes uncollectibles, Environmental stabilization transfers, emergency reserve, other debt financing costs and interlocal agreements

FY 2021 Pay for Performance Program Corporate Performance Factors

Safety

0.68 YTD

Does Not Meet	RIR > 1.4
Meets	RIR ≤ 1.4
Exceeds	RIR ≤ 1.2

Customer Satisfaction

Residential

4th Quartile

Does Not Meet	≤ 2 nd Quartile
Meets	> 2 nd Quartile
Exceeds	≥ 50 th %tile of 1 st Quartile

Commercial

4th Quartile

Does Not Meet	< Top Ten Nationally
Meets	Top Ten Nationally
Exceeds	#1 Nationally

Cost Control

(Forecast as of Mar-2021)

Electric

\$48.83/MWh

Does Not Meet	cost > \$53.51
Meets	cost ≤ \$53.51
Exceeds	cost ≤ \$52.75

Water

\$5.12/Kgal

Does Not Meet	cost > \$5.31
Meets	cost ≤ \$5.31
Exceeds	cost < \$5.20

Wastewater

\$8.67/Kgal

Does Not Meet	cost > \$10.24
Meets	cost ≤ \$10.24
Exceeds	cost ≤ \$9.95

Current status of
Performance Factors
would result in a
payout of **3.3%** of
base salaries.



All participants shall be eligible for the same percentage of payout based on the achievement of the metrics, not to exceed 5% of base salary. Achievement Value for each of the six corporate performance factors is 0.5% for meets target, and 0.83% for exceeds target.

Operations Scorecard Electric System

Electric System	FY2020	FY2021 Goal	FY2021	Status
JEA Safety RIR (total JEA)	0.81	1.2 - 1.4	0.68	
Sales Forecast (million MWh)	12.2	12.2	12.31	
T&D Grid Performance Customer Outage				
System Average Interruption Frequency Index (SAIFI) (outages/year per customer)	1.4	1.4 - 1.6	1.5	
System Average Interruption Duration Index (SAIDI) (minutes/year per customer)	89	75 - 80	80	
System Average RMS Variation Frequency Index (SARFI-80) (low voltage events/year per meter)	41	45	38	
Customer Experiencing Multiple Interruptions (CEMI ₅) (% of customers > 5 outages/year)	0.25%	0.80%	0.24%	
Generating Plant Performance				
Generation Fleet Reliability (forced outages rate)	2.31%	2.25% – 2.5%	3.18%	
Environmental Compliance (permit exceedances)	1	<4	0	

Significant Occurrences or Concerns This Month

- **Reliability Metrics:** Metrics had a slight uptick despite the great month we had in March 2021, due to March 2020 (the best March in metric reporting history) rolling off.
- **CEMI₅:** Current reliability at 0.24% with 1,178 of 491,647 customers served experienced more than 5 outages in the last 12 months.
- **Environmental Permit Exceedances:** Electric Systems has not experienced any environmental permit exceedances in FY21.
- **EFOR:** The JEA Fleet Forced Outage Rate is currently at 3.18%.



Operations Scorecard Water/Wastewater System

Water & Wastewater	FY2020	FY2021 Goal	FY2021	Status
JEA Safety RIR (total JEA)	0.81	1.2	0.68	
Sales Forecast (kGals in 1000's)	38,272	38,000	37,539	
Water Unplanned Outages (# cust.)	15,342	6,750	3,874	
Consumptive Use Permit (CUP) Compliance	Yes	Yes	Yes	
Nitrogen to the River (tons)	299	450	189 YTD	
Sanitary Sewer Overflows (# SSO's)	48	30	21	
Water Pressure (avg min < 30 psi)	4.0	3.0	2.1	

Significant Occurrences or Concerns This Month

- **Unplanned Water Main Outages:** We experienced 186 customers with an unplanned water outage due to 7 water main breaks this month. We had 3 outages this month that was a result of Third Party Damage, and is not included in this metric.
- **CUP:** Average daily flow of 108 MGD is 24% below CY21 limit of 142 MGD; reclaimed usage at 18 MGD.
- **Nitrogen to River:** FY21 Forecast is 404 tons. JEA has a limit of 683 tons per year and provides the COJ with 37 tons.
- **SSO's Impacting Waters of the US:** YTD: 21 occurrences, 0.40 per 100 miles of pipe. There were a total 2 SSO events in March. There were 4 SSO events that were a result of Third Party Damage, which is not included in this metric. Root cause analysis is performed on each SSO.
- **Water Pressure Average Minutes < 30 psi:** 2.1 YTD. There were no major events during the month of March.





Revisions to Procurement Code Policy

Jenny McCollum
Chief Procurement Officer &
Director of Procurement and Inventory
Planning

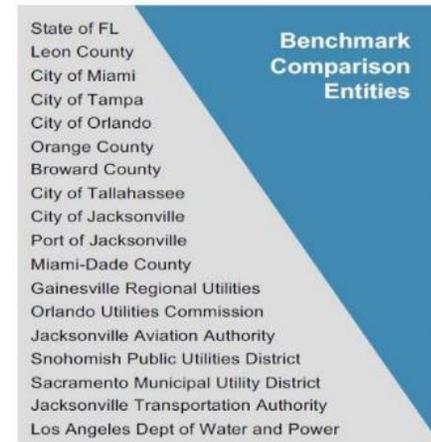


April 27, 2021

Revisions to the Procurement Code Policy

The JEA Procurement Code (P-Code) was adopted in 1996 as a comprehensive purchasing code for use in governing all JEA purchases and related administrative activities that:

- Provides a solid foundation for JEA's procurement activities and is supplemented by Operational Procedures
- Has been reviewed by JEA's Chief Procurement Officer, ensuring it is in compliance with all applicable laws and regulations, and has been reviewed and approved by The Office of General Counsel
- Was last revised significantly in 2015; the Charter has since been updated, and a Procurement Best Practice Study was completed in 2020



Other Agencies and Utilities

- Benchmark organizations were selected to provide a mix of Florida and non-Florida comparisons
- Charters, P-codes, Operating Procedures and other documents from the benchmark organizations were shared and analyzed

Suppliers

- Suppliers were selected to represent large and small JSEB suppliers, electric engineering and energy inventory suppliers
- Questions focused on supplier experiences related to open, fair and transparent procurement as well as the overall experience of working with JEA

Complete Services Well Drilling, Inc.
Donna J. Hamilton, Inc.
The Worley Group
Irby

Suppliers



Revisions to the Procurement Code Policy

Summary of Charter Revisions included in the P-Code:

- Board must approve changes to the P-Code.
- Annual survey shall be completed with current and perspective bidders to obtain feedback on procurement processes such as transparency, accessibility, pre-bids, bid submittal and evaluation.
- Review P-Code and Operational Procedures biennially
- Annual Report to Council and Mayor to include the following:
 - The number of contract awards presented to the Awards Committee for the previous reporting fiscal year
 - A detailed listing of all contract awards and JSEB contracts categorized by service type, award type and a brief description of each contract award containing the contractor name, contract amount and procurement method used
 - The number of bid protests for the reporting fiscal year and the outcome of each protest
 - The annual survey results
- All contracts must have maximum indebtedness included in the executed contracts
- All procurement governing documents and reports will be posted to the JEA website



Revisions to the Procurement Code Policy

Recommended Revisions:

- Amended and Restated JEA Procurement Code as of April, 2021.
- Standardized definitions across the P-Code and Operating Procedures.
- Revised language to be consistent with the JEA Charter requirements, and updated reporting requirements to be consistent with the Charter (Article 1 Sections 1-101, 1-109 and 1-110).
- Removed the Chief Procurement Officer and Budget Representative as non-voting members of the Awards Committee, and made them liaisons to the committee. (Article 2 Section 2-106).
- Restructured non-competitive awards into Single Source and Emergency purchases only. Deleted Sole Source, Proprietary, Original Equipment Manufacturer (OEM) and Standard as procurement methods (Article 3 Sections 3-112 and 3-113).
- Added Pilot Projects, Reverse Auctions, Construction Manager (including Construction Manager at Risk (CMAR)) and Program Manager (including Program Manager at Risk (PMAR)) as new sourcing procurement methods (Article 3 Sections 3-118, 3-119 and 3-109).
- Removed the ability of Vendors to use Solicitation and Award protest process for Contract disputes (Article 5 Section 5-101).
- Removed from the scope of the Procurement Appeals Board protests relating to Informal Solicitations and Awards. Chief Procurement Officer's decisions on Informal Procurements are final (Article 5 Sections 5-106).
- Moved Procurement Directive Procedures in Appendix B to the Operational Procedures. Format has been updated to a table with approval thresholds to provide a more consistent delegation of authority across the different procurement categories.
- Made other reformatting and clean up revisions.

