From:	Michael Mace <MACEM@pfm.com>
Sent:	Tuesday, February 6, 2018 2:50 PM
To:	Fraunfelder, Grant (Grant.Fraunfelder@morganstanley.com); scott.beicke@morganstanley.com
Subject:	JEA materials
Attachments:	2017 JEA Rating Agency Presentation.pdf; Bank Evaluation Questions.docx; JEA Amended and Restated MEAG PPA.PDF; JEA Electric System Pro forma 2-1-18.xlsx; JEA Water & Sewer Pro forma 2-1-18.xlsx; 2017 JEA Annual Report.pdf; JEA_NDA.PDF

See attached material in preparation for the meeting of Feb 15 at noon. Location to be provided. Some of this is obviously public info that you already have.

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PFM
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Δ π EXHIBIT 13
Deponent Mace
Date 10/19/20 Rptr. TU
WWW.DEPOBOOK.COM


Rating Agency
Presentation
2017
WELLS FARGO
SUNTRUST
JEA

JEA is a Superior Electric Utility

Since we last met…

- Maintained excellent financial and operational metrics
- Repaid $385 million debt for a total of $1.7 billion since 2010 and continued commitment to early debt retirement
- Continued to strategically plan to absorb the cost of Plant Vogtle, whether or not the project is completed
- Capital program includes $907 million of projects over the next 5 years with no new debt and no base rate increases
- Rates are at the median in the state and expected to remain stable for at least five years while others are experiencing rising costs
- Announced a 2018 closure of the St. Johns River Power Park, reducing JEA carbon emissions by 30% and saving $50 million in operating expenses per year starting in 2020
- Pension reform implemented, eliminating defined benefit pension risk for all new employees and locking in funding source for existing employees

Financial metrics reflect a thriving utility today and long into the future

JEA is a Superior Water & Wastewater Utility

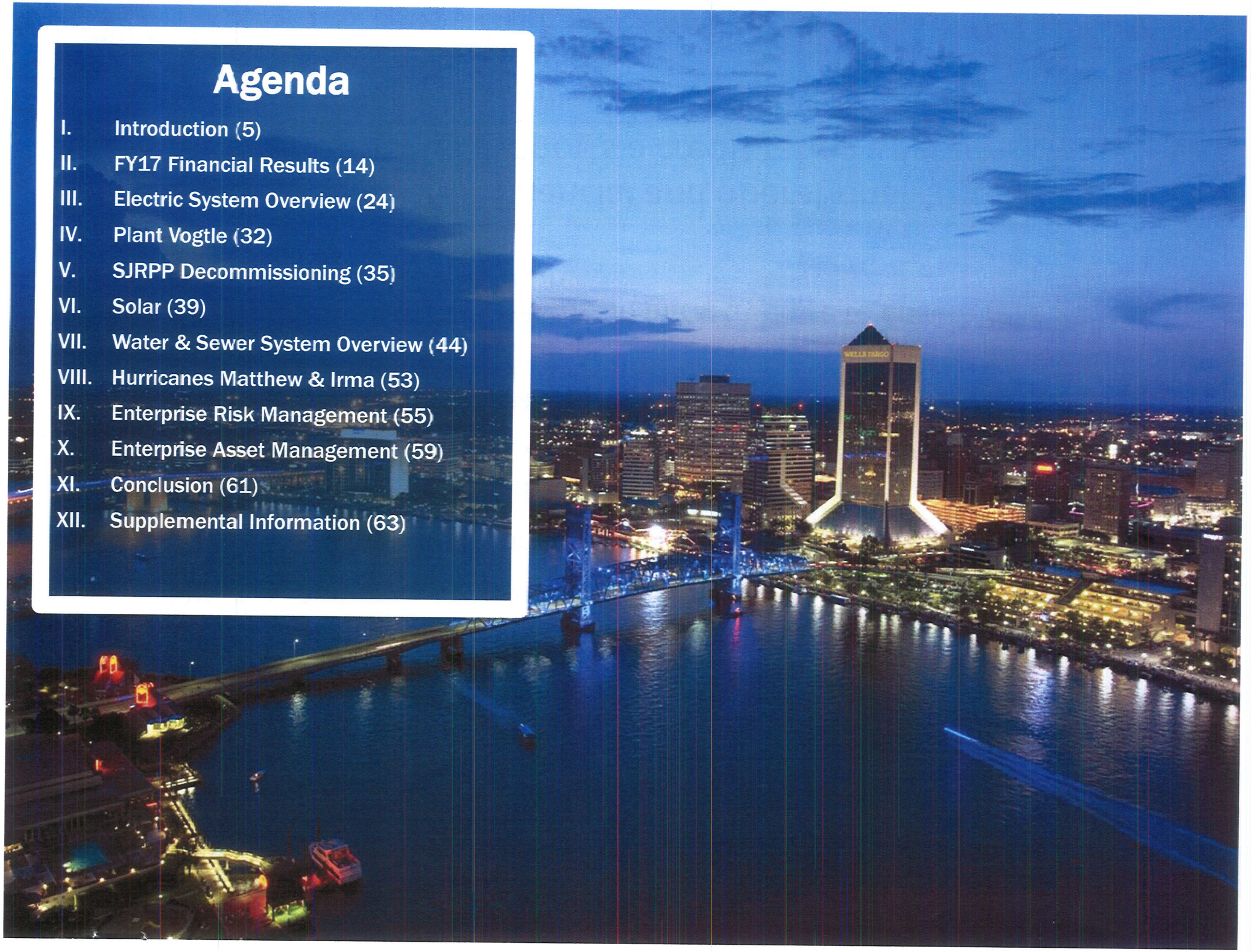
Since we last met…

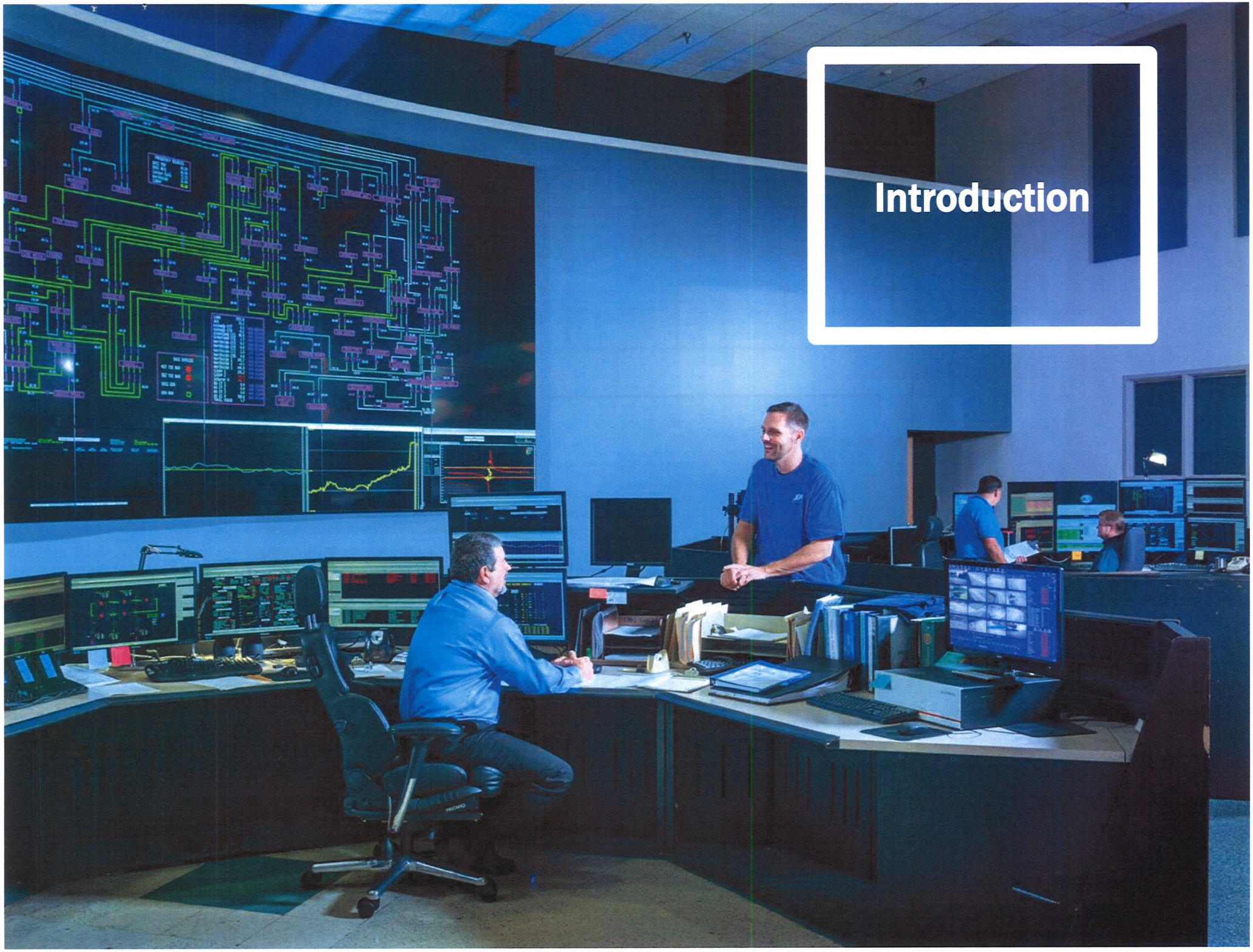
- All financial metrics are a fortress:
  - Strong balance sheet
  - Ample liquidity
  - Superior debt service coverage
- Paid down $91 million debt for a total of $508 million since 2011
- Overall sales growth continued in FY17 with 2.7% customer growth and 3.7% growth in unit sales, including 24% growth in reclaimed water
- Robust $1 billion capital program over the next five years expected to be cash funded with no rate changes and no new debt
- Continued commitment to investing in infrastructure to ensure reliable operation now and into the future

Superior financial and operational performance supports a credit rating upgrade

Agenda

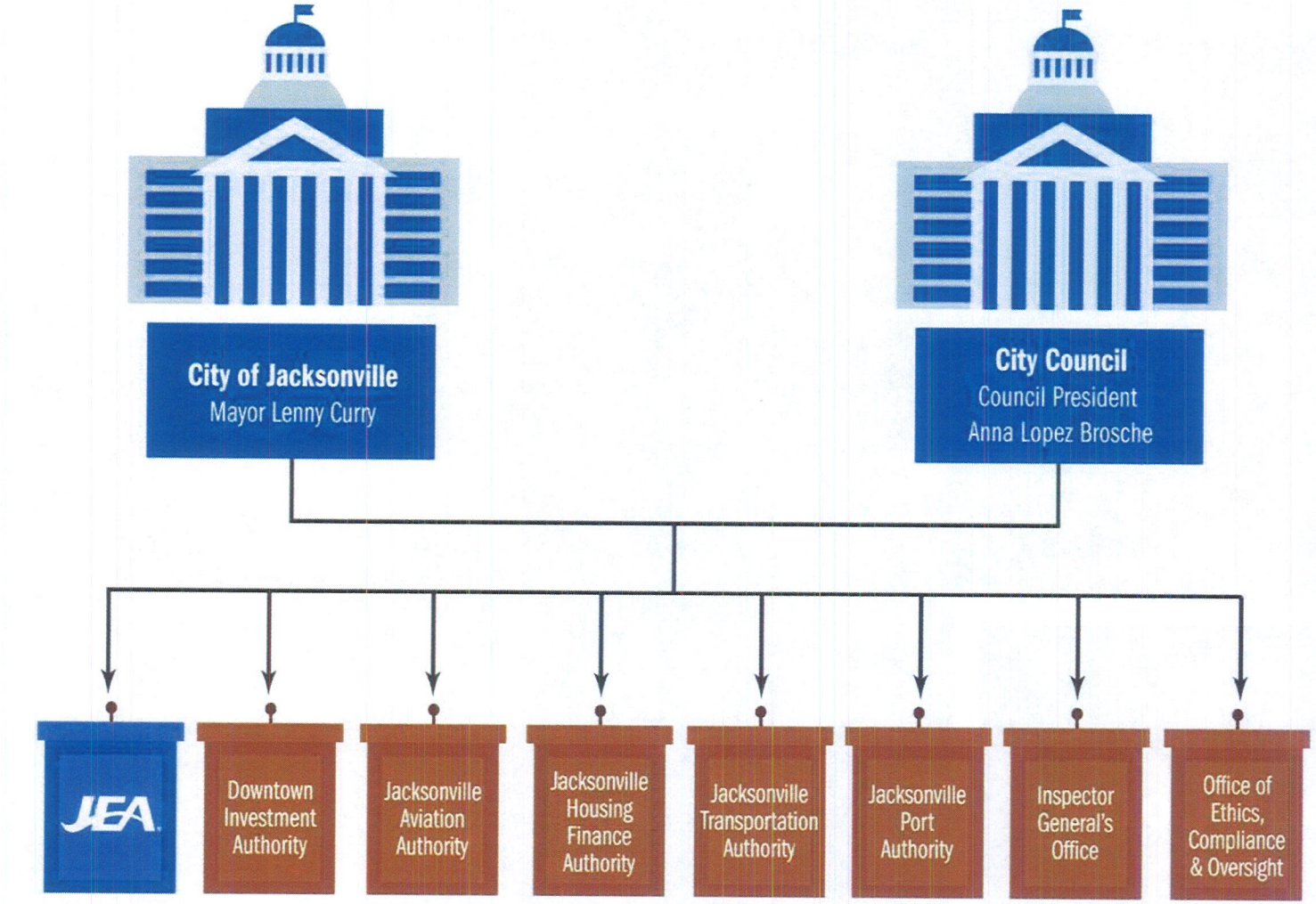
I. Introduction (5)
II. FY17 Financial Results (14)
III. Electric System Overview (24)
IV. Plant Vogtle (32)
V. SJRPP Decommissioning (35)
VI. Solar (39)
VII. Water & Sewer System Overview (44)
VIII. Hurricanes Matthew & Irma (53)
IX. Enterprise Risk Management (55)
X. Enterprise Asset Management (59)
XI. Conclusion (61)
XII. Supplemental Information (63)





Introduction

COJ's Independent Authorities and Agencies

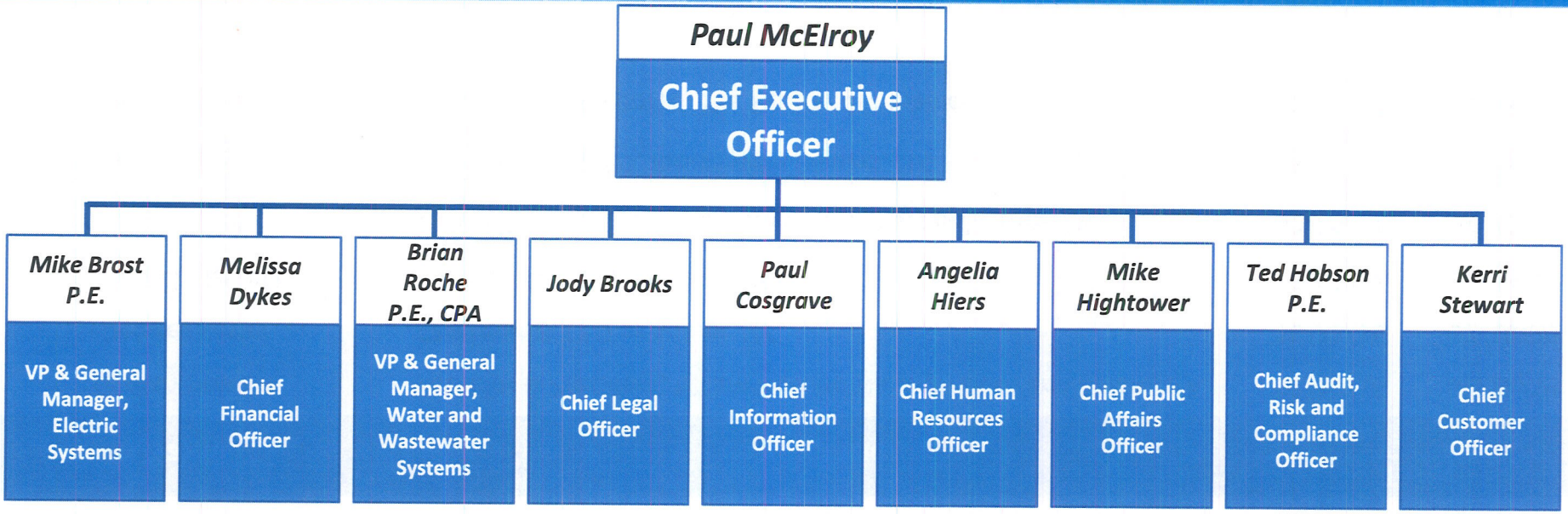


JEA Board of Directors

- Municipal electric system since 1895 and independent agency of the City of Jacksonville, Florida since 1968
- Seven member Board of Directors whose primary responsibilities are policy, strategy and rate making
  - Appointed by the Mayor, confirmed by City Council to four-year staggered terms
  - Community leaders, professionals and business people
  - Variable fuel rate adjustment process, concluded within seven days
- Finance and Audit Committee oversees financial policy, financial reporting, auditing, budgeting and enterprise risk management

Name	Occupation	Term	
		Began	Ends
G. Alan Howard	Founder & President, Milam Howard Nicandri Dees and Gillam, P.A.	02/10/16	02/28/19
Delores Kesler	Chairman & CEO of Adium, LLC	10/28/15	02/28/20
Fredrick Newbill	Pastor, First Timothy Baptist Church	01/12/17	02/28/19
Husein Cumber	Executive Vice President, Florida East Coast Industries, Inc.	02/28/14	02/28/18
Kelly Flanagan	Senior VP and CFO, Jacksonville Jaguars, LLC	11/25/15	02/28/20
Tom Petway	Chairman of the Board, The Petway Companies	10/28/15	02/28/18

JEA Senior Leadership Team



Industry Leadership

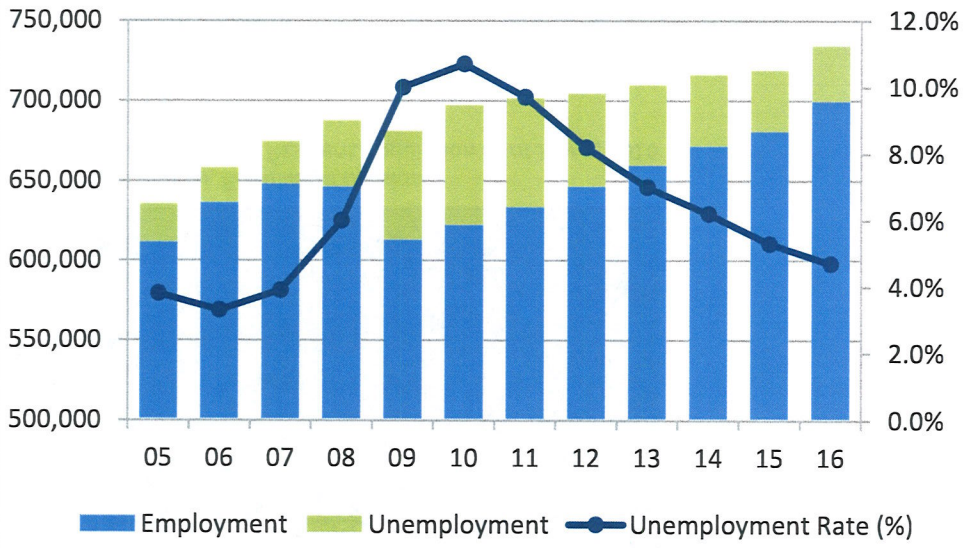
American Association of Blacks in Energy
American Public Power Association
American Water Works Association
Association of Edison Illuminating Companies
CEB/Gartner Customer Experience Leadership Council
CEB/Gartner Customer Contact Leadership Council
Florida Electric Power Coordinating Group, Inc.
Energy Central
Florida Reliability Coordinating Council
Florida Water Environmental Association
Florida Municipal Electric Association
JDP Executive Council
Large Public Power Council
North American Electric Reliability Corp.
North American Transmission Forum
The Energy Authority
Water Customer Care Forum
Water Environment Research Foundation

Community Leadership

American Red Cross
Downtown Vision
Five Star Veterans Center
Florida Association of Professional Lobbyists
Florida Governor's Mansion Foundation
Florida House – Special Projects
Florida Ounce of Prevention
Florida's Embassy in Washington, DC
Girl Scouts of America
Habijax
Hospice of Northeast Florida
Jacksonville Chamber of Commerce
Jacksonville Urban League
Leadership Florida/Jacksonville
Museum of Science and History
OneJax
Operation New Hope
Quigley House
Rotary Clubs of Jacksonville
Take Stock in Children
Timucuan Trails Parks Foundation
United Way
University of North Florida

Economic Snapshot

Employment & Unemployment

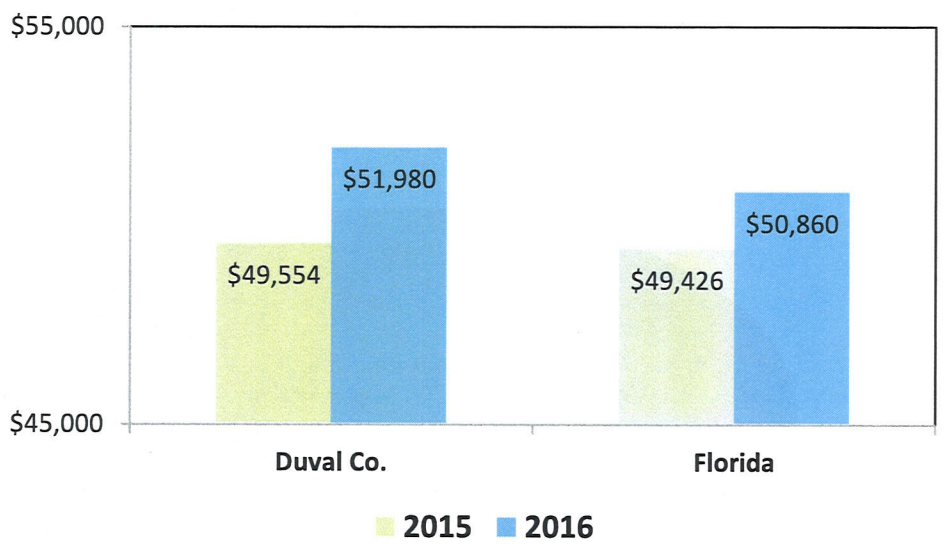


Source: Labor Market Statistics, Local Area Unemployment Statistic Program
FREIDA (Florida Research and Economic Information Database Application)
Annual not seasonally adjusted labor force, employment and unemployment data in Jacksonville MSA

The unemployment rate in September 2017 for the Jacksonville MSA is 3.4%

Source: Bureau of Labor and Statistics
Unemployment Rates for Metropolitan Areas, Not Seasonally Adjusted

2016 Median Household Income



	Duval Co.	Florida
Current Level	51,980	50,860
Y/Y Change	4.9%*	2.9%

Source: U.S. Census Bureau, "2016 American Community Survey 1-Year Estimates"
Median household income in the past 12 months (in 2016 inflation-adjusted dollars)

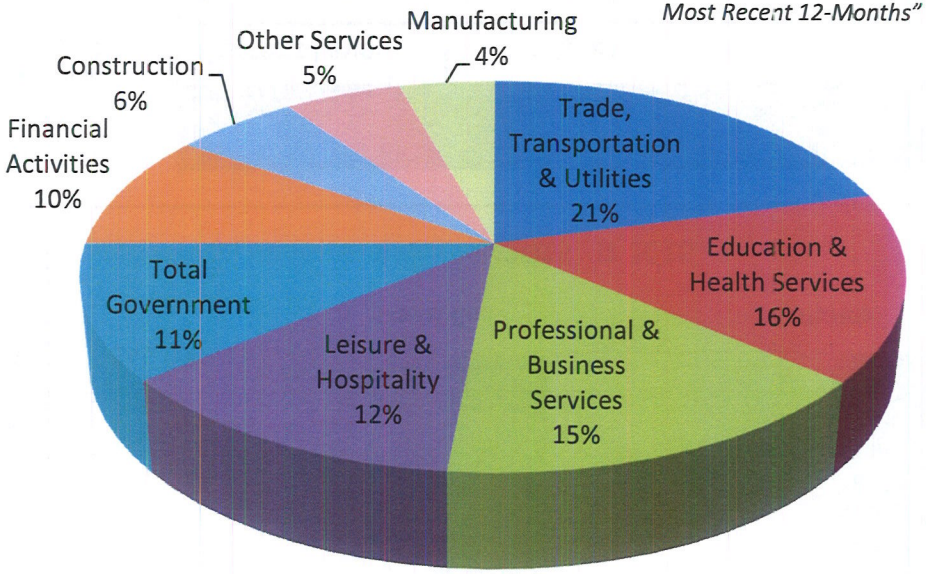
*Household income increases for both black and white single-race households in Duval county outpaced those of the state of Florida for the same period

JEA Service Territory

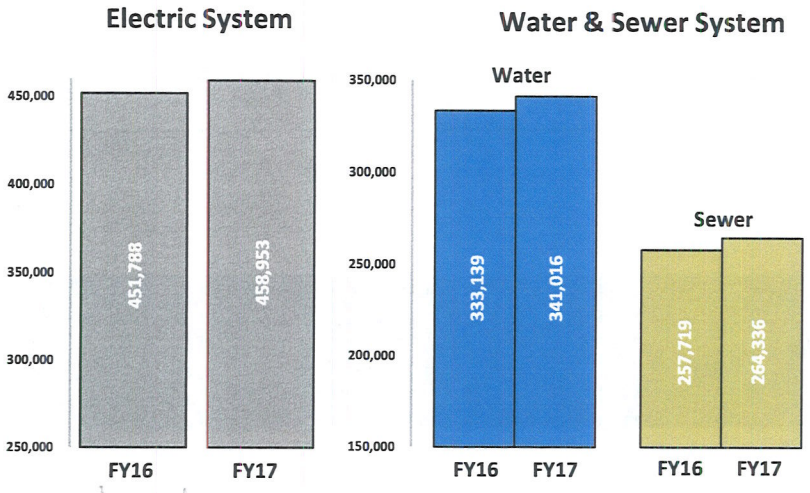
- Located in Northeast Florida, the Jacksonville Metropolitan Statistical Area (MSA) has an estimated population of 1.5 million according to the Census Bureau's latest estimate[1]
- The Jacksonville MSA saw a 9.9% increase in population from April 1, 2010 to July 1, 2016[1]
- Service territory also includes a small number of customers in neighboring St. Johns, Nassau and Clay Counties
- The local economy is made up of a diverse mix of industries

[1] U.S. Census Bureau, Population Division
Annual Estimates of the Resident Population as of July 1, 2016

Source: Bureau of Labor Statistics "Florida Nonagricultural Employment – Most Recent 12-Months"



Average Number of Customer Accounts



J.D. POWER

In FY17, JEA increased its business customer satisfaction score from the prior study year by **26 points**, positioning it solidly in the first quartile for business satisfaction out of 86 utilities nationally.

For residential FY17, JEA increased its customer satisfaction score from the prior study year by **44 points**, jumping from the second to first quartile for residential satisfaction out of 138 utilities.

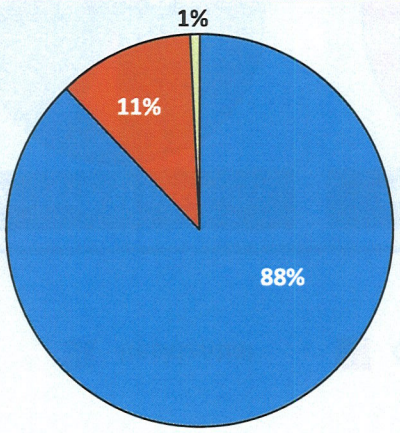
Electric System Customer Breakdown

Ten Largest Customer Accounts

Customer Accounts	Annual $ Billed	Percent of Revenues
US Navy Public Works Center	$23,481,696	1.9
City of Jacksonville	22,584,887	1.9
Florida Public Utilities[1]	18,195,606	1.5
Gerdau Ameristeel US Inc.	17,074,887	1.4
Duval County School District	15,081,518	1.2
WestRock CP LLC	14,972,018	1.2
Publix Supermarkets Inc.	7,946,432	0.7
Southern Baptist Hospital of Florida Inc.	7,790,726	0.6
Winn Dixie Stores, Inc.	7,724,281	0.6
Johnson & Johnson Vision Care Inc.	7,492,880	0.6
TOTAL	***$142,344,931***	***11.6***

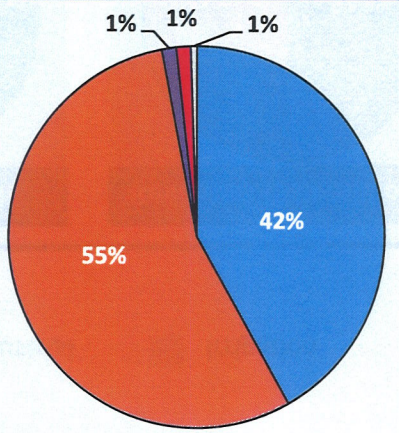
[1] Contract ends 12/31/17

Average Number of Accounts



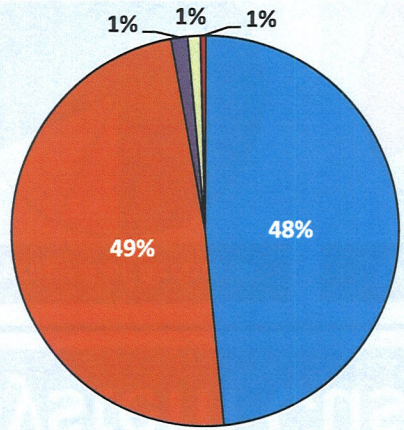
Total = 458,953

System Sales (MWh)



Total = 12,200,770

Revenues ($ in millions)



Total = $1,208

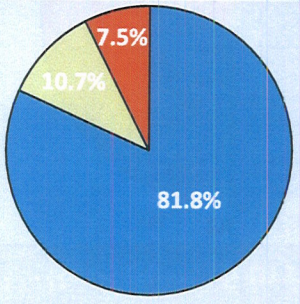
- Residential
- Commercial & Industrial
- Public Street Lighting
- Sales for resale - Territorial
- Sales for resale - Off system

Water & Sewer System Customer Breakdown

Water System

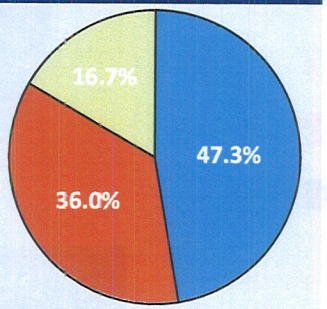
Ten Largest Customer Accounts	Annual $ Billed	Percent of Revenues
City of Jacksonville	$2,272,623	1.2
Duval County School District	1,136,554	0.6
St. Johns County Utility	739,821	0.4
Southern Baptist Hospital of Florida Inc.	574,883	0.3
The American Bottling Company	395,013	0.2
Johnson & Johnson Vision Care Inc.	387,583	0.2
St Vincents Health System Inc.	381,869	0.2
American Homes for Rent LP	329,491	0.2
Jacksonville Housing Authority	318,452	0.2
Mayo Clinic Jacksonville	315,694	0.2
TOTAL	***$6,851,983***	***3.7***

Average # of Accounts



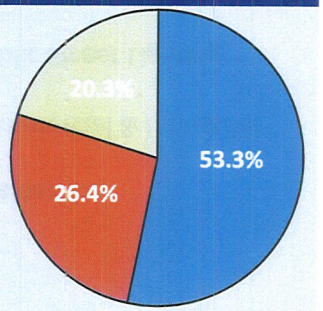
Total = 341,016

System Sales (kgal)



Total = 37,245,188

Revenues ($ in millions)



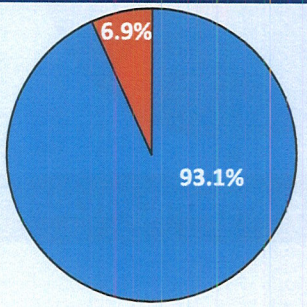
Total = $181.4

Residential Commercial & Industrial Irrigation

Sewer System

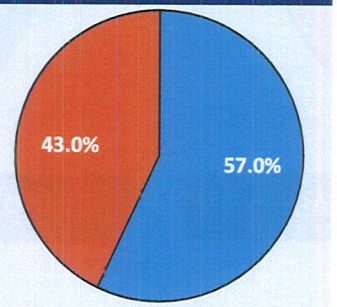
Ten Largest Customer Accounts	Annual $ Billed	Percent of Revenues
City of Jacksonville	$2,530,165	1.0
Duval County School District	2,123,536	0.9
St. Johns County Utility	1,203,101	0.5
The American Bottling Company	1,128,694	0.5
St Vincents Health System Inc.	960,928	0.4
Southern Baptist Hospital of Florida, Inc.	920,242	0.4
Mayo Clinic Jacksonville	874,231	0.4
American Home Portfolio LLC	847,582	0.3
WWF Operating Company	841,413	0.3
Jacksonville Housing Authority	791,830	0.3
TOTAL	***$12,221,722***	***5.0***

Average # of Accounts



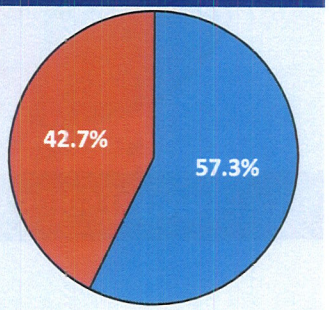
Total = 264,336

System Sales (kgal)



Total = 26,712,770

Revenues ($ in millions)



Total = $251.4

General Employee Pension Plan Reform

	Before Pension Reform	After Pension Reform
Pension	Investment Performance Risk 100% employer	Risk for current employees partially mitigated by dedicated funding source; new employees 0% employer risk
Pension Contributions as a % of Payroll	Contributions to defined benefit pension as a percentage of payroll increased from 3.6% in 2006 to 34% in 2017	Decrease in contribution to defined benefit pension to 23% in 2018, contributions for new employees 12%
Pension Liability	Pension liability is an ongoing Tier 1 Corporate Wide risk	Reform contributes to stabilization of future pension liability and reduces exposure to associated financial risk

Pension Reform Highlights

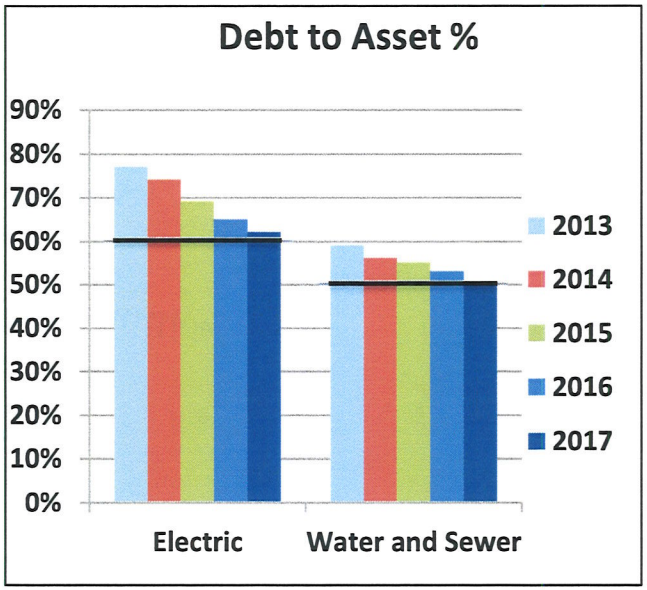
- Eliminated defined benefit pension Plan for new employees hired after 10/1/17
- Voter-approved extension of half-cent sales tax serves as a dedicated revenue source to fund the pension liability

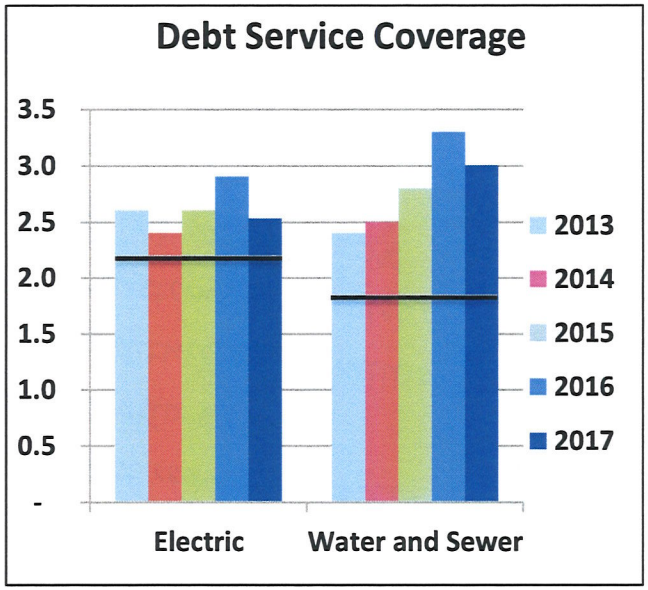

FY 17
Financial Results

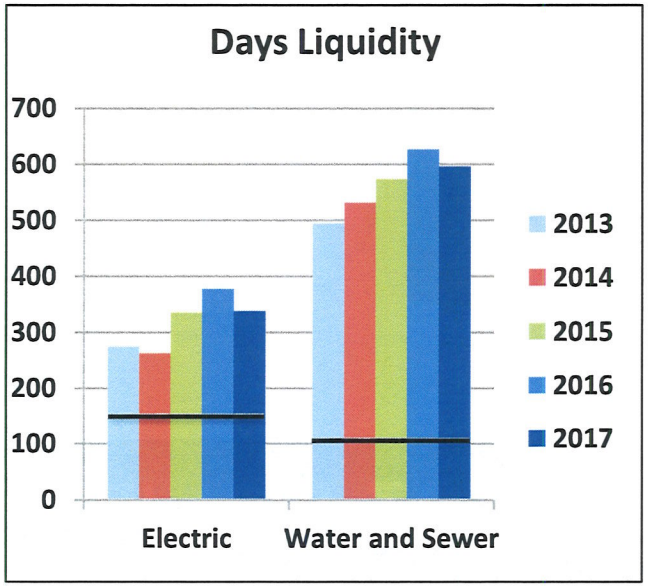
Key Financial Metrics

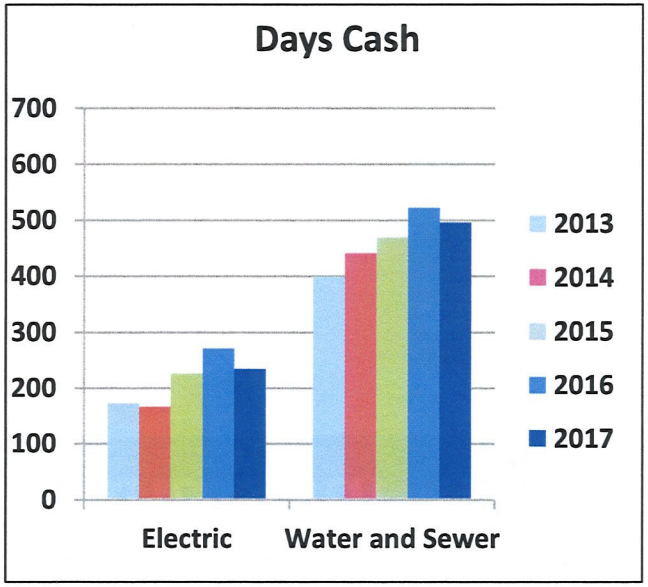
FY2017 results demonstrated strong performance across all key financial metrics

- FY2017 Debt Service Coverage remains strong and provides financial flexibility to respond to industry challenges
- Debt-to-Asset % continues to improve and approach long-term targets
- Days Liquidity and Days Cash metrics continue to be strong and provide the ability to invest in infrastructure in both systems without the need for additional debt









— Long-term targets per JEA Pricing Policy

Electric System Fiscal Year 2017 Key Financial Metrics

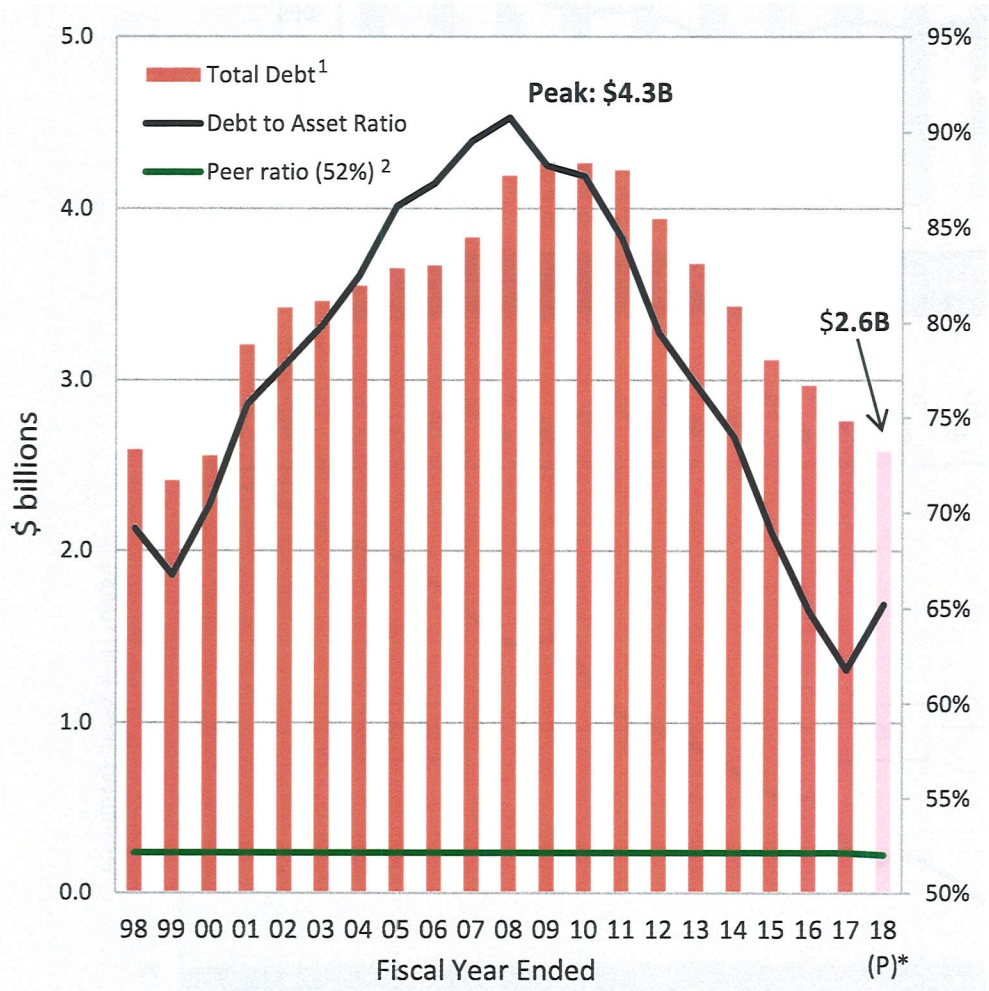
What we said in December 2016

2.3x combined debt service coverage
Days of cash on hand: 215 days
Days of liquidity: 318 days
Net funded debt reduction: $216 million
Debt to Asset ratio: 63.0%
Capital Expenditure: $166 million
Decrease in system MWh sales of (4.5%)
Base revenue reduction of (0.94%)

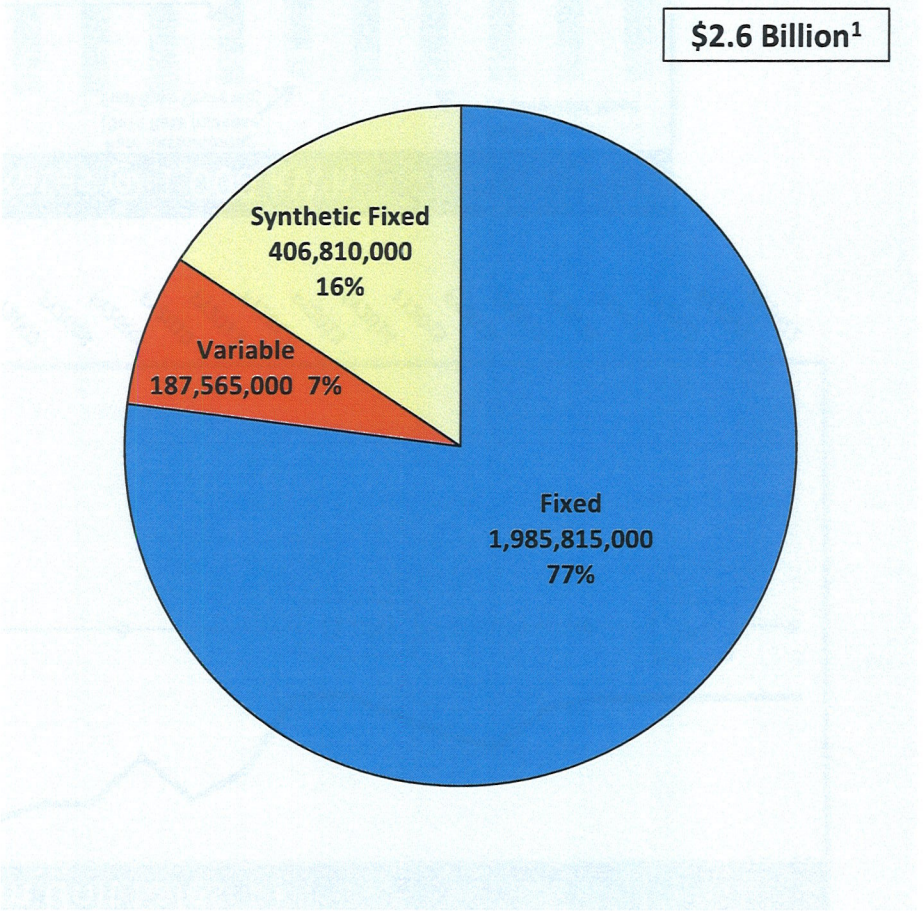
What we did in Fiscal Year 2017

2.5x combined debt service coverage
Days of cash on hand: 234 days
Days of liquidity: 337 days
Net funded debt reduction: $224 million
Debt to Asset ratio: 61.8%
Capital Expenditure: $135 million
Decrease in System MWh sales of (4.1%)
Base revenue increase of 0.12%

Electric System Debt Management



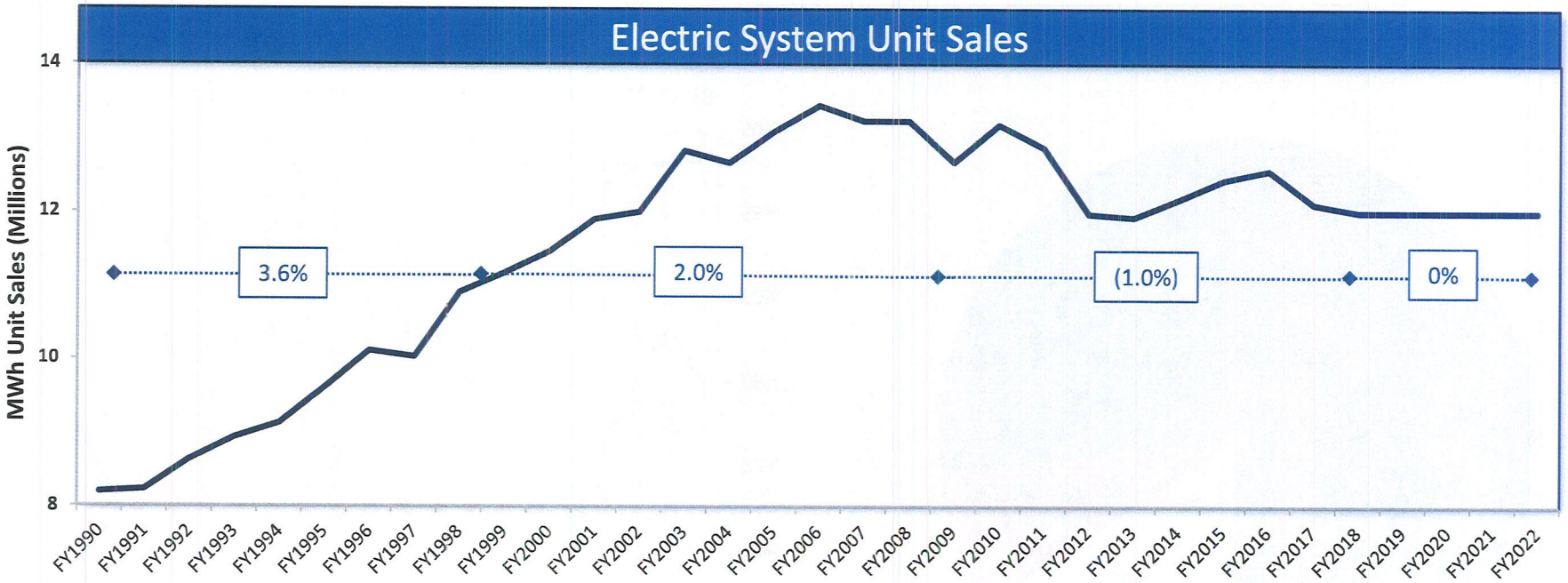
Debt Composition as of 10/1/17

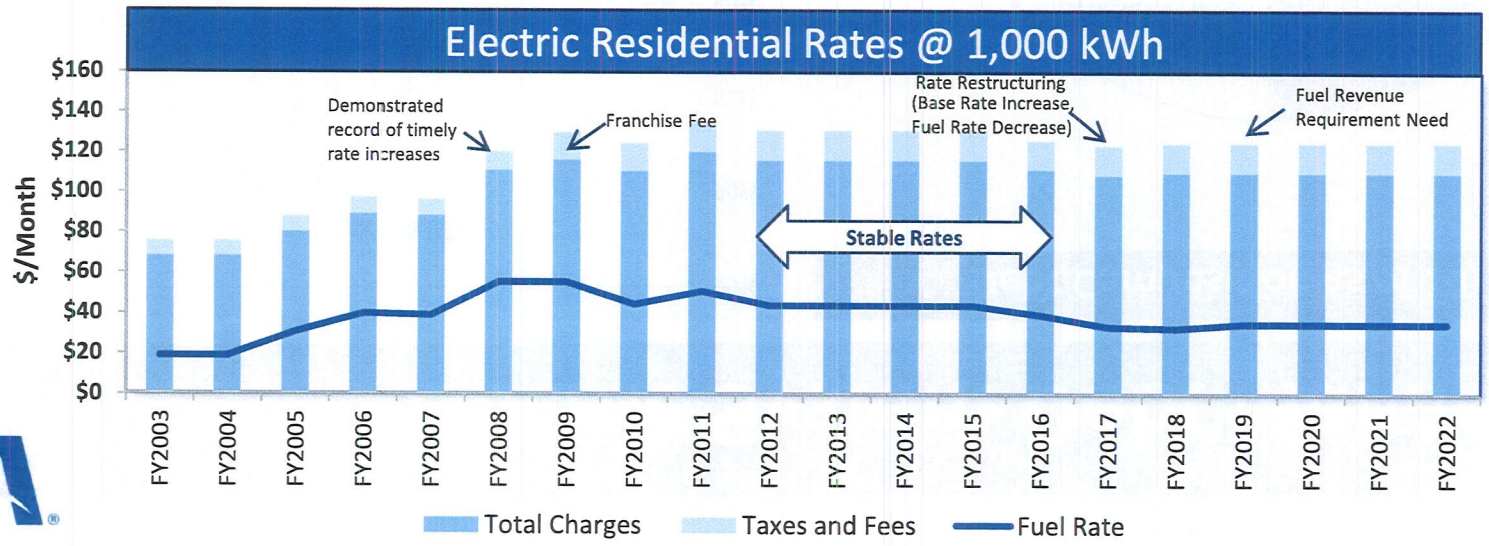


- $1.7 billion reduction in debt since peak
- Variable rate exposure reduced from 20% in 2008 to 7% today

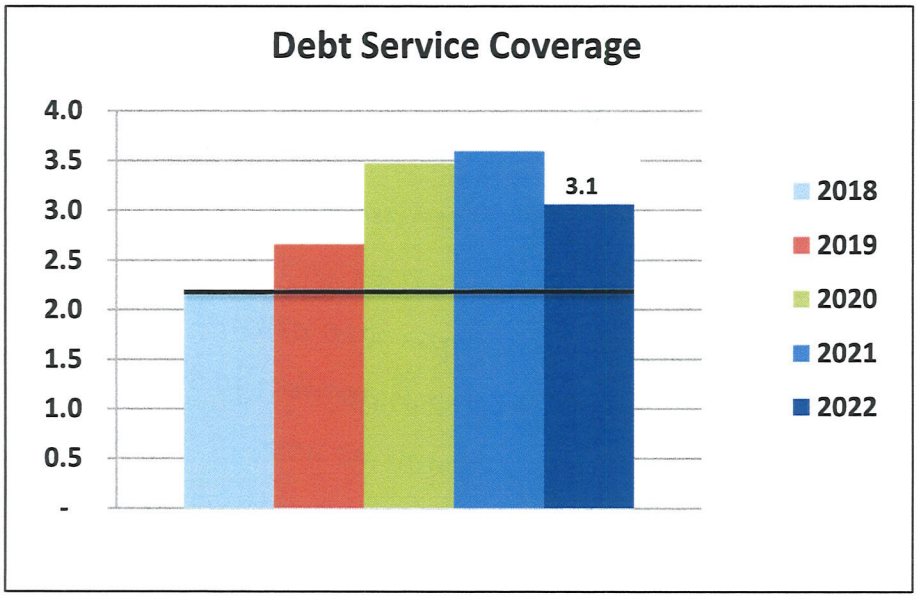
[1] Includes JEA, Scherer, and SJRPP
[2] Per Moody's Sector In-Depth Report "Public Power Medians – Sound metrics signal stability as carbon challenges loom", Sept. 2017
*Increase in ratio in FY18 due to SJRPP retirement

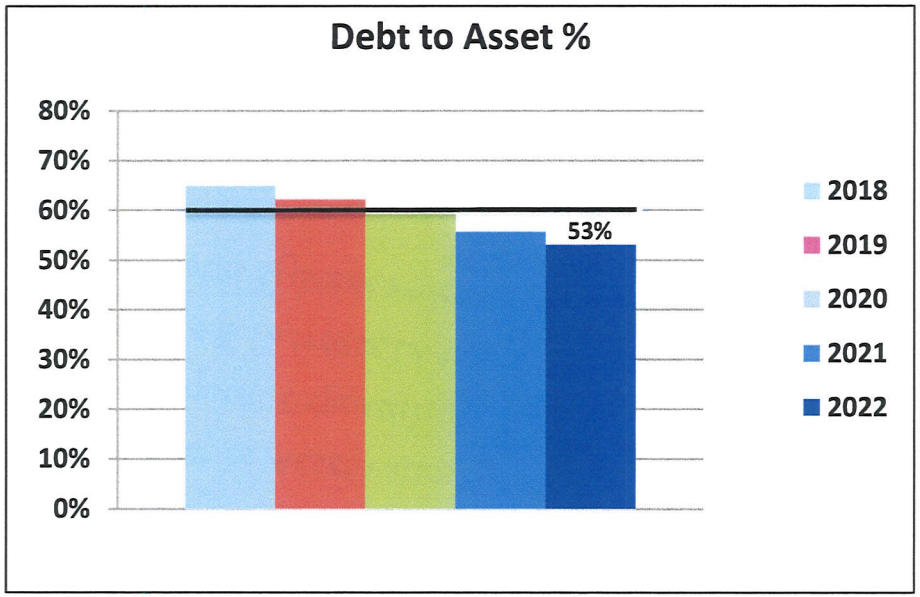
Electric System Unit Sales and Rates

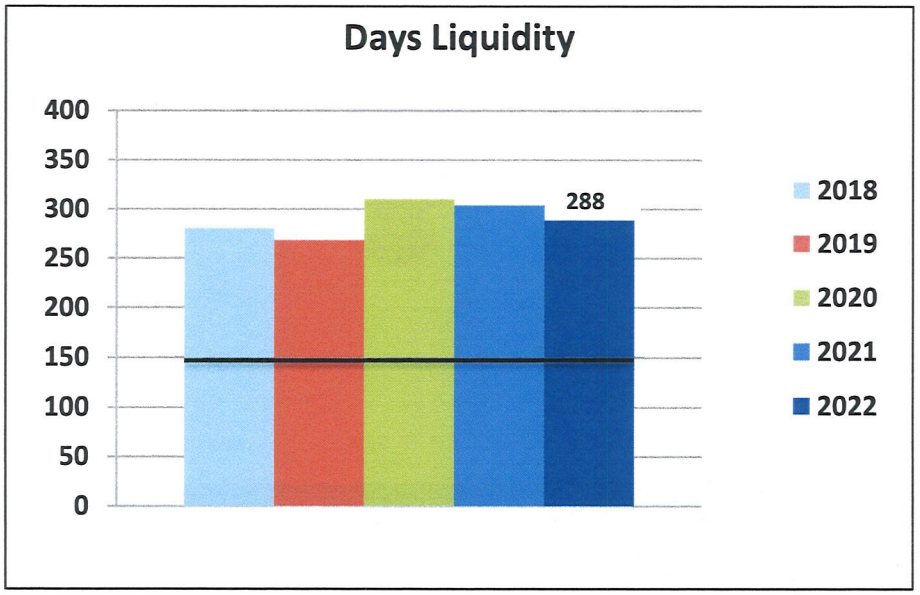


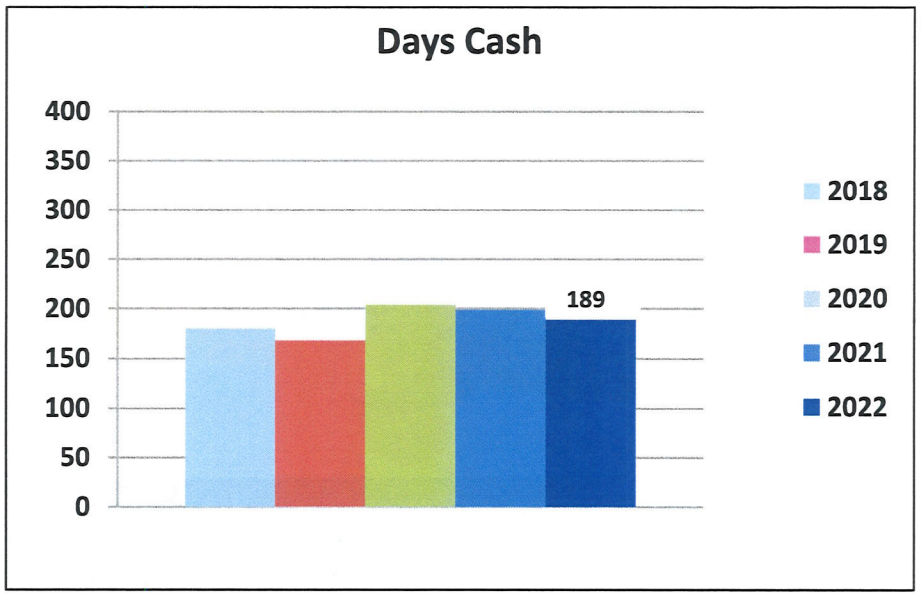


Electric System Financial Projections









— Long Term targets per JEA pricing policy

Water & Sewer System Fiscal Year 2017 Key Financial Metrics

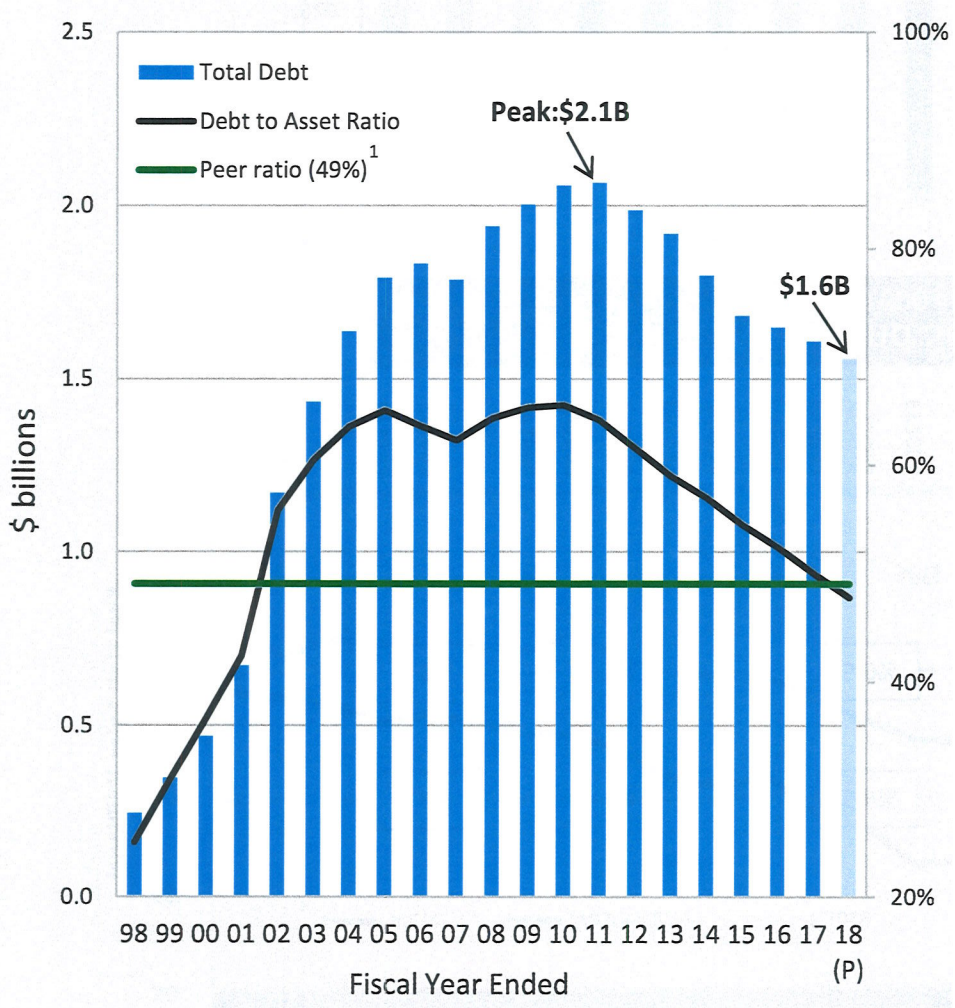
What we said in December 2016

2.5x combined debt service coverage
Days of cash on hand: 405 days
Days of liquidity: 507 days
Net funded debt reduction: $56 million
Debt to Asset ratio: 50%
Capital Expenditure: $205 million
(3.7%) decrease in Water kgal sales
Total system revenue decrease of (0.22%)

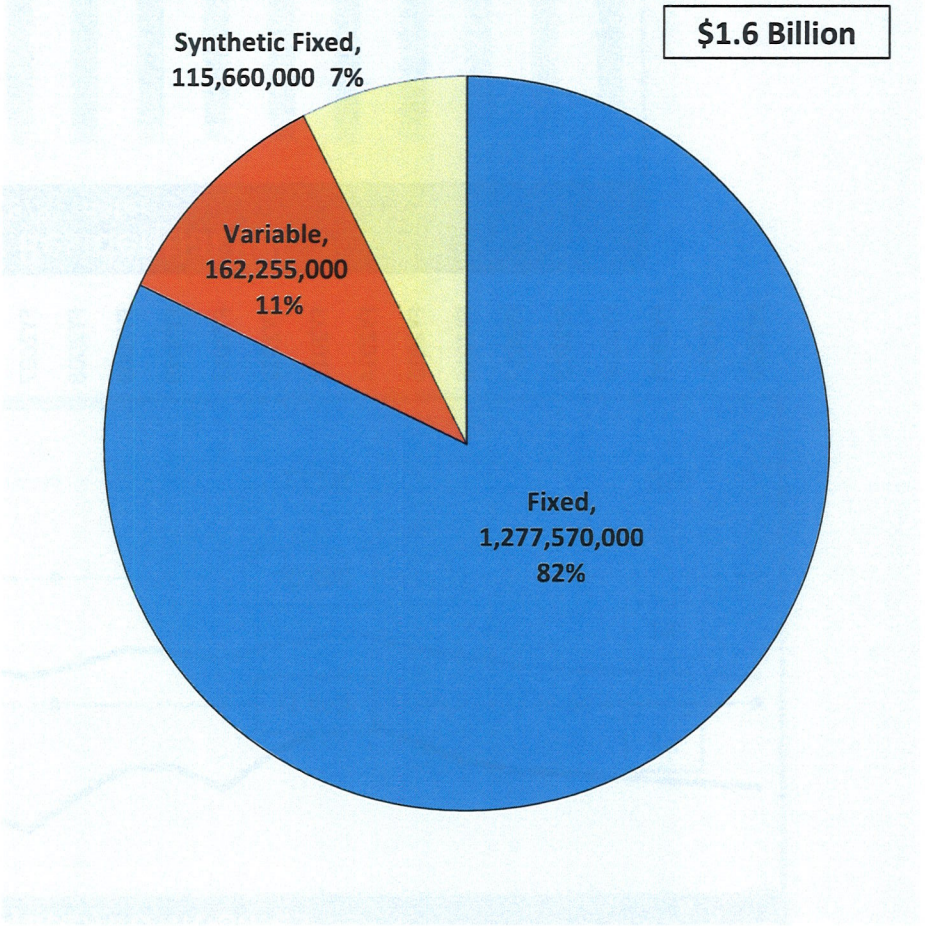
What we did in Fiscal Year 2017

3.0x combined debt service coverage
Days of cash on hand: 496 days
Days of liquidity: 596 days
Net funded debt reduction: $56 million
Debt to Asset ratio: 49.8%
Capital Expenditure: $188 million
2.4% increase in Water kgal sales
Total system revenue growth of 7.5%

Water & Sewer System Debt Management



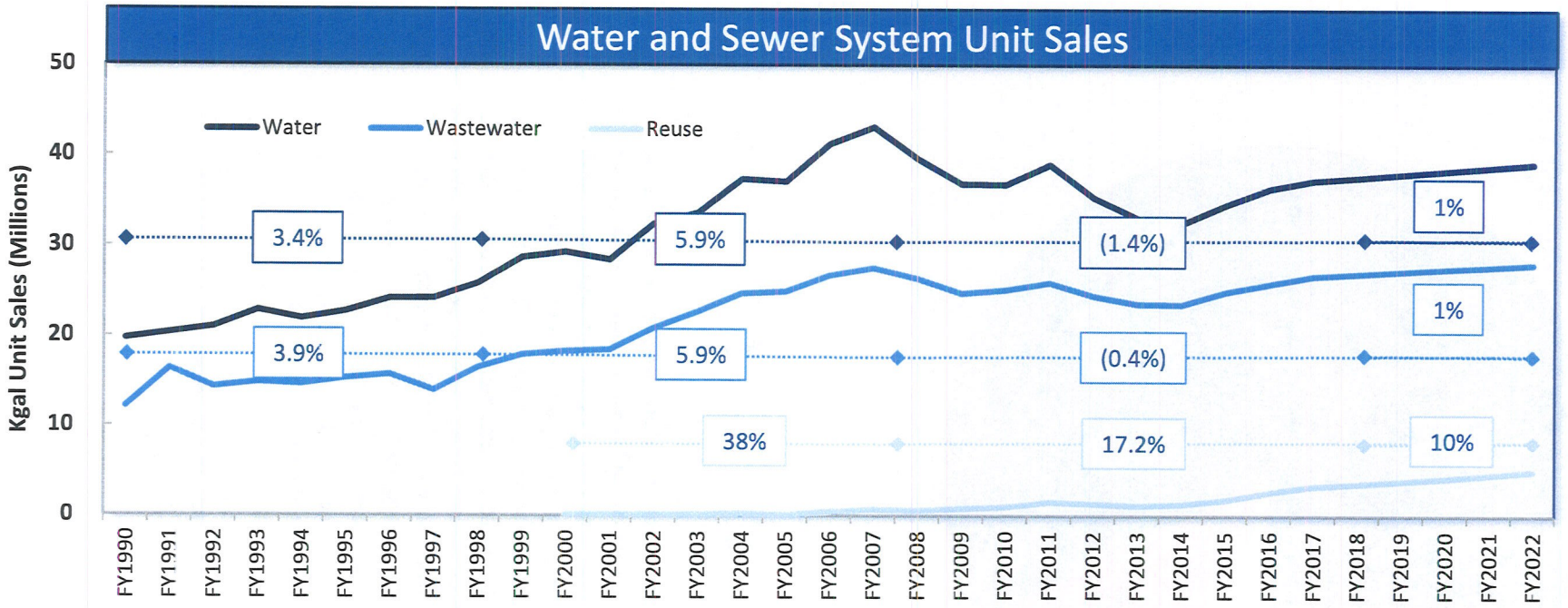
Debt Composition as of 10/1/17

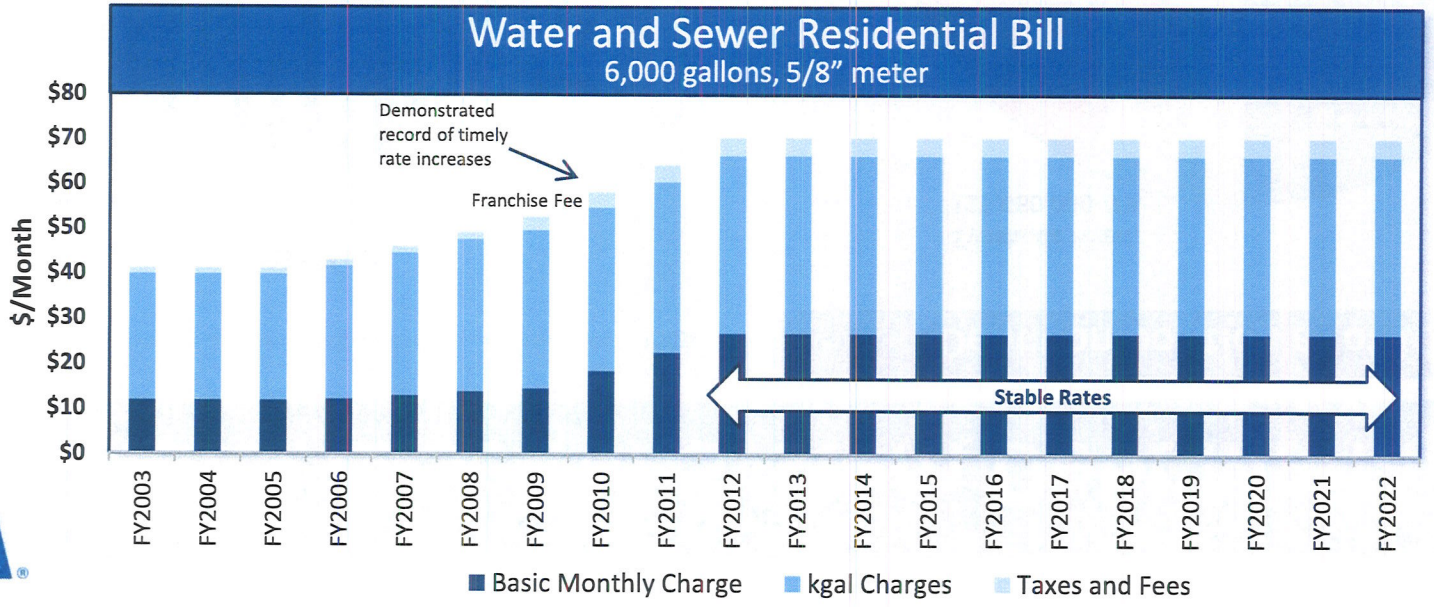


- Over $500 million reduction in debt since peak
- Variable rate exposure reduced from 18% in 2009 to 11% today

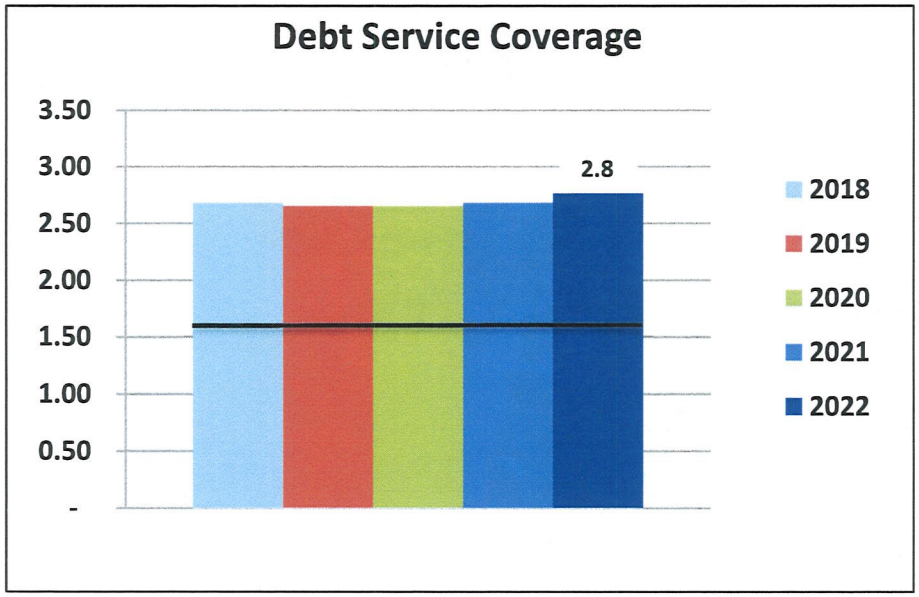
[1] Calculated from Moody's Municipal Financial Ratio Analysis database of 209 Aa rated public water-sewer utilities, Jan. 10, 2017

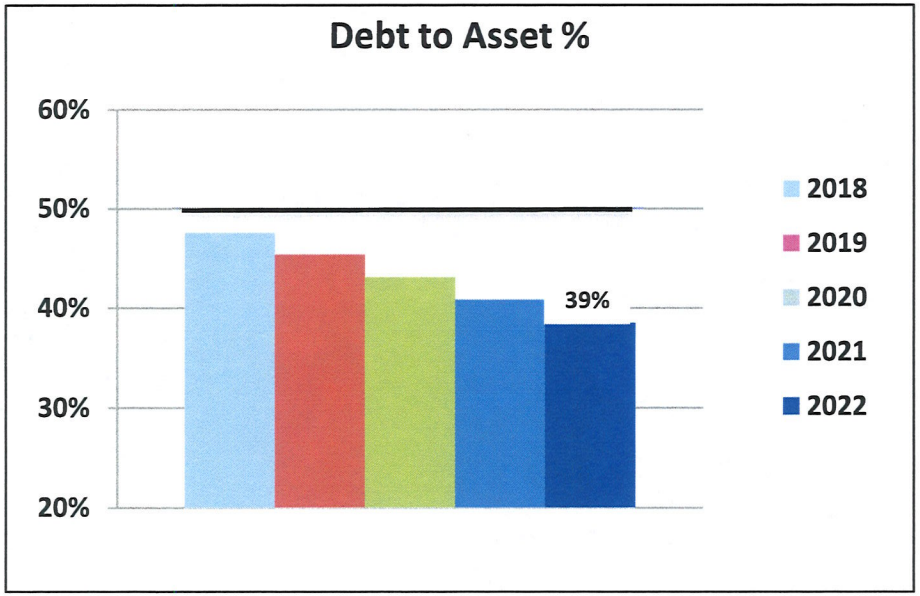
Water & Sewer System Unit Sales and Rates

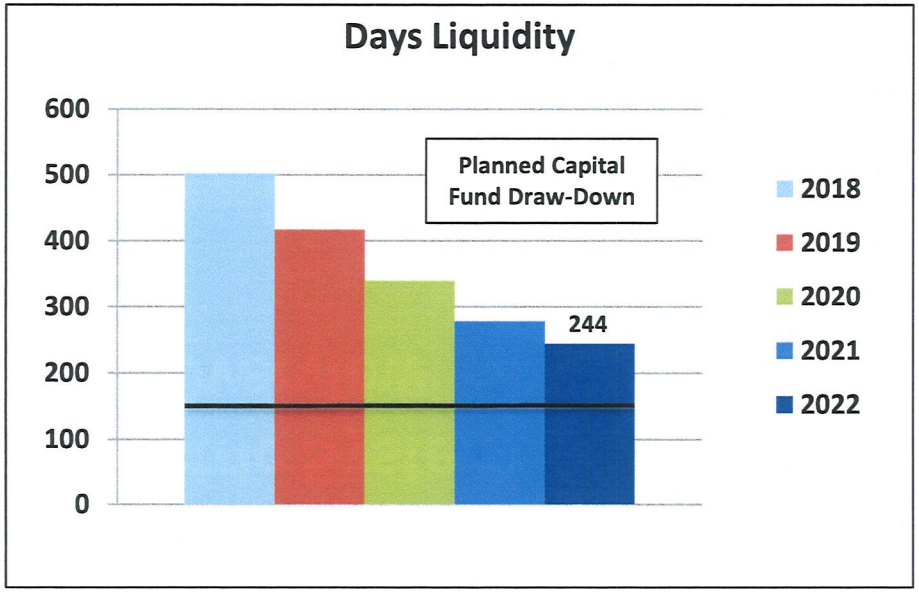


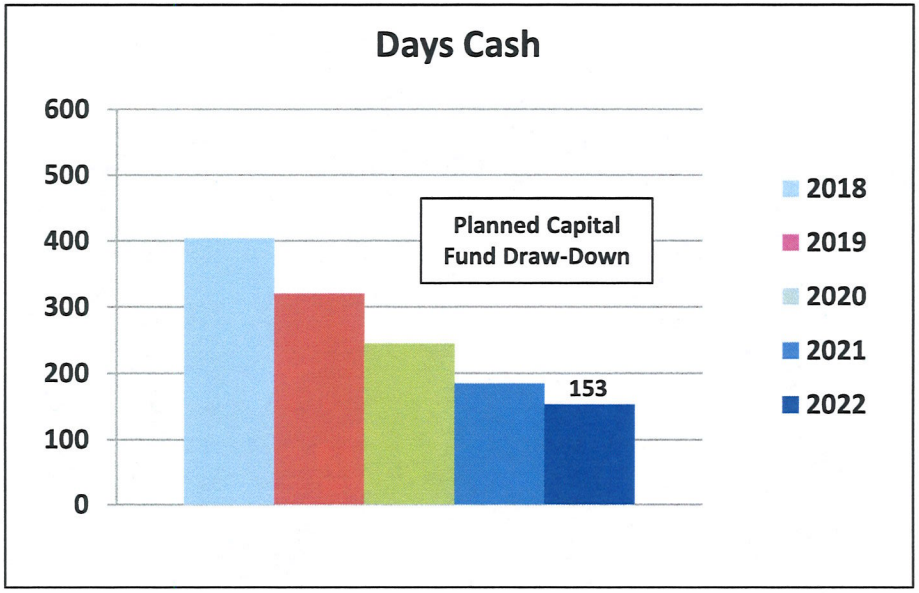


Water & Sewer System Financial Projections









— Long Term targets per JEA pricing policy

Electric System Overview



Electric System FY17 Highlights

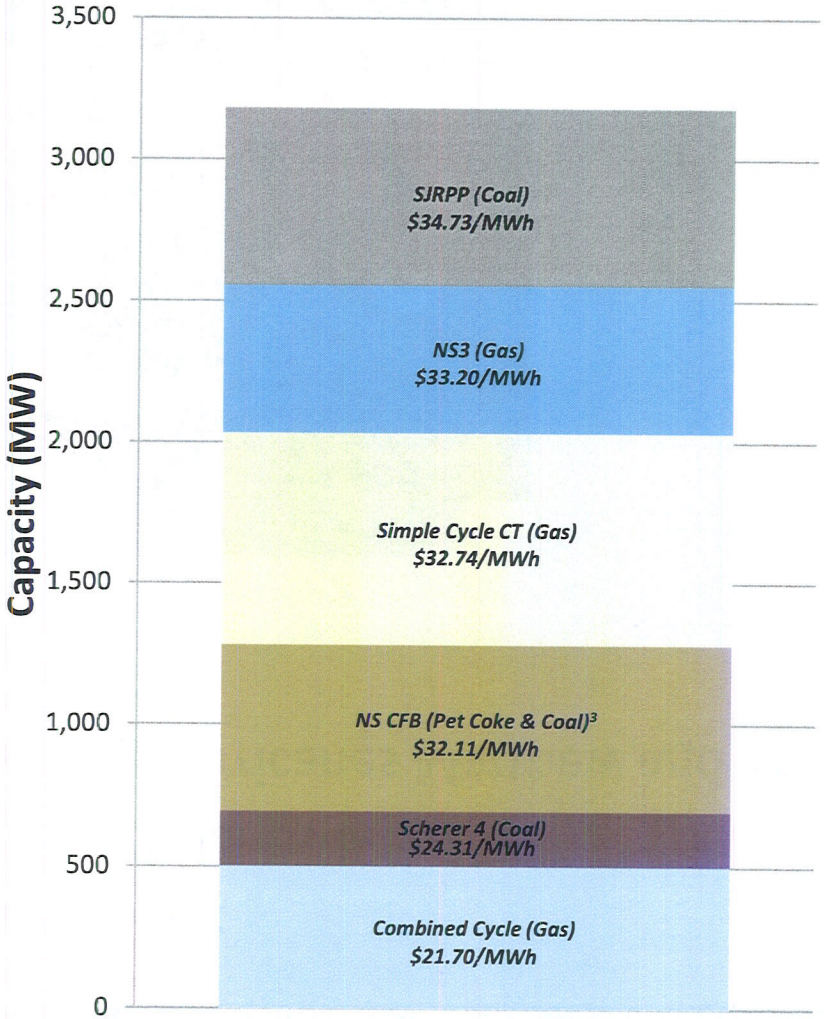
- Reached a deal to retire the St. Johns River Power Park
- Announced plan to add up to 250 MW of universal solar by late 2019
- Accomplished record-setting restorations following hurricanes Matthew and Irma



JEA Electric System Overview

- Net Assets In-Service: $3.1B
- Power Production Assets[1]
  - 6 Plants, 18 Units
  - Net Capacity: 3,408 MW (3,743 MW winter)
  - Fuel Sources: Oil, Natural Gas, Coal, Petroleum Coke
  - Small amount of Landfill Gas
- Transmission System
  - Voltage Levels (KV): 500, 230, 138 & 69
  - 746 Miles of Transmission
  - 73 Substations; 199 Transformers (high side >= 69kV)
- Distribution System
  - Voltage Levels (KV): 26.4, 13.2 & 4.16
  - 339 feeders (217 – 26.4kV; 95 – 13kV; 27 – 4kV)
  - 6,830 circuit miles (44% Overhead; 56% Underground)
  - 103,600 transformers, 201,800 poles

FY17 Dispatch Stack[2]



[1] After the retirement of SJRPP on 1/5/2018 production assets will be 5 plants, 16 units with net capacity of 2,782 MW (3,105 MW winter)
[2] The average dispatch prices at maximum load for each unit from 10/1/2016 through 9/30/2017
[3] NS CFB burned a blend of pet coke and coal during FY17

Electric System Performance Monitoring: T&D

T&D Grid Performance	Metric	FY2017	FY2016	FY2015
Customer Outage Frequency	# of Outages per Year	1.55	1.4	1.8
Electric Outage Duration	# of Minutes out per Year	99.5	71	99
Transmission Line Faults	# of Faults per 100 miles	1.9	0.7	2.8
$CEMI_5$	% Customers > 5 outages per yr	1.07	1.4	2.1

Electric Service Reliability

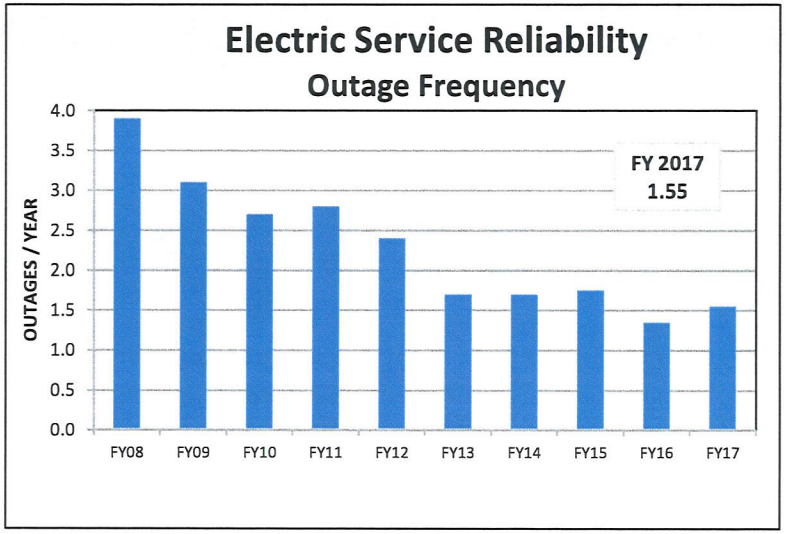
- Outage frequency and duration have been reduced significantly over the last 8 years; running flat this year and near the FY2017 targets
- The typical JEA customer sees 1.55 outages per year and a total outage duration of about 99.5 minutes
- Improvement trend over past four years for $CEMI_5$ 5,081 (1.07 %) of our customers have experienced more than 5 outages in the past 12 months

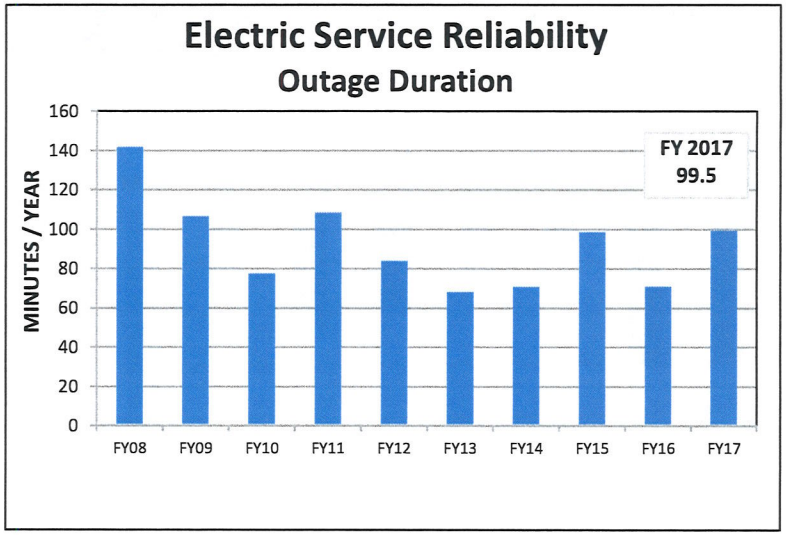
Transmission Line Reliability

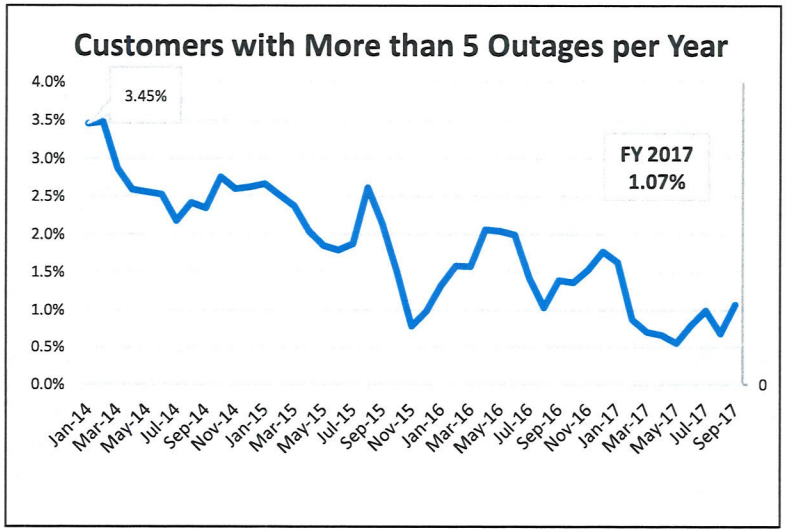
- Overall downward trend over the last eight years
- FY17 (1.9) better than target

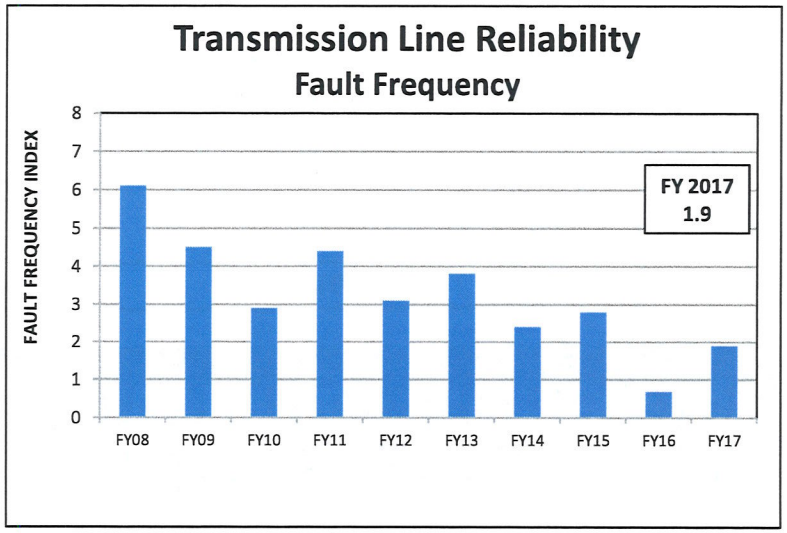
Other Operational Metrics

- Continue showing favorable trends over time



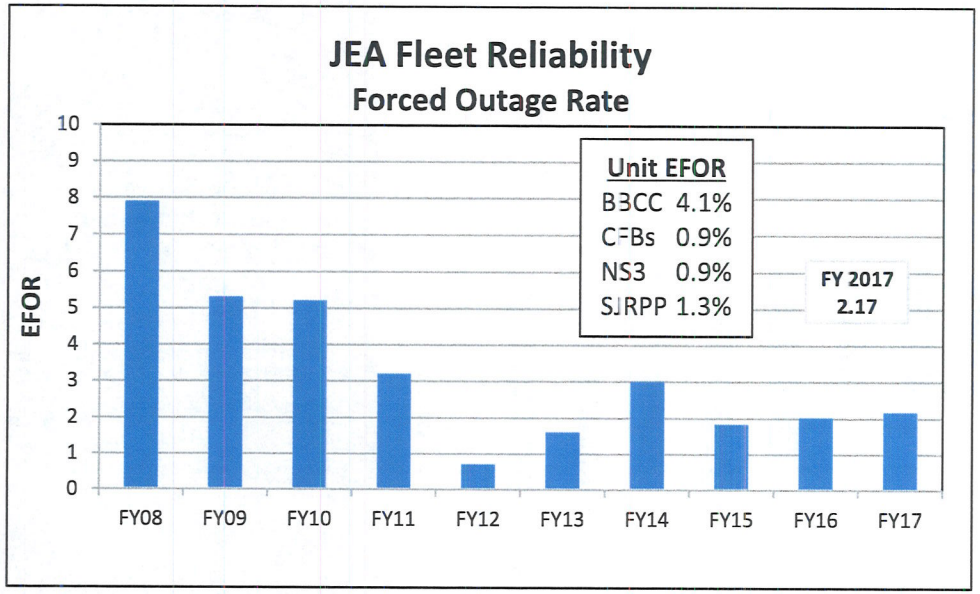


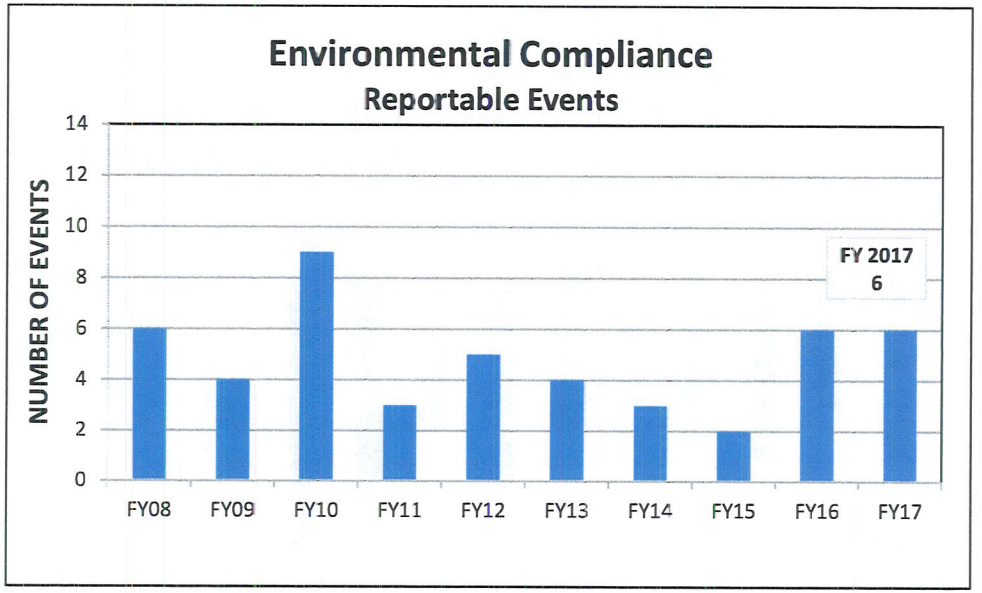




Electric System Performance Monitoring: Generation

Generating Plant Performance	Metric	FY2017	FY2016	FY2015
Generation Fleet Reliability	Forced Outages Rate	2.17	2.0	1.8
Environmental Compliance	Permit Exceedances	6	6	2





Generating Fleet Reliability

- The JEA fleet Forced Outage Rate is in line with prior 6-year performance though ended slightly above the FY2017 target
- Successful outages completed this FY on steam units at Northside, SJRPP, along with the Combined Cycle Unit at Brandy Branch
- High unit reliability contributes to lower fuel and non-fuel expenses

Environmental Compliance

- Excellent environmental performance in prior years. No air permit exceedances occurred in FY16 or FY17
- We experienced 6 reportable events at Northside during FY2017
- JEA remains actively engaged in and preparing for all new and emerging environmental regulations

Electric System Capital Needs and Funding Source

JEA has streamlined its capital plan, maintaining a healthy utility system in a low-growth environment

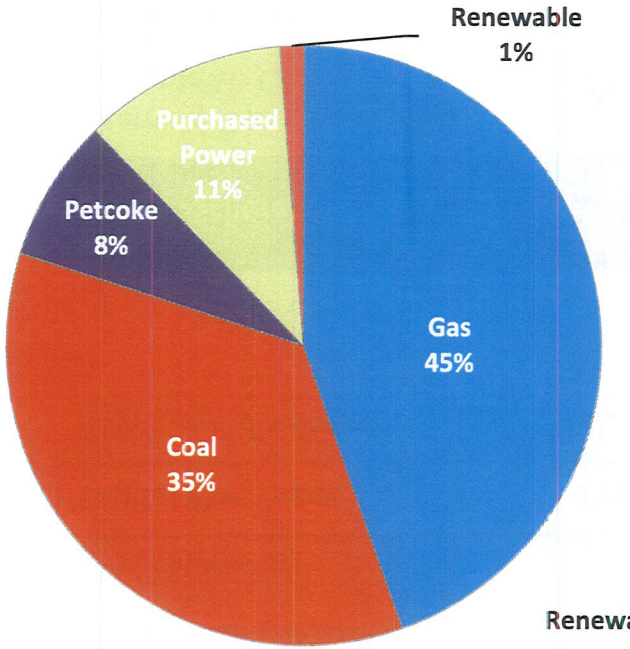
Electric System ($000s)	Actual 2017	2018	2019	2020	2021	2022	2018-2022 Average
Internally Generated Funds Available for Capital	$195,984	$131,647	$195,336	$223,116	$154,216	$129,231	
Capital Fund Balance Withdrawals (Deposits)	0	73,548	58,110	-64,668	-10,317	16,405	
Debt Financing	0	0	0	0	0	0	
Capital Plan Spend	**$134,782**	**$205,195**	**$253,446**	**$158,448**	**$143,899**	**$145,636**	**$181,325[2]**
Capital Fund Balance[1]	$201,368	$127,820	$69,710	$134,378	$144,695	$128,291	

Scherer ($000s)	Actual 2017	2018	2019	2020	2021	2022	2018-2022 Average
Internally Generated Funds Available for Capital	$6,660	$24,432	$5,849	$10,669	$4,013	$15,561	
Capital Fund Balance Withdrawals (Deposits)	0	0	0	0	0	0	
Debt Financing	0	0	0	0	0	0	
Capital Plan Spend	**$6,660**	**$24,432**	**$5,849**	**$10,669**	**$4,013**	**$15,561**	**$12,105**

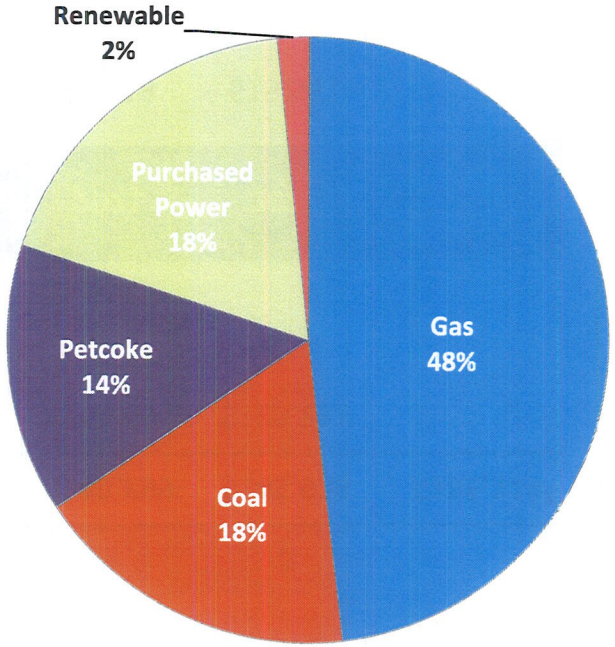
[1] Excludes FEMA Reimbursement
[2] Increase in 5-year average capital spend from FY17 to FY18 is driven by the addition of large projects: Solar Farm land acquisition, NGS Unit 3 Economizer, Eagle Substation

Fuel Mix

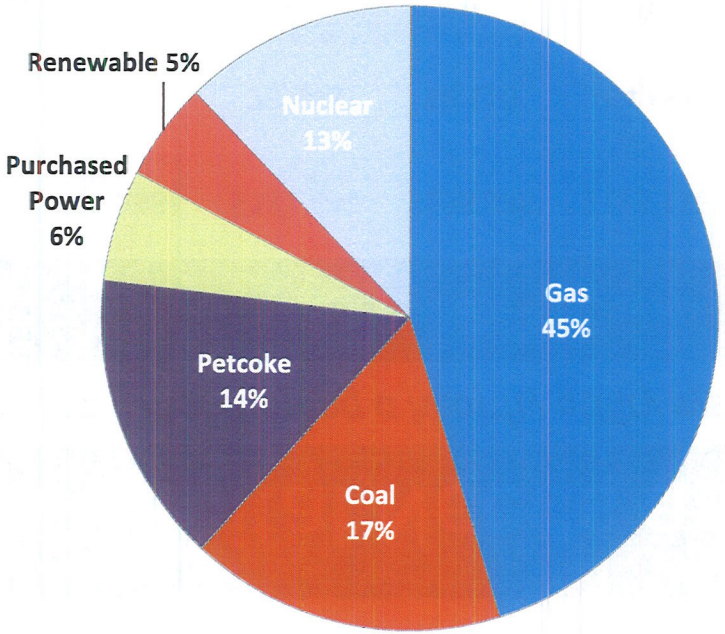
2017 % MWh



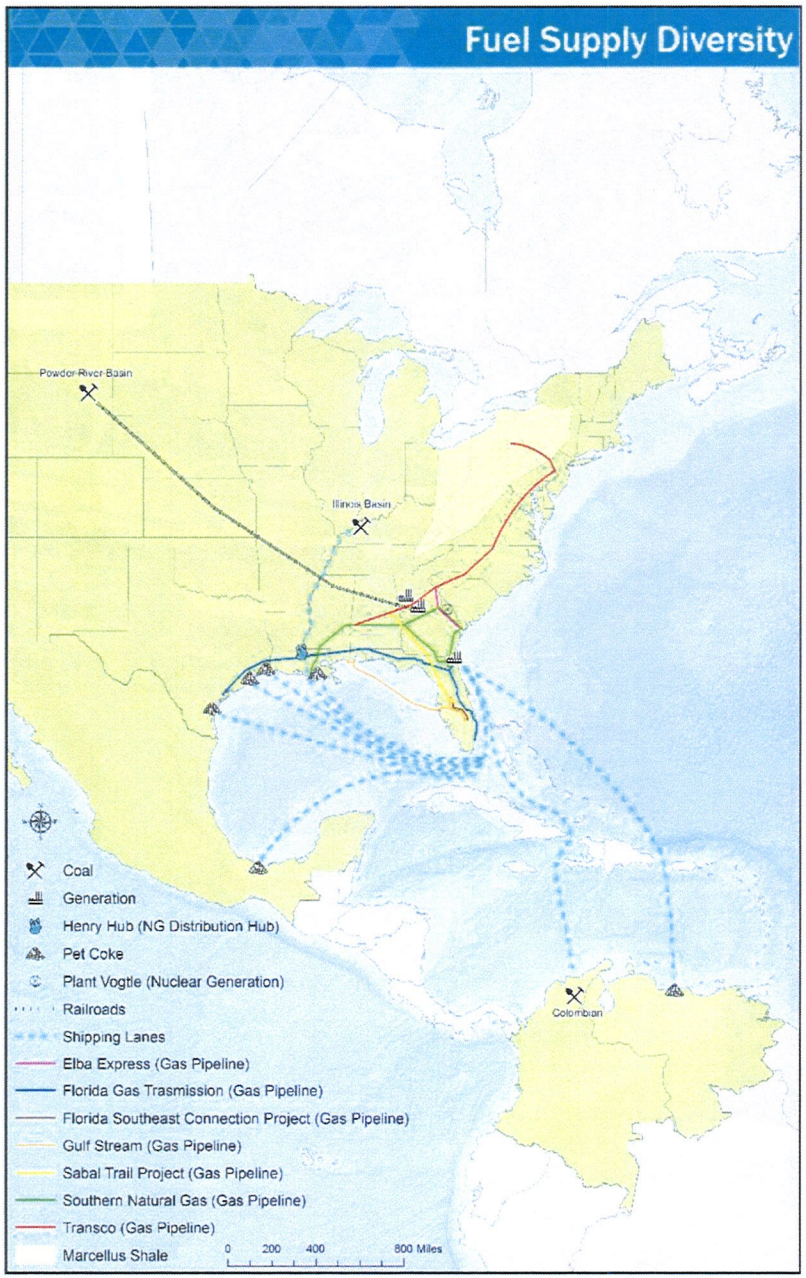
2018 % MWh



2023 (Forecast) %MWh



Fuel Supply Diversity




Plant Vogtle

Recent Developments in Vogtle Project

March 29
Westinghouse files for bankruptcy

First interim assessment agreement ensures work continues

June 9
Settlement agreement executed:
- Payment schedule for $3.68b Toshiba guaranty, paid whether or not construction continues

Services agreement executed transitioning construction management to Southern Nuclear (some services continue from Westinghouse)

June 23
Westinghouse files Services agreement with bankruptcy court

Toshiba reports negative outlook for total equity due to Westinghouse bankruptcy

June 29, September 27
JEA staff visit to site to validate construction progress

July 18
Bankruptcy court scheduled to hear Westinghouse filing

September 29
DOE makes additional $1.67 billion loan commitment

October 1
First Toshiba payment ($300m) received by project

November
GPSC hearings begin to consider whether GPC can recover additional construction expenses

TBD:
Final go/ no-go decision

Expected completion: November 2021 (Unit 3) and November 2022 (Unit 4)

Vogtle Risk Mitigation Strategy

JEA Mitigations

- Affordable rates and Board willingness to adjust rates as needed to preserve financial strength
- December 2016 rate restructuring stabilizes fixed charge coverage and accommodates increased costs
- Fully funded principal payments through FY2019; continuing to fund reserve to include additional delays
- No remaining JEA liability after contract end (no decommissioning)
- Manageable/small component of JEA's overall energy mix (13%)

Project Mitigations

- Receipt of the first two parent guarantee payments from Toshiba ($300m and $77.5m)
- $1.67 billion in additional loan guarantees from DOE
- Continuous construction progress with more than 6,000 people working on-site
- Most remaining key components already on-site
- Significant investments in cost and schedule study provides greater comfort around remaining risks


SJRPP
Decommissioning

St. Johns River Power Park

- After nearly 30 years in service, the St. Johns River Power Park will close
- SJRPP has an excellent operating history; this closure is a reflection of a unique opportunity in a changing environment to right-size JEA's generation fleet
- JEA and FPL agreed to terminate the Joint Ownership Agreement and shut down the plant approximately 4 years prior to the JOA termination date
  - FPL will pay JEA approximately $136 million to terminate the JOA and a PPA contained therein
  - FPL will share proportionately in shut-down costs and remediation
  - The total transaction NPV benefit to JEA is approximately ***$460 million***



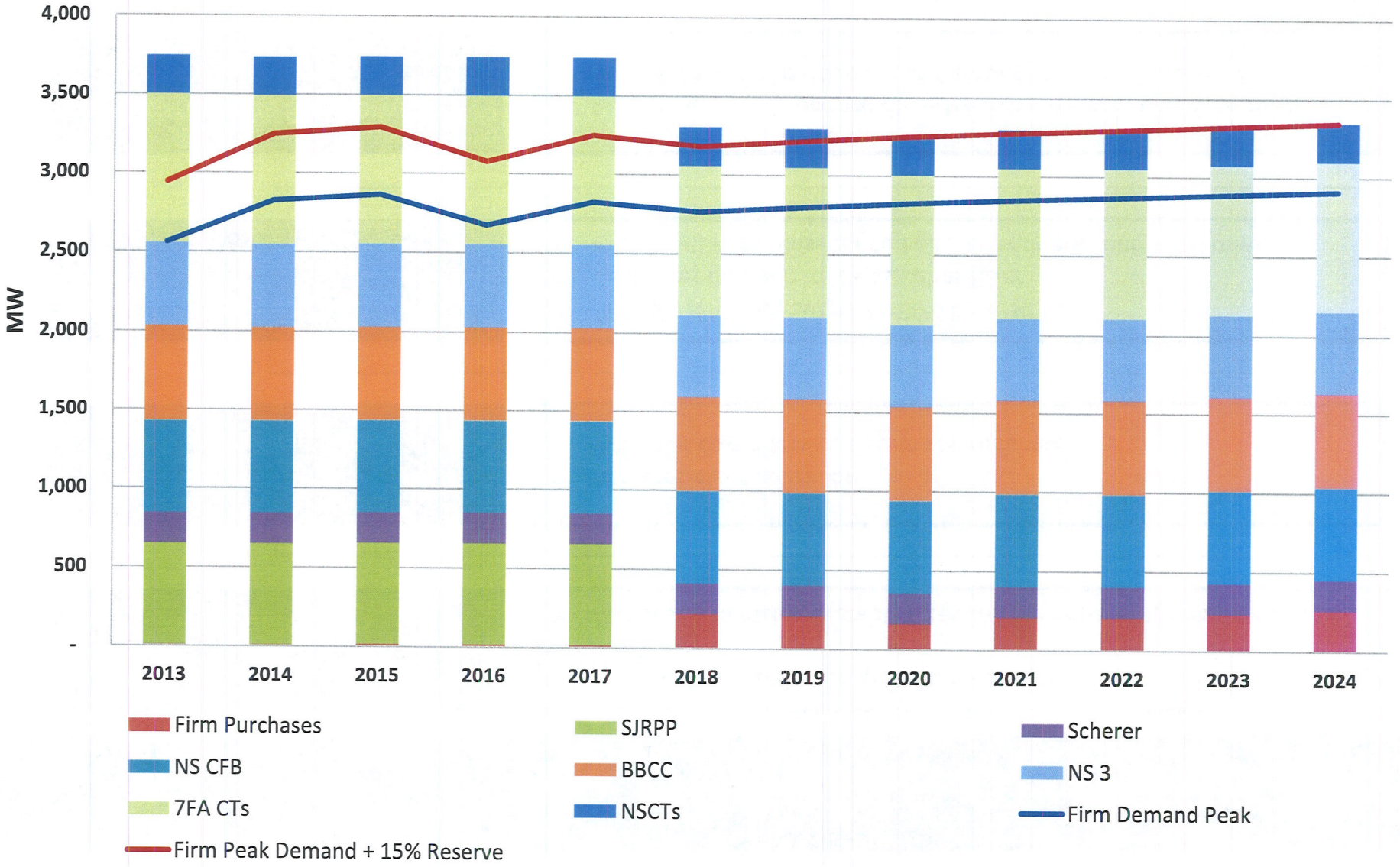
Benefits of Transaction

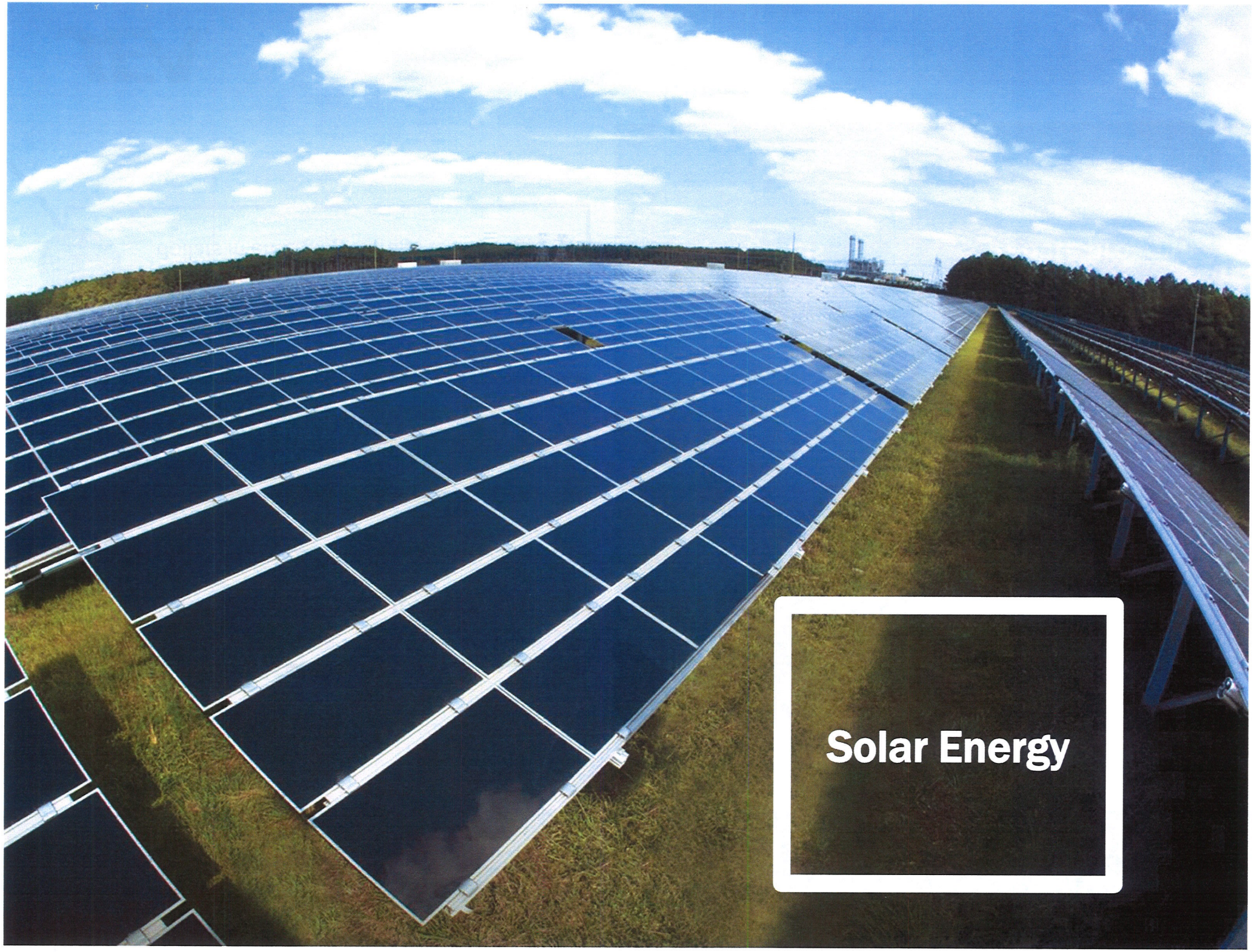
Provides Rate Stability for Customers	▪ Proposed transaction provides significant annual cost savings beginning in 2020 ▪ Allows JEA to maintain stable rates and continue early debt retirement
Appropriately Sizes the Generation Fleet	▪ Increases asset utilization ▪ Maintains cost effective system resource mix
Reduces JEA's Impact on the Environment	▪ Reduces JEA's CO_2 output by 30% by 2030 ▪ Decreases nitrogen to the St. Johns River ▪ Avoids future expense for compliance with environmental rules
Stimulates Economic Development	▪ Expands economic opportunities for industrial and manufacturing growth on 1,000 acres of property in and around the Port of Jacksonville
Proactively Addresses the Future of SJRPP	▪ Transaction provides a clear path for the termination of the SJRPP Joint Ownership Agreement and the retirement of the facility

JEA

Fleet Optimization and Asset Utilization

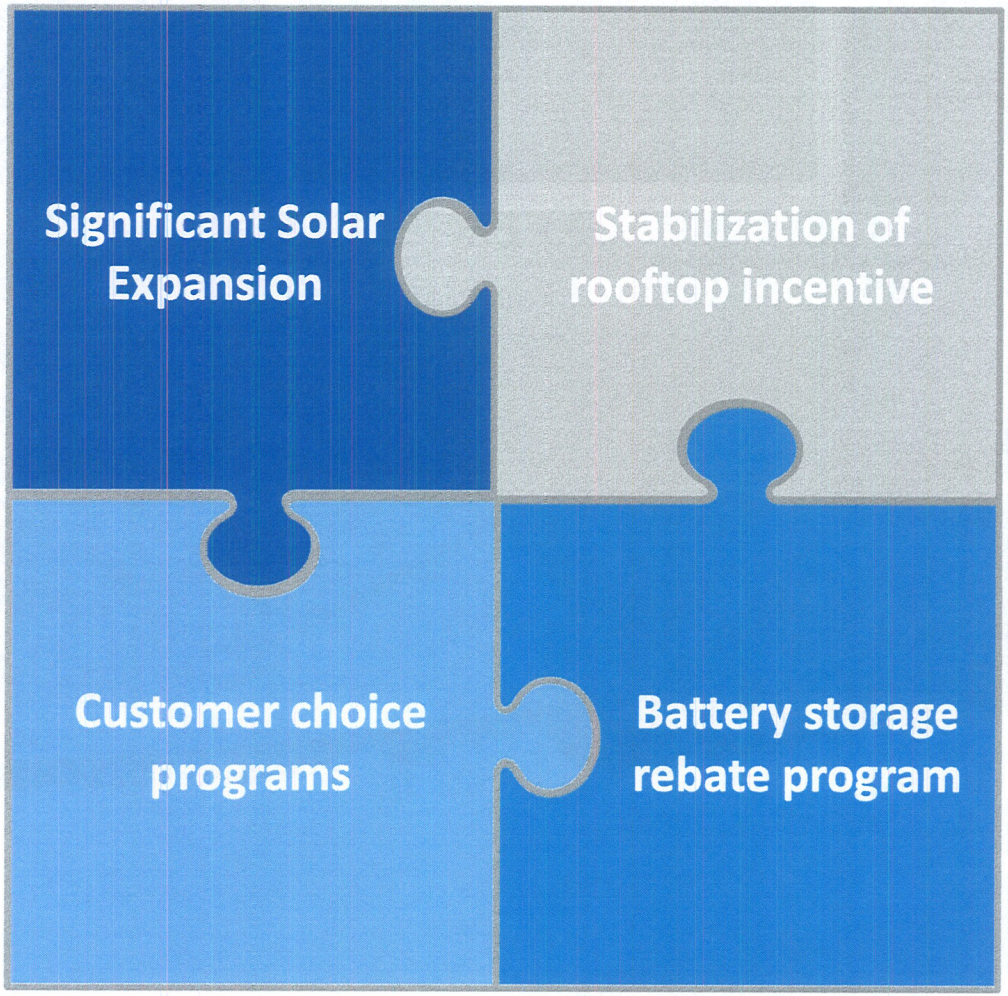
Generation fleet provides sufficient capacity to meet current and future demand




Solar Energy

JEA's Solar Program

- Stabilizes incentives for rooftop solar
- Offers customers choice in how they participate in solar
- Launches a program to invest subsidy dollars in emerging storage technology

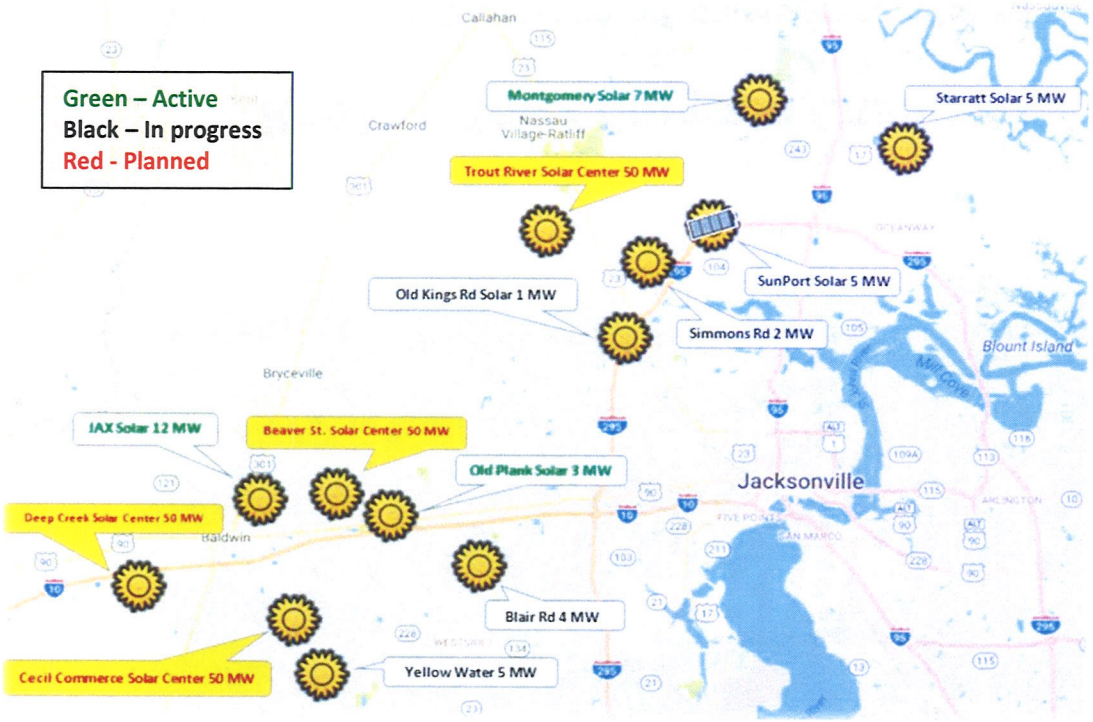


JEA Current and Future PV Solar Sites

JEA is pursuing a substantial increase in solar generation

- Plan to add up to 250 MW of universal solar by late 2019, in addition to 22MW installed and 22MW currently in progress
- New sites owned by JEA
- **Reduces exposure to fossil fuel volatility**
- PPA prices at or below current fuel rate

Current and Proposed Solar Sites



JEA's planned 300MW of solar would propel Jacksonville to the largest solar community in the United States

Customer Choice

JEA SOLARSMART

- SolarSmart launched June, 2017
- Program enables customers to participate in renewable energy without installing solar panels
- Customers can elect to have up to 100% of their energy derived from solar power



JEA SolarMax

- JEA SolarMax will enable large commercial customers to choose to have their energy come from solar power (at least 7,000,000 kWh per year)
- Responsive to dramatic increase in corporate interest in renewables. 70% of Fortune 100 corporations have sustainability goals
- Because of their size, these large companies can opt to support the creation of a specific new solar project

Rooftop Solar Program Changes

- Existing net metering customers grandfathered
- New solar customers offered fuel rate for energy sold to JEA
- Feb 1, 2018 a battery rebate will be offered to renewable distributed generation customers providing a one-time 30 percent rebate on a household battery system (max $2,000 per household)

Electric System Summary Page

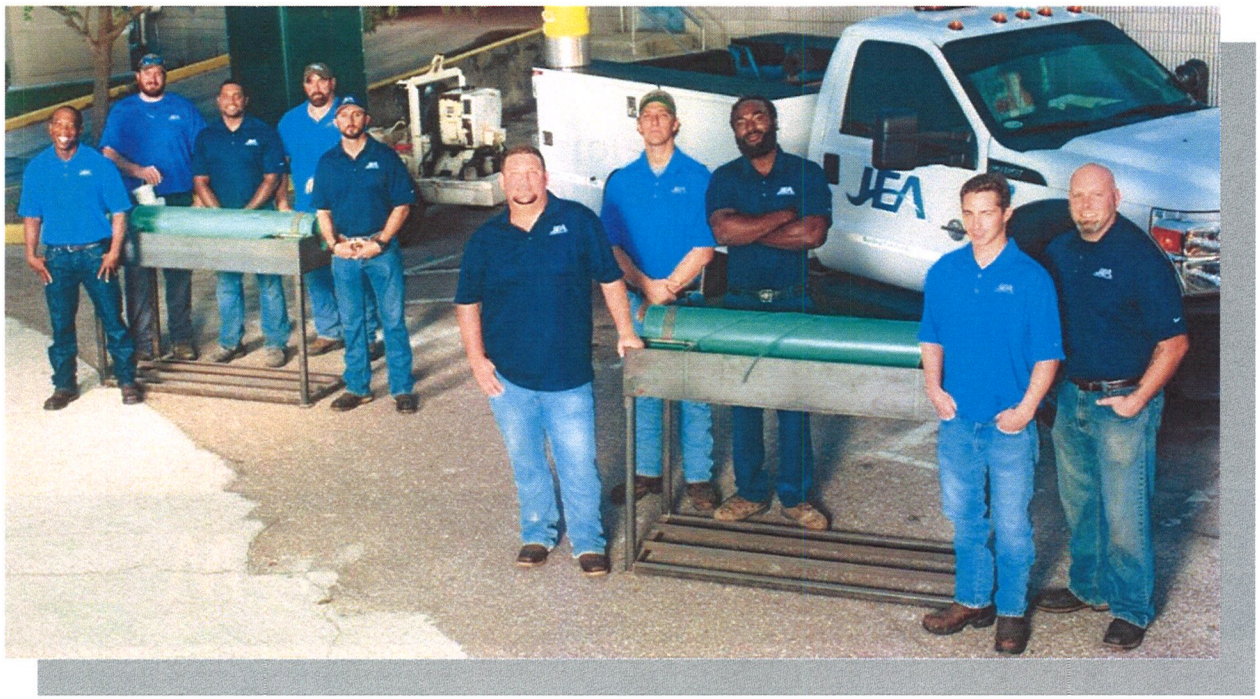
- ✓ Top quartile operating performance
- ✓ Funding capital with existing revenues
- ✓ Environmental risks substantially reduced
- ✓ Vogtle risk mitigated
- ✓ Pension reform implemented




Water & Sewer
System Overview
JEA
Building Community

Water & Sewer System FY17 Highlights

- Strong debt service coverage and liquidity
- Continued risk reduction in debt portfolio: $56 million in debt reduction
- Aquifer withdrawals 14% less than overall CUP allocation
- FY17 total nitrogen discharge was 18% under the permitted limit of 683 tons
- Successfully executing the capital program centered on proactive renewal and replacement and expanded capacity



Water & Sewer System Infrastructure

Water System

- 19 major and 18 small water treatment plants and two re-pump facilities
- 134 active water supply wells, 4,637 miles of water distribution mains and total finished water storage capacity of over 70 million gallons
- Two major and four small distribution grids

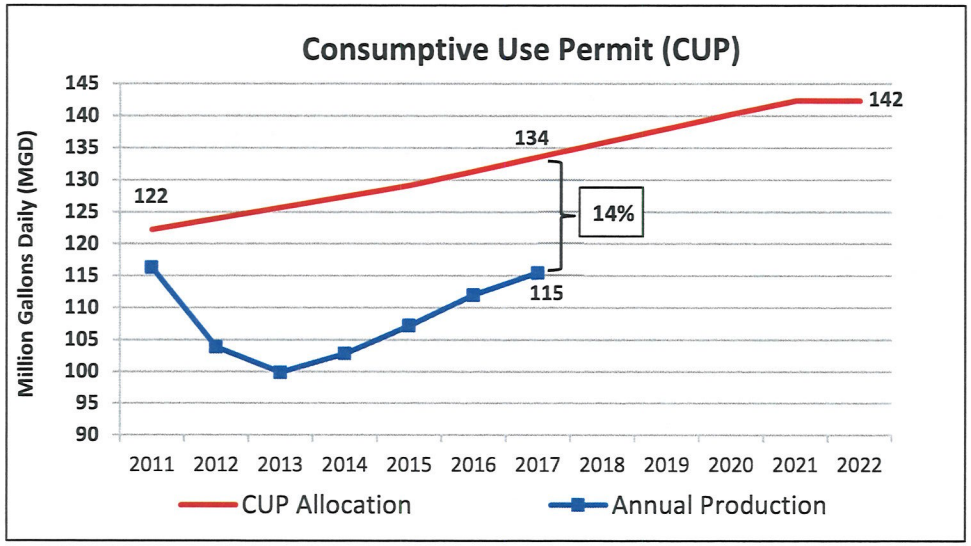


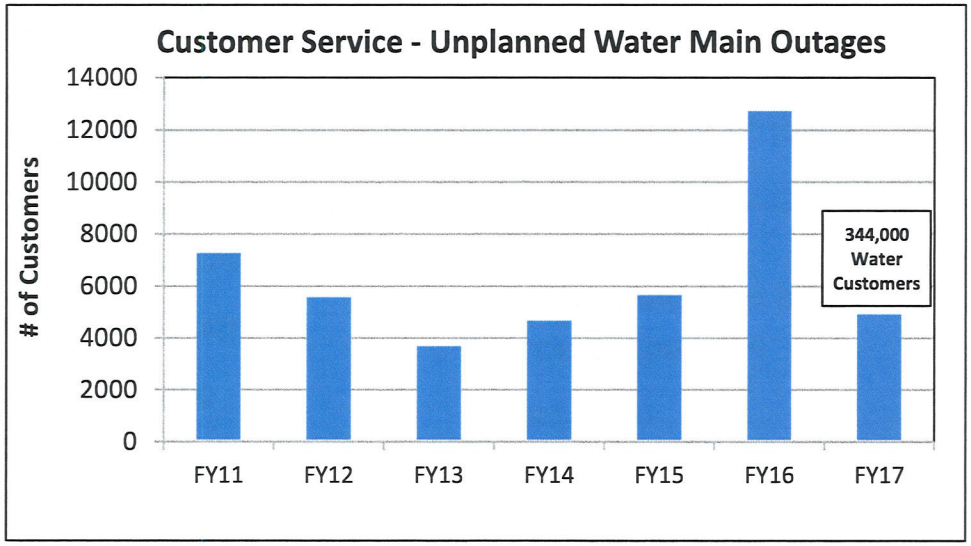


Sewer System

- Approximately 3,972 miles of gravity sewers and force mains
- 1,388 pumping stations, 756 low pressure sewer units, and 11 treatment plants currently ranging in rated average daily treatment capacity from approximately 0.2 to 52.5 MGD

Water & Sewer System Performance Monitoring

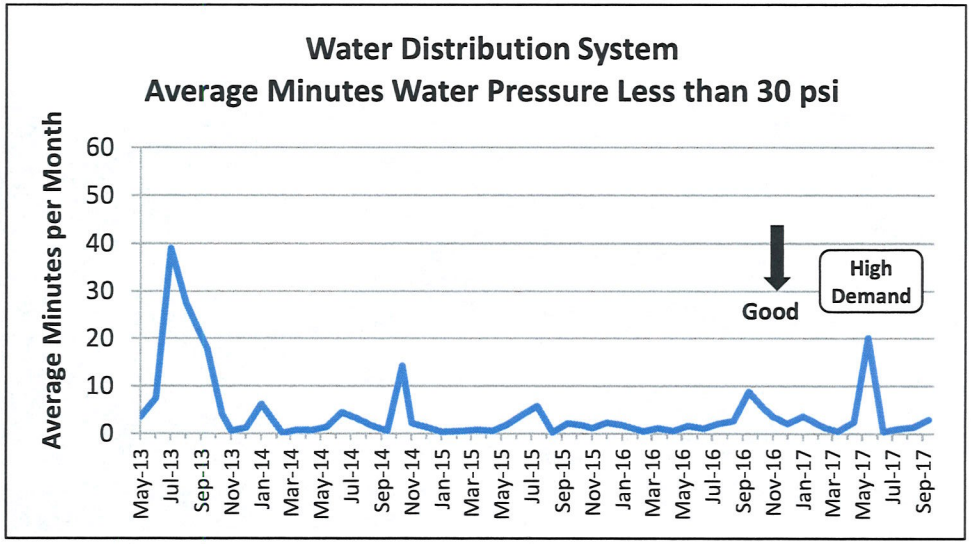




Consumptive Use Permit (CUP)
Condition 12: Annual average daily flow has a range between 5% to 20% below the annual limit

Unplanned Water Outages
Less than 2% of customer base experience an unplanned outage annually

Water Pressure (minutes per month < 30 psi)
Measured by 115 pressure monitoring stations in the distribution system. Pressure must be greater than 20 psi, and is expected to be greater than 50 psi



CUP: Water Supply Sustainability Plan

iWater

JEA Water Supply Testing and Rehabilitation Program

FY15 to FY20

IWRP Study

Integrated Water Resource Plan

FY18 to FY20

Comprehensive Plan

JEA Water Supply and Demand Program

FY18 …

Production and Transmission

- Well rehab and performance for 84 of JEA's 137 raw water wells
- Hydraulic and water quality modeling
- Identify transmission piping projects

Supply and Transmission

- Maximize reclaimed water
- TWMP* (FY 2000 to Present)
- Water purification pilot
- 3rd river crossing evaluation
- Intermediate aquifer study

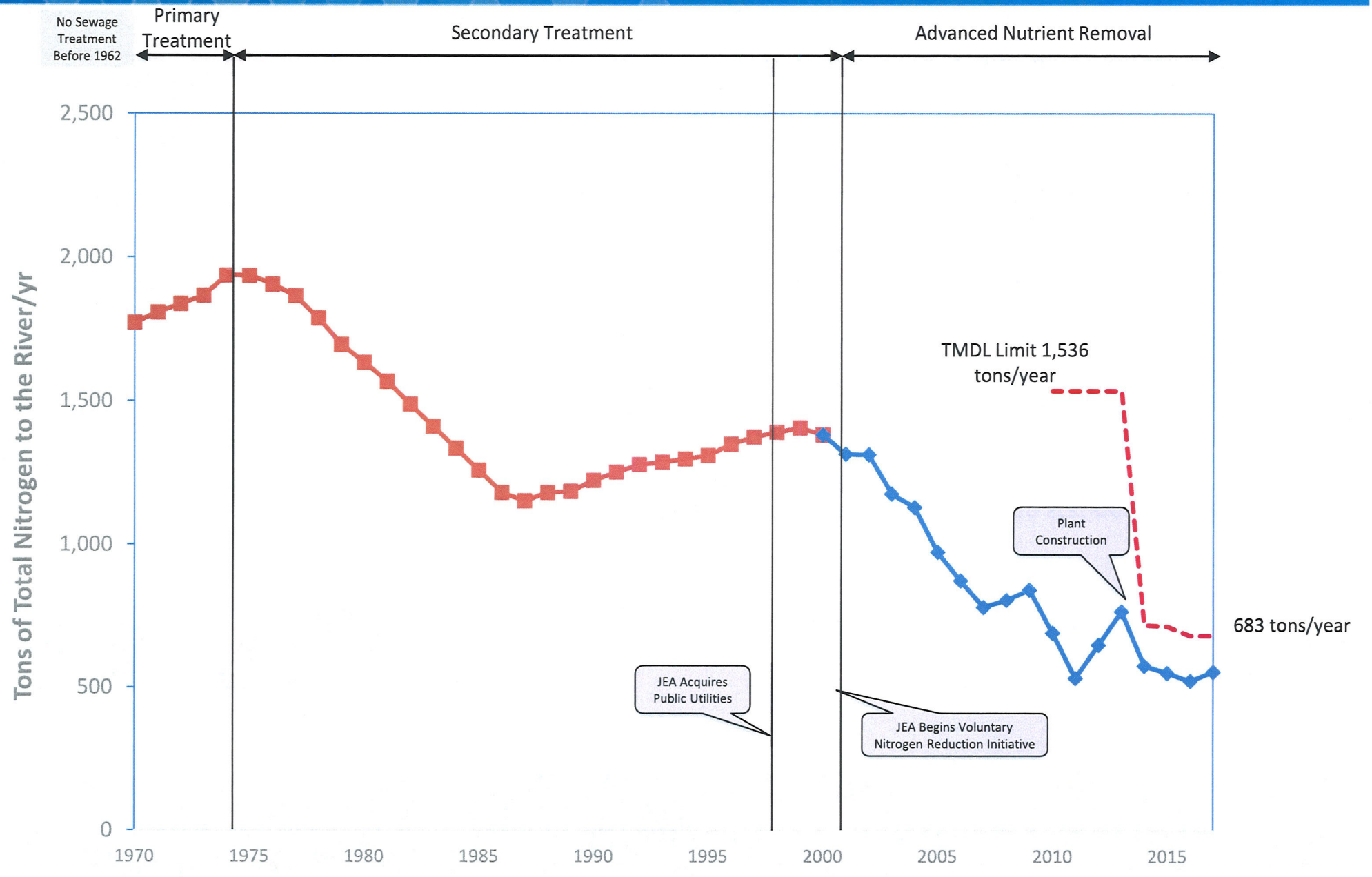
Supply and Demand

- Conservation messaging
- Demand-side management program
- Comprehensive communication plan

- Effective May 2011, JEA obtained a 20-year consolidated Consumptive Use Permit (CUP) from the St. Johns River Water Management District (SJRWMD) to secure aquifer withdrawal
- JEA continues to implement the TWMP and iWater Programs and expand the Reclaimed system to successfully supply growing service area within all CUP conditions
- Sustainable water supply will integrate demand side programs; outcomes of the IWRP study will select the most beneficial incremental water supply within an overall comprehensive plan

* JEA's Total Water Management Plan (TWMP)

Health of the St Johns River: Nitrogen Reduction Goals



Framework to Resiliency

Oct 2016 Hurricane Matthew — **Nov 2016** Assessment Report

Significant Operational Activities Completed before Hurricane Season

Sep 2017 Hurricane Irma — **Oct 2017** CMOM Assessment



- Power outages at over half of the 1,400 sewer pump stations were the primary challenges during the two FY17 hurricane events.
- Over a normal four day period, the system processes 300 million gallons of wastewater. During the storms, the flow increased 50% for Hurricane Matthew and 75% for Hurricane Irma. During Hurricane Matthew less than 3% of the flow resulted in sewer overflow, and the improvements resulted in less than 0.5% for Irma.
- After Hurricane Matthew an independent Capacity Management Operations and Maintenance (CMOM) assessment was performed by a consultant with FDEP oversight. The assessment confirmed that JEA has a robust wastewater system which operates very well during blue sky conditions with several relatively minor opportunities to enhance the system and associated processes.
- An initial investment of $10 million in FY17 was primarily allocated to increasing the generator fleet. The five year capital plan includes $50 million for additional backup generators, supplemental diesel pumps, mid-range defensive actions and longer-term initiatives to construct to new resiliency standards.

Water & Sewer System Capital Needs and Funding Source

The Water and Sewer capital plan increases are driven by growth in both systems, projects necessary for regulatory compliance, and programs to rehabilitate and harden infrastructure critical to system operation and reliability

Funding growth with NO NEW DEBT!

Water and Sewer System ($000s)	Actual 2017	2018	2019	2020	2021	2022	2018-2022 Average
Internally Generated Funds Available for Capital[1]	$156,192	$193,919	$195,148	$172,688	$174,714	$180,595	
Capital Fund Balance Withdrawals (Deposits)	31,401	21,081	14,852	37,312	30,286	16,405	
Debt Financing	0	0	0	0	0	0	
Capital Plan Spend	**$187,593**	**$215,000**	**$210,000**	**$210,000**	**$205,000**	**$197,000**	**$207,400[2]**
Capital Fund Balance	**$150,319**	**$129,238**	**$114,386**	**$77,074**	**$46,788**	**$30,382**	

- Current rates (1% volume growth) are adequate to fund recurring and reinvestment type projects over planning horizon
- Existing capital fund balance and recurring capacity fees contribute towards projected growth - capacity expansion projects
- Over 1/3rd of projected capital spend is directly growth – capacity expansion related
- Entire projected capital plan of $1.04B over 5 years continues to be funded without the issuance of new debt
- If growth accelerates greater than projected, a potential bond issue could be considered outside 5 year horizon

[1] Internally generated funds available for capital are sourced from R&R and operating capital outlay along with surplus funds from prior budget appropriation restrictions
[2] Increase in 5-year average capital spend from FY17 to FY18 is driven by the addition of storm resiliency projects and water transmission improvements to the South Grid

Water & Sewer System Summary Page

- ✓ Top quartile operational performance
- ✓ Capital plan funded without debt
- ✓ Rates stable for the five year planning horizon
- ✓ Pension reform implemented

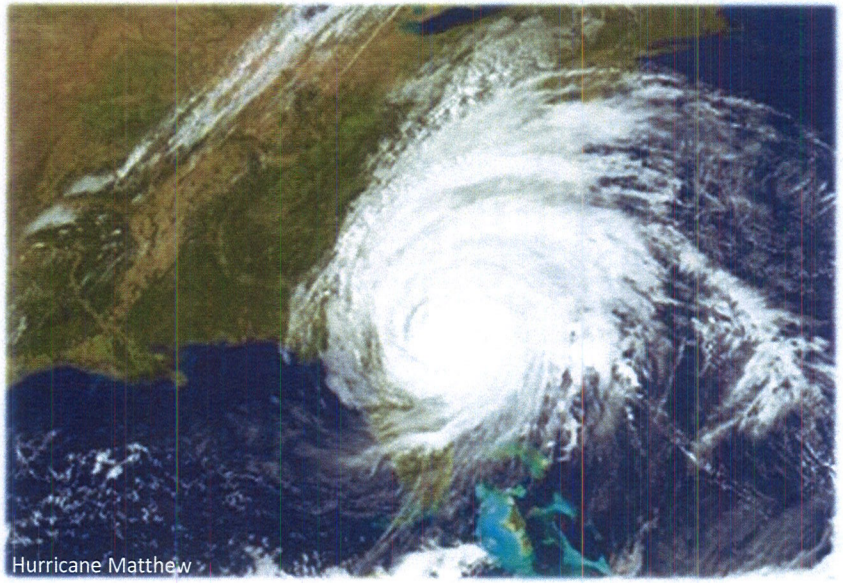


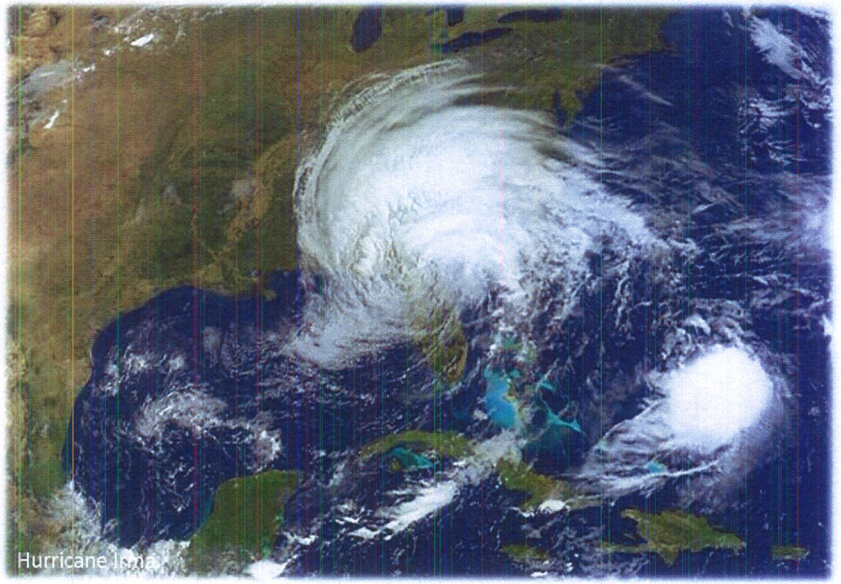

Hurricanes
Matthew & Irma

Financial Impact

Hurricane Matthew	
($ in millions)	
Total Estimated Damages	$20.0
Property Insurance	$8.5
FEMA Federal Reimbursement	8.6
State of Florida Reimbursement	1.4
JEA Self Insurance Reserves	1.4
Total	$20.0

Hurricane Irma	
($ in millions)	
Total Estimated Damages	$30.0
Property Insurance	$10.0
FEMA Federal Reimbursement	15.0
State of Florida Reimbursement	2.5
JEA Self Insurance Reserves	2.5
Total	$30.0


Hurricane Matthew


Hurricane Irma


Enterprise Risk
Management

Enterprise Risk Management Program

JEA's Enterprise Risk Management (ERM) program identifies, assesses, measures, monitors and actively manages risk, including mitigation strategies and actions

- Recognizes that corporate risks are interdependent and effective risk management requires a broad corporate view
- Breaks down silos to provide methodical and disciplined framework for risk management
- Standardizes evaluation and measurement of risks – both quantitative and qualitative
- Provides standardized measurement and reporting of corporate-wide risks
- Governance of Enterprise Compliance and Risk Committee consists of entire Senior Leadership Team, Director of Audit Services, and ERM Manager



All Critical Risks are Identified and Actively Managed

ERM - Tier 1 Risk Trends as of Current Quarter (Q4 FY17)																		
E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function	FY14				FY15				FY16				FY17				Long Term Risk Exposure Trend (> 5 Years)	Change
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Electric Risks																		
E01 - Carbon Emission Mitigation	20	20	25	25	25	25	25	25	25	25	25	25	25	25	20	15	↔ Stable	X
E04 - Adverse Electric Commodity Supply and Pricing	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↔ Stable	
E03 - Coal Combustion Residual Rule (CCR)	15	15	15	15	15	15	10	10	10	10	10	15	15	15	15	15	↔ Stable	
E05 - Cooling Water Intake Structures 316(b)	10	10	10	10	10	10	10	10	10	10	10	20	20	20	20	20	↔ Stable	
E06 - Long-term Planning/Load Forecast - Electric	6	6	10	10	10	10	10	10	10	10	10	10	10	10	10	10	↑ Increasing	
E07 - Critical Infrastructure Protection (CIP) Compliance	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	↑ Increasing	
Water/Wastewater Risks																		
W01 - Water Supply Management/Long Term Planning	12	12	12	15	15	15	15	15	15	15	15	15	15	15	15	15	↑ Increasing	
W03 - Sanitary Sewer Overflow Management	6	6	6	6	6	8	8	8	8	8	8	8	12	12	12	12	↓ Decreasing	X
Corporate Wide Risks																		
H01 - Pensions	16	20	20	20	20	20	20	20	20	20	20	20	20	20	16	16	↔ Stable	
F01 - Revenues and Expenses Management	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	↑ Increasing	
C01 - Customer Relationship Management	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↔ Stable	
C02 - Physical Security (Facilities Infrastructure Security and Regulatory Compliance)	9	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↑ Increasing	
C03 - New Technology			12	12	12	12	12	12	12	12	12	12	12	12	12	12	↑ Increasing	
C16 - Weather & Climate Change Impact										15	15	15	15	15	15	15	↑ Increasing	

Key changes since December 2016 update:

1. The decommissioning of SJRPP further reduces JEA's carbon footprint. Any new generation would have lower CO_2 emission rates. Regardless of any future CO_2 regulations, current market conditions continue to support use of natural gas which further reduces CO_2 emissions. The risk score was lowered based on the lower probability of a comprehensive rule being enacted within the foreseeable future (5 year time period).
2. The Sanitary Sewer Overflow Management (SSO) Risk was elevated from a Tier 2 to a Tier 1 Risk. Although JEA has an effective and robust wastewater maintenance/SSO prevention program, increasing severe weather conditions may increase the likelihood of SSO events.
3. The Effluent Limit Guidelines for Steam Units Risk was moved from a Tier 1 to a Tier 2 Risk. JEA is effectively in compliance with the requirement. In addition, the decision to decommission JEA's St. Johns River Power Plant has significantly reduced the cost of compliance.

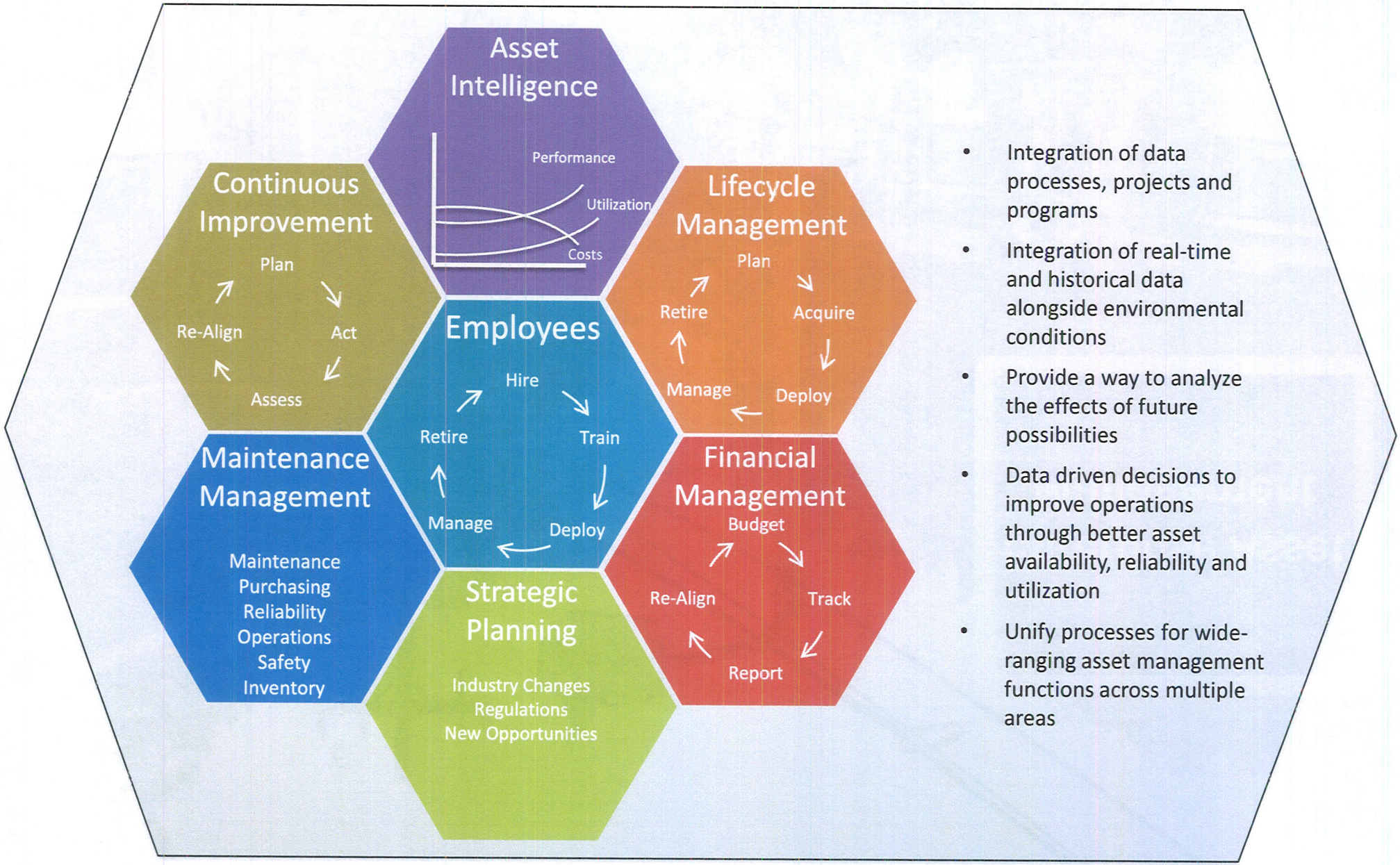
Other EPA Rules That May Materially Impact JEA

Rule or Standard	Potential Impact to JEA	Estimated Costs
Coal Combustion Residuals Rule (CCR)	Coal Combustion Residuals (CCR) rule finalized in April 2015 and effective October 2015. CCRs were not given a federal Hazardous Waste designation (Subtitle C) but are instead regulated as non-hazardous solid waste material. **Primary Impacts:** • Ash pond and byproduct storage areas at Plant Scherer • Currently operating cell at the SJRPP Byproducts Storage Area • NGS is exempt from the rule because it burns over 50% pet coke Estimated cost for SJRPP is due to the closure and post-closure care for the Area B Phase 1 cell. Estimated cost for Scherer is due to ash pond closure along with new landfill cells and associated infrastructure cost. The initial $13m of the $32m total expenditure is anticipated to happen between 2017-2020, with timing of additional costs still pending.	**SJRPP:** $10m* *(Last yr est. $25m)* **Scherer U4:** $32m* *(Last yr est. $15.9m)*
Cooling Water Intake Structure Rule 316(b)	This rule further regulates cooling water intake, adding performance-based requirements for existing facilities on a case-by-case basis so that the intake structures reflect the best technology available (BTA) for minimizing adverse environmental impact. Two-year demonstration studies are required to identify site specific BTA. Submittals to the agency are expected 2022-2023. The majority of any potential future cost will not happen until the 2024-2027 timeframe.	**NGS:** $0m to $60m *(Last yr est. $5m to $30m)*
Effluent Limitation Guidelines (ELG) for Steam Electric Power Generating Point Source Category	Lower effluent limits may require physical, chemical and/or biological treatment to specific waste streams at the production sources within the power plants. Impacts of the rule include treatment for leachate at NGS and movement to dry bottom ash handling and FGD wastewater management (treatment or zero discharge) at SJRPP and Scherer. SJRPP decommissioning negates need for any ELG investment there. The final rule was published in November 2015. The compliance period associated with the estimated costs provided is 2017-2022. EPA has indicated its intention to revisit portions of the rule.	**NGS:** $0m to $2m *(Last yr est. $9m to $10m)* **SJRPP:** $0* *(Last yr est. $40m to $60m)* **Scherer U4:** $4m* *(Last yr est. $4.4m)*

*Estimated costs represents JEA's portion


JEA
Enterprise Asset Management
JEA

Strategic and Holistic Management of all JEA Assets



- Integration of data processes, projects and programs
- Integration of real-time and historical data alongside environmental conditions
- Provide a way to analyze the effects of future possibilities
- Data driven decisions to improve operations through better asset availability, reliability and utilization
- Unify processes for wide-ranging asset management functions across multiple areas


Conclusion
JEA

JEA's Outstanding Financial and Operational Performance Merits a Higher Credit Rating

Electric

- ✓ Pension reform
- ✓ Fuel diversity
- ✓ Vogtle risk mitigation
- ✓ Decreasing environmental risks
- ✓ $1.7 billion debt repaid since 2010
- ✓ Cash funded capital plan
- ✓ Superior operational performance

Financial metrics reflect a thriving utility today and long into the future

Water & Sewer

- ✓ Superior operational performance
- ✓ Robust growth in sales and customers
- ✓ Cash funded capital program for next five years
- ✓ $508 million debt repaid since 2011
- ✓ Outstanding debt and liquidity metrics

Superior financial and operational performance supports a AAA credit rating

Supplemental



G. Alan Howard



G. Alan Howard is a native of St. Simons Island, Georgia. Mr. Howard received his law degree and undergraduate degree, with high honors, from the University of Georgia.

Mr. Howard is a transactional attorney whose practice focuses on mergers, acquisitions, project finance, corporate finance and securities matters. His clients span a range of industry sectors, including energy, technology, insurance and financial services. He regularly advises clients on corporate governance issues. Mr. Howard represents buyers and sellers of small to mid-market companies in mergers, stock purchase and asset purchase transactions. He is experienced in the structuring, negotiation and documentation of a broad spectrum of syndicated and non-syndicated credit transactions involving both domestic and foreign companies in a wide variety of industries. These transactions include public and private bond financing, secured and unsecured loan facilities, senior, subordinated and mezzanine credit facilities, asset based loan facilities, and construction loan facilities. Mr. Howard also represents individual, family office and institutional investors in selected investment transactions. Mr. Howard represents startup to early market companies in exempt limited offerings. Mr. Howard also represents both lenders and sponsors in project finance transactions involving the acquisition, construction and financing of electric power generation and landfill gas conversion facilities.

Delores M. Kesler



Ms. Delores M. Kesler has been the Chairman and Chief Executive Officer of Adium LLC since 1997. Ms. Kesler founded Talagy Inc. (also known as ATS Services Inc.) in 1977 and serves as its Chairman Emeritus and served as its Chairman since February 2007. She founded AccuStaff Inc., a strategic staffing, consulting and outsourcing venture and served as its Chairman and Chief Executive Officer from 1978 to 1997. She has been the Chairman of PSS World Medical Inc. since February 2010. She has been a Director of ATS Services Inc. since February 2007. Ms. Kesler has been Lead Independent Director of Physician Sales & Service, Inc. since July 1993. She serves as a Director of Horatio Alger Association of Distinguished Americans Inc. and the University of North Florida Foundation. She served as an Independent Director of The St. Joe Company from February 10, 2004 to May 17, 2012. She served as a Director of Thermoview Industries Inc., Heritage Bank in Orange Park, Florida, and St. Luke's/Mayo Foundation. Ms. Kesler served as a Director of MPS Group, Inc. since 1997.

Reverend Frederick Newbill



Jacksonville native, Frederick Douglas Newbill has been pastor of First Timothy Baptist Church since May 1987. Under his leadership, the congregation has grown from 150 to more than 1000 members. Early in his pastorate, First Timothy physically moved from a small building at Hart and Barnett to its present location on Biscayne Blvd. in north Jacksonville. He is an innovative and energetic practitioner of his faith. Pastor Newbill is a Spirit-filled, gifted pastor and teacher who is totally committed to his calling and ministries. As a result, many hearts have been blessed and many souls have been saved throughout his 29 year tenure at First Timothy. He believes in striving for the advancement of God's Church and promoting its prosperity and spirituality.

Pastor Newbill has served as former president of the Baptist Ministers Conference of Duval and Adjacent Counties, former president of Union Saint James Association Congress of Christian Education, former chairperson for the Congress of National Black Churches and former secretary of the Local One Church/One Child National Organization. Through this program a number of children have been adopted locally and nationwide. He has also served as first Vice Moderator of Union Saint James Association and was a sponsor of a church start Providence Christian Fellowship, on the West Side of Jacksonville.

Husein A. Cumber



Mr. Cumber is Executive Vice President for Corporate Development for Florida East Coast Industries, LLC (FECI). He has responsibility for guiding capital projects, including All Aboard Florida which is the first privately owned, operated and maintained intercity passenger rail system in the U.S.

Prior to joining FECI, Mr. Cumber was Executive Vice President for Corporate Development for Florida East Coast Railway, LLC (FEC), an affiliate company of FECI. Mr. Cumber had responsibility for structuring and managing several major capital projects, including reconnecting the FEC to the Port of Miami, the construction of new intermodal container transfer facilities, and working with public agencies to introduce commuter rail service in the FEC corridor.

Previously, Mr. Cumber was President of H.A. Cumber & Company, a transportation consulting firm that specialized in rail, transit and highway issues. The firm provided business development and government relations support throughout the country.

Mr. Cumber served as the Deputy Chief of Staff at the U.S. Department of Transportation and prior to that was the Assistant to the Secretary for Policy. Mr. Cumber assisted in the daily operations of a federal agency with approximately 60,000 people and a $70 billion budget. He provided policy direction for highways, motor carriers, pipelines, railroads (including Amtrak), transit, and domestic security issues. Mr. Cumber was nominated by President George W. Bush on May 20, 2008 to be a Member of the Surface Transportation Board. His nomination was terminated after the November 2008 election.

Prior to his appointment at U.S. DOT, Mr. Cumber led the public affairs efforts for Florida East Coast Industries, Inc. (FECI), a NYSE-traded company that then included the assets of what is today FEC and FECI. In this role, Mr. Cumber was credited for securing over $50 million in public funds to build additional freight capacity in the FEC Railway corridor. Mr. Cumber also coordinated crisis communications for the Company and served as the corporate spokesperson.

Mr. Cumber is a Board Member of JEA, the eighth largest community-owned electric utility company in the United States and largest in Florida, and is a Board Member of the Florida State College Foundation. He is the past President of the Florida Railroad Association and past Board Member of the Coalition for America's Gateways and Trade Corridors. Mr. Cumber has previously served on the Boards of the North Broward YMCA, the Florida Telecommunications Industry Association and the Strategic Intermodal Transportation Advisory Committee. Mr. Cumber was a founding member of the Florida Intermodal Transportation Association and is a graduate of Leadership Florida.

Mr. Cumber is a graduate of Duke University and holds a Bachelor of Arts degree in U.S. National Security. He, his wife (LeAnna), son (Jake) and daughter (Penelope) currently reside in Jacksonville, Florida.

Mr. Cumber was appointed to the JEA Board in February of 2014 for a four year term which expires February 28, 2018.

Kelly Flanagan



A Jacksonville native, Kelly Flanagan was named the Jaguars' senior vice president and Chief Financial Officer in August 2014, after joining the organization in 2012 and being promoted to vice president in 2013. She is responsible for developing and leading the team and related entities' financial strategy, including planning and business analytics, corporate accounting and financial reporting and analysis.

Flanagan has extensive experience in sports business. Prior to joining the Jaguars, along with now Jaguars President Mark Lamping, she was a member of the executive team at the New Meadowlands Stadium, later MetLife Stadium, home to the New York Giants and New York Jets. Flanagan served in the finance department during the construction and commissioning of the new stadium, ultimately being named controller and lead stadium finance representative to the venue's primary tenants and owners, the Giants and Jets.

Prior to serving at MetLife Stadium, Flanagan was a member of the Entertainment & Media practice of PricewaterhouseCoopers in New York City, where she consulted for both public and private sports and entertainment clients and obtained her C.P.A. license. She has been named a "Game Changer" by *SportsBusiness Journal*.

A graduate of Episcopal School of Jacksonville where she currently serves as a member of its Board of Trustees, Flanagan holds a M.S. in Sports Management degree from Columbia University in New York City and a bachelor's degree in Accounting as well as an M.B.A. from the Ervin K. Haub School of Business at Saint Joseph's University in Philadelphia. She was appointed by the Mayor and confirmed by the City Council to serve as a member of the Board of Directors of the Jacksonville Electric Authority.

Thomas F. Petway III



A lifelong resident of Jacksonville, Florida, Tom Petway has become one of the most successful business and respected civic leaders in Jacksonville and the state of Florida.

He is founder and member of the Board of Directors of US Assure, Inc., a national insurance marketing and administrative services company. Petway co-founded Prudential Network Realty and was a founding partner in the NFL's 30th franchise, the Jacksonville Jaguars. He was Co-Chairman of the organizing group for Super Bowl XXXIX and Co-Chairman and CEO of the Jacksonville Super Bowl Host Committee, Inc.

He is very active in local, state and national politics. He continues to be a member of the Republican Regents, representing his significant commitment to the Republican Party. Petway also served as President George W. Bush's State Finance Co-Chairman in Florida Bush-Cheney 04, Inc.

Tom Petway is involved in numerous business and civic activities. From 1999 until its elimination in July, 2001, he served his second gubernatorial appointment to the Board of Regents of the State University System of Florida, serving as Chairman for two years; he previously served on the Board from 1989 until 1995. He served as Chairman of the Board of Governors of the State University System of Florida during 2003. He served two terms as Chairman of the Jacksonville Economic Development Commission. Petway served as Chairman of the Board of Directors, Community Hospice of Northeast Florida Foundation for Caring. In addition he is Past Chairman, Florida Residential Property and Casualty Joint Underwriting Association; Past Chairman, The Florida State University Foundation; Past Director, Foundation for Florida's Future; Trustee, Past Chairman and CEO of the Jacksonville Chamber of Commerce; Past Chairman, City of Jacksonville Preservation Project; Past Director and Treasurer, World Golf Village, Inc.; Past President and Honorary member of the Southeast Jacksonville Rotary Club, and has served on the Jacksonville Transportation Authority.

Mr. Petway graduated from Terry Parker High School, Jacksonville, in 1958 and received a Bachelor of Science Degree from Florida State University School of Business, in 1962. In 1999 he received FSU's prestigious Honorary Doctorate of Humane Letters for his leadership and accomplishments. In addition, Petway was inducted into the Florida Council on Economic Education's First Coast Business Hall of Fame in 1999.

JEA

Electric System Power Resource

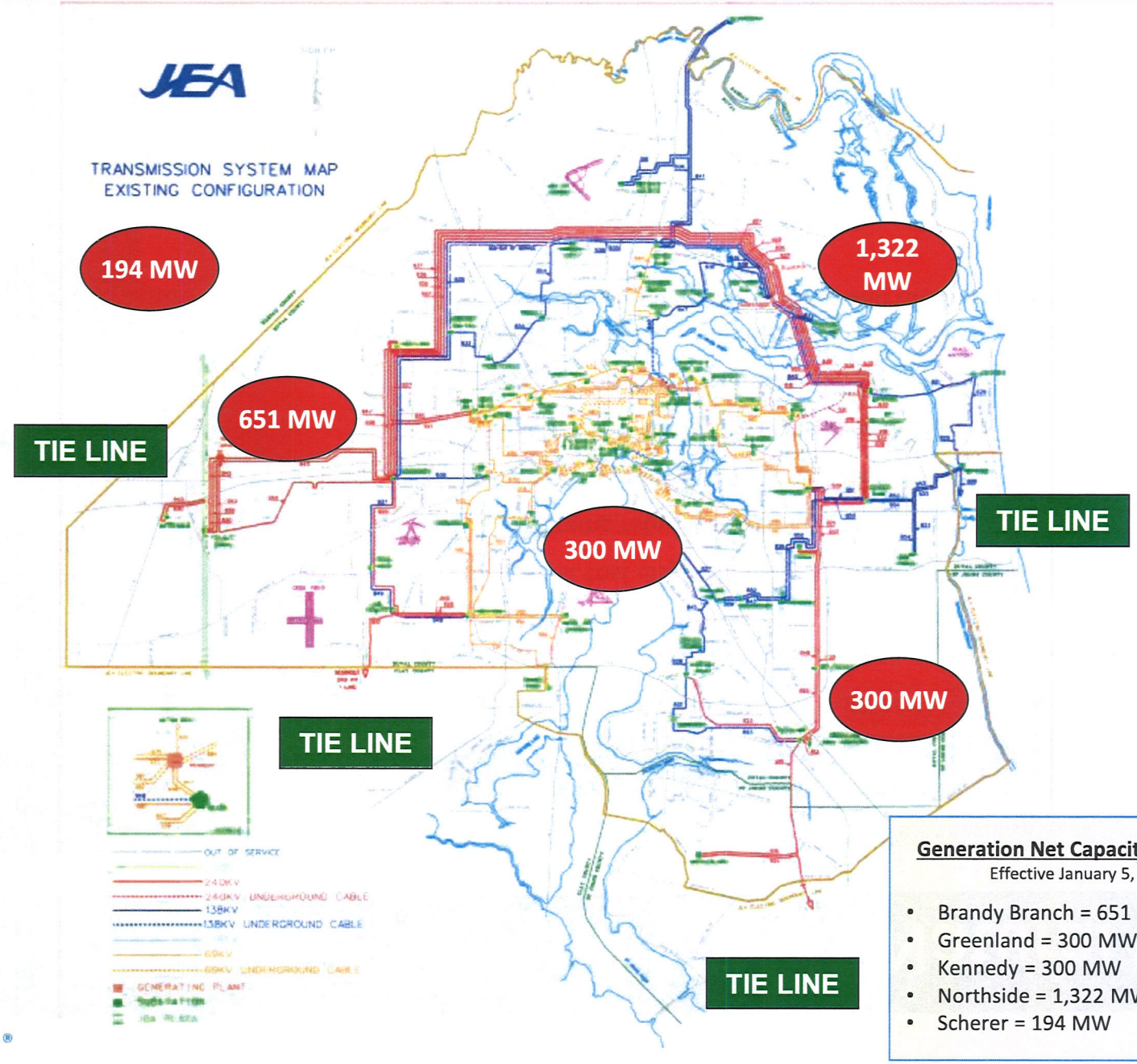
Existing Generation Capacity = 3,408[1] MWs

Facility	Primary Fuel Type	Generating Capacity (in MW)	Year in Service
Natural Gas: 1,790 MW (56%)			
Brandy Branch	Natural Gas	651	2001 – 2005[3]
Northside Gen Unit 3[2]	Natural Gas/Oil	524	1977
Kennedy	Natural Gas	300	2000 – 2009[3]
Greenland Energy Center	Natural Gas	300	2011
Trail Ridge	Landfill Gas	15	1997 – 2015[3]
Solid Fuel: 1,406 MW (44%)			
SJRPP[4]	Coal	626	1987 – 1988[3]
Northside Gen Units 1 & 2	Pet Coke	586	2003
Scherer 4	Coal	194	1989
Peaking Reserve: 212 MW			
Northside CTs	Diesel Fuel Oil	212	1975
Grand Total: 3,408 MW			
Jacksonville Solar	Solar PV	12	2010
New Solar	Solar PV	32	2017-2018
Plant Vogtle (future)	Nuclear	206	2021/2022

JEA also has the ability to purchase power via The Energy Authority (TEA)

[1] Based on summer net ratings and entitled capacity. Winter net ratings and entitled capacity is 3,743 MW
[2] Northside Unit 3 (NS3) scheduled for retirement in 2027
[3] Multiple units and multiple in-service dates
[4] SJRPP scheduled for decommissioning January 5, 2018

Transmission System



Generation Net Capacity (summer)

Effective January 5, 2018

- Brandy Branch = 651 MW
- Greenland = 300 MW
- Kennedy = 300 MW
- Northside = 1,322 MW
- Scherer = 194 MW

Brandy Branch (501 Total MW[1] – Natural Gas CC)



FY17 Average Heat Rate	FY17 EAF	Industry Average EAF[2]	FY17 EFOR	Industry Average EFOR
6,980	91.85%	85.24%	4.11%	4.69%

- Continues to be a flexible gas fired "work horse", with 2017 capacity factor of 83.2%
- Lowest cost dispatch of fleet based on fuel pricing
- High ramp rate (30MW/min)
- Can be base-load or intermediate duty
- Likely model for future generating resources
- Located near two interstate gas pipelines
- Both combined cycle turbine and compressor rotors upgraded in 2016 due to cracks found on compressor and turbine wheels

ENVIRONMENTAL CONSIDERATIONS

- No significant environmental issues

[1] Based on summer net ratings
[2] Average for like units reported in NERC's 2016 Generating Unit Statistical Brochure

Northside 1 & 2 (586 Total MW[1] – CFBs)



FY17 Average Heat Rate	FY17 EAF	Industry Average EAF[2]	FY17 EFOR	Industry Average EFOR
10,576	86.18%	78.41%	0.94%	13.12%

- Fuel flexibility (pet coke, coal, biomass, natural gas co-firing, etc.)
- Northside CFBs commenced commercial operation in 2003 using best available technology
- FY17 capacity factor of 30.3%

ENVIRONMENTAL CONSIDERATIONS

- Modern plant that performs in compliance with current and future environmental regulations
- As a solid fuel plant burning predominately petroleum coke as opposed to coal, the unit is exempt from the CCR rule
- Ability to burn biomass and co-fire natural gas helps mitigate impact of future carbon regulations
- 2 years of biological studies that commence in FY18 will inform level of upgrades necessary for 316(b) compliance

Note: Environmental considerations included are highest probability and highest impact for each generating facility

[1] Based on summer net ratings

[2] Average for like units reported in NERC's 2016 Generating Unit Statistical Brochure

Northside 3 (524 MW[1] – Oil/Natural Gas)



FY17 Average Heat Rate	FY17 EAF	Industry Average EAF[2]	FY17 EFOR	Industry Average EFOR
10,827	94.76%	78.44%	0.92%	11.95%

- Reliable natural gas and oil facility built in the late 1970s
- FY17 capacity factor of 25.4%
- Determination made to delay Northside 3 retirement until 2027 in order to facilitate the decommissioning of SJRPP. Essential Economizer and Condenser repairs are scheduled in conjunction with a major Turbine inspection to ensure continued reliability.

ENVIRONMENTAL CONSIDERATIONS

No significant environmental issues anticipated with unit

Note: Environmental considerations included are highest probability and highest impact for each generating facility

[1] Based on summer net ratings

[2] Average for like units reported in NERC's 2016 Generating Unit Statistical Brochure

SJRPP 1 & 2 (626 Total MW[1] – Coal)



FY17 Average Heat Rate	FY17 EAF	Industry Average EAF[2]	FY17 EFOR	Industry Average EFOR
10,716	92.16%	80.76%	1.25%	8.43%

- Extremely reliable solid fuel capacity
- Coal capacity provides cost stability to hedge fluctuations in natural gas prices
- FY17 capacity factor of 46.5%[3]

ENVIRONMENTAL CONSIDERATIONS

- Decommissioning and dismantlement plan developed and underway
- Any long-term environmental liabilities to be assessed during closure and shared with FPL

[1] Based on summer net ratings and entitled capacity
[2] Average for like units reported in NERC's 2016 Generating Unit Statistical Brochure
[3] JEA's portion

Scherer 4 (198 MW[1] – Coal)



FY17 Average Heat Rate	FY17 EAF	Industry Average EAF[2]	FY17 EFOR	Industry Average EFOR
10,637	96.7%	80.78%	1.73%	7.98%

- Extremely reliable solid fuel capacity
- Consistently a low cost generation source
- Fuel – PRB – Provides additional fuel diversity
- FY17 capacity factor of 80.3%[3]

ENVIRONMENTAL CONSIDERATIONS

- ELG final rule published November 3, 2015 and phase in implementation commencing between 2017 to 2023
- Installation of dry bed ash handling system scheduled for 2018
- Wet CCR Pond will no longer be in operation after 2019

Note: Environmental considerations included are highest probability and highest impact for each generating facility

[1] Based on summer net ratings and entitled capacity

[2] Average for like units reported in NERC's 2016 Generating Unit Statistical Brochure

[3] JEA's portion

(5) GE 7FA Combustion Turbines (750 total MW[1] for GEC, Kennedy, Brandy Branch)



FY17 Average Heat Rate	FY17 EAF	Industry Average EAF[2]	FY17 First Start Reliability	Industry Average First Start Reliability[3]
11,264	95.92%	88.59%	97.7%	98.38%

- Natural gas, clean, quick start – most flexible units serve peak, able to burn diesel fuel oil in the event of natural gas shortages
- Minimal usage due to dispatch order, reduced peak demand and fleet flexibility
- Low capital cost, low fixed O&M
- Short timetable for new capacity additions
- GEC site is designed for future combined cycle conversion with a potential capacity for two 2X1 units – twice the capacity of Brandy Branch

Environmental Considerations

- No current environmental issues

[1] Based on summer net ratings
[2] Average for like units reported in NERC's 2016 Generating Unit Statistical Brochure
[3] 2016 NERC Generating Availability Report (SR – Start Reliability)

1. **Brief description of M&A expertise in the utility space, both with municipal and investor-owned utilities (10 minutes)**

    a. Related engagements over the past five years

    b. Team of bankers assigned to this project with engagements that they have personally been involved with

2. **Recommended process (20 minutes)**

    a. Thoughts on the sale of the entire authority versus individual systems

    b. Incorporate specifics with respect to managing a public process

    c. Prospective buyers

    d. Provide two case studies as examples applicable to JEA

3. **Valuation analysis to include range of values and methodologies (30 minutes)**

    a. Recommendation on the disposition of the MEAG Power Purchase Agreement for Plant Vogtle Units 3 and 4 (Project J) so as to maximize potential sale proceeds

4. **Proposed fee structure (10 minutes)**

5. **Q&A which may be interspersed throughout presentation (15 minutes)**

6. **Summary (5 minutes)**

Note: the above time limits represent suggested guidelines per question. You are free to deviate from the suggested time limits at your discretion subject to a ***ninety-minute*** *total for the presentation.*

[EXECUTION COPY]

AMENDED AND RESTATED

POWER PURCHASE AGREEMENT

between

Municipal Electric Authority of Georgia

as Seller

and

JEA

as Buyer

Dated as of December 31, 2014

Plant Vogtle Additional Units PPA Project (Project J)

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This AMENDED AND RESTATED POWER PURCHASE AGREEMENT ("Agreement") is entered into effective as of December 31, 2014 (the "Execution Date"), between the Municipal Electric Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia, created by the provisions of Georgia Law, Ga. L. 1975, p. 107, *et seq.*, codified at O.C.G.A. §§ 46-3-110, *et seq.*, as amended from time to time ("MEAG") and JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida ("Buyer"). MEAG and Buyer are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, MEAG owns an undivided ownership interest in two additional nuclear generating units under construction at Plant Vogtle in Burke County, Georgia, a portion of which ownership interest is known as the "Plant Vogtle Additional Units PPA Project" or "Project J," a portion of which ownership interest is known as the "Plant Vogtle Additional Units PPA-2 Project" or "Project P" and the remainder of which ownership interest is known as the "Plant Vogtle Additional Units Non-PPA Project" or "Project M";

WHEREAS, MEAG desires to sell the Output (such term, and all other capitalized terms used in these Recitals without definition, having the respective meanings assigned thereto in Section 104 hereof) of the Plant Vogtle Additional Units PPA Project for the Term of this Agreement, and Buyer desires to purchase such Output predicated upon the understanding that the sale of the Output by MEAG to Buyer will require Buyer to assume a proportionate share of the related construction risk;

WHEREAS, the Parties entered into a Power Purchase Agreement, dated as of May 12, 2008, as amended by Amendment No. 1 to Power Purchase Agreement, dated as of April 24, 2009 and by Amendment No. 2 to Power Purchase Agreement, dated as of January 26, 2010 (as so amended, and as the same may be further amended prior to the Effective Date, the "Original Agreement"), relating to the Plant Vogtle Additional Units PPA Project;

WHEREAS, as an additional source of financing, MEAG may decide to obtain one or more loans with respect to the Plant Vogtle Additional Units PPA Project (the "DOE Guaranteed Loan") to be made by FFB and guaranteed by DOE pursuant to Title XVII of the Energy Policy Act of 2005;

WHEREAS, in the event that MEAG does decide to obtain the DOE Guaranteed Loan, in order to obtain the DOE Guaranteed Loan, MEAG will transfer the portion of its undivided ownership interest in the Additional Units that currently constitutes a part of the Plant Vogtle Additional Units PPA Project to the PPA Project Entity;

WHEREAS, MEAG will simultaneously with the execution and delivery of this Agreement enter into the PPA Project Entity Power Purchase Agreement with the PPA Project Entity, for the purchase and sale of all of the Output for resale to Buyer under this Agreement and to the Additional Units PPA Participants under the Power Sales Contracts during the respective terms of this Agreement and the Power Sales Contracts; and

WHEREAS, the Parties desire to amend and restate the Original Agreement on the terms and conditions hereof in connection with the foregoing.

AGREEMENT

NOW THEREFORE, in consideration of the above recitals, mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

ARTICLE I

EFFECTIVENESS; TERM; TERMINATION OR AMENDMENT; DEFINITIONS AND INTERPRETATION

SECTION 101. EFFECTIVENESS. Notwithstanding anything to the contrary herein, this Agreement shall become fully binding and enforceable on the Execution Date; provided, that the obligations of the Parties hereunder shall not commence, the terms and conditions hereof other than this Section 101 shall not be effective, and the Original Agreement shall not be amended and restated by this Agreement, in each case, until the occurrence of the "Effective Date." The Effective Date shall occur automatically, without any further action, consent or agreement of the Parties, on the date (if any) on which (a) the "DOE Guarantee" (as defined in the DOE Loan Guarantee Agreement) shall be issued by DOE and (b) both MEAG and Buyer shall have approved in writing the final Credit Subsidy Cost established under (and as defined in) the DOE Loan Guarantee Agreement.

In the event, however, that (a) the Effective Date shall not occur on or before January 1, 2017 or (b) the DOE Loan Guarantee Agreement and the other DOE Loan Documents shall be terminated prior to the making of any Advance, then this Agreement shall be null and void and without further force or effect, and the Original Agreement shall continue in full force and effect.

SECTION 102. TERM. This Agreement shall commence upon the execution by the last signatory and, subject to Section 101, shall remain in full force and effect until midnight Eastern

Prevailing Time on the twentieth (20th) anniversary of the Commercial Operation Date of the second of the Additional Units (the "Term") or until the Parties' remaining obligations under this Agreement shall have been fully performed and satisfied, whichever event occurs later, but in no event shall such Term extend beyond fifty (50) years from the Execution Date.

SECTION 103. TERMINATION OR AMENDMENT OF AGREEMENT.

(a) Subject to Section 101, this Agreement shall not be terminated by either Party under any circumstances.

(b) This Agreement, on which purchasers of PPA Bonds and DOE shall have relied as an inducement to purchase and hold the PPA Bonds and to guarantee the DOE Guaranteed Loan, respectively, shall not be amended, modified, or otherwise altered in any manner except as provided in this Agreement. So long as any of the PPA Bonds or the DOE Secured Obligations are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the PPA Project Bond Resolution and the DOE Loan Documents, respectively, and no undisbursed commitments remain available under the DOE Loan Documents, this Agreement shall not be amended, modified, or otherwise altered in any manner that will (i) reduce the payments pledged as security for the Debt Service on all the PPA Bonds and as security for the DOE Secured Obligations or extend the time of such payments provided herein, (ii) adversely impact, in the opinion of nationally-recognized tax counsel retained by MEAG, (A) the exclusion from gross income for federal income tax purposes of the interest on the PPA Bonds of any Series the interest on which is intended to be so excluded or (B) the eligibility of MEAG to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on any Build America Bonds, or (iii) in any manner impair or adversely affect the rights of the owners from time to time of the PPA Bonds or the

rights of the DOE Secured Parties pursuant to the DOE Loan Documents. Subject to the foregoing and any other limitations contained in the PPA Project Bond Resolution or the DOE Loan Documents, any amendment of this Agreement must be in writing and duly executed by both MEAG and Buyer.

SECTION 104. DEFINITIONS. As used herein:

"Act" shall mean that certain Act of the 1975 session of the General Assembly of the State of Georgia, compiled and published in Georgia Law 1975, p. 107, *et seq.*, codified at O.C.G.A. §§ 46-3-110 through 46-3-155.

"Additional Units" shall mean the two 1102 megawatts Nominally Rated additional nuclear units being constructed at Plant Vogtle, in Burke County, Georgia, pursuant to the Development Agreement.

"Additional Units Non-PPA Participant" shall mean a Participant that is a party to a Plant Vogtle Additional Units Non-PPA Power Sales Contract and any other party as assignee of such Power Sales Contract pursuant to Section 702 thereof. "Additional Units Non-PPA Participants" shall mean all Participants that are parties to Plant Vogtle Additional Units Non-PPA Power Sales Contracts. The terms "an Additional Units Non-PPA Participant" or "each Additional Units Non-PPA Participant" shall mean any one of the Additional Units Non-PPA Participants or each of the Additional Units Non-PPA Participants, as the case may be.

"Additional Units Participants" shall collectively mean the Additional Units PPA Participants, the Additional Units PPA-2 Participants and the Additional Units Non-PPA Participants.

"Additional Units PPA Participant" shall mean a Participant that is a party to a Plant Vogtle Additional Units PPA Power Sales Contract and any other party as assignee of such

Power Sales Contract pursuant to Section 702 thereof. "Additional Units PPA Participants" shall mean all Participants that are parties to Plant Vogtle Additional Units PPA Power Sales Contracts. The terms "an Additional Units PPA Participant" or "each Additional Units PPA Participant" shall mean any one of the Additional Units PPA Participants or each of the Additional Units PPA Participants, as the case may be.

"Additional Units PPA-2 Participant" shall mean a Participant that is a party to a Plant Vogtle Additional Units PPA-2 Power Sales Contract and any other party as assignee of such Power Sales Contract pursuant to Section 702 thereof. "Additional Units PPA-2 Participants" shall mean all Participants that are parties to Plant Vogtle Additional Units PPA-2 Power Sales Contracts. The terms "an Additional Units PPA-2 Participant" or "each Additional Units PPA-2 Participant" shall mean any one of the Additional Units PPA-2 Participants or each of the Additional Units PPA-2 Participants, as the case may be.

"Advance" shall mean, for all purposes of this Agreement, one or more advances or borrowings of the DOE Guaranteed Loan made pursuant to the DOE Loan Documents from FFB on a particular date, as determined by an Authorized Officer of the Authority (as defined in the PPA Project Bond Resolution) on or prior to the date of the making thereof, whether or not such advances or borrowings constitute a separate "Advance" for purposes of (and as defined in) the DOE Loan Guarantee Agreement. In the event that such advances or borrowings shall constitute two or more separate "Advances" for purposes of (and as defined in) the DOE Loan Guarantee Agreement, such advances or borrowings may be aggregated for the purpose of establishing level monthly Debt Service pursuant to Section 401(d) hereof.

"Agent" means the Georgia Power Company or a replacement or successor agent, in its capacity as agent for the co-owners of Plant Vogtle under the Ownership Agreement.

"Amortized Reserve Funds" mean any reserve funds maintained by MEAG pursuant to the PPA Project Bond Resolution or by or on behalf of the PPA Project Entity pursuant to the DOE Accounts Agreement funded with the proceeds of PPA Bonds or Advances, subject to the exception set forth in Section 207(a) of this Agreement that reserve funds may be funded with funds other than proceeds of the PPA Bonds or Advances under the stated circumstances, and as to which Buyer is required to pay its Obligation Share of the principal of such PPA Bonds or such Advances during the Term of this Agreement.

"Ancillary Services" means reactive supply and voltage support service (as defined by the transmission provider's open access transmission tariff) and such other services the Additional Units may provide that are customarily characterized in the industry as ancillary services.

"Applicable Law" means all national, state, provincial, local or municipal laws, statutes, codes, acts, treaties, ordinances, orders, judgments, writs, decisions, decrees, injunctions, rules, regulations, governmental approvals, licenses, permits, directives, requirements, or other legal or regulatory determination of any Governmental Authority, including any of the foregoing that are enacted, amended, or issued after the Execution Date and which become effective during the Term of this Agreement.

"Assumed Completion Date" means (a) in the case of the first unit of the Additional Units, December 31, 2018 and (b) in the case of the second unit of the Additional Units, December 31, 2019, it being understood that such dates are to be used solely for purposes of Sections 401(d)(1) and 401(f)(1) hereof and do not imply any expectations on the part of either Party hereto as to the expected Commercial Operation Date of either unit of the Additional Units as of the Execution Date of this Agreement.

"Build America Bonds" shall mean any PPA Bonds with respect to which MEAG has irrevocably elected, pursuant to Section 54AA(g) of the Internal Revenue Code of 1986, as amended, or any other similar federal program creating subsidies for municipal borrowers for which MEAG qualifies, to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on such PPA Bonds.

"Buyer's Billing Statement" shall mean the written statement prepared or caused to be prepared monthly by MEAG that shall be based upon the Plant Vogtle Additional Units PPA Project Annual Budget or upon the amended Plant Vogtle Additional Units PPA Project Annual Budget, which shall show the monthly amount to be paid to MEAG by Buyer under this Agreement.

"Buyer's Electric System Bond Resolution" shall mean the resolution adopted by Buyer on March 30, 1982 authorizing the issuance of Buyer's Electric System Revenue Bonds, Series One.

"Buyer's Obligation Share" or "Obligation Share" shall mean one hundred percent (100%).

"Capacity" means electrical capacity in MW attributable to the PPA Project Entity's Ownership Interest commencing on the applicable Commercial Operation Date.

"Commercial Operation" shall mean achieving "Commercial Operation" within the meaning of the Operating Agreement.

"Commercial Operation Date" shall mean, with respect to an Additional Unit, the date on which such Additional Unit achieves Commercial Operation.

"Construction Fund" shall mean the Construction Fund established in Section 502 of the PPA Project Bond Resolution.

"Costs of Acquisition and Construction" shall mean, to the extent not included in the Plant Vogtle Additional Units PPA Project Annual Costs, all actual costs and expenses incurred by or for the account of MEAG or the PPA Project Entity for the planning, designing, acquiring, constructing, and installing the PPA Project Entity's Ownership Interest, including any major renewals, replacements, repairs, additions, betterments or improvements necessary, in the opinion of MEAG or the PPA Project Entity, to keep the PPA Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, placing the PPA Project Entity's Ownership Interest in operation, disposing of the PPA Project Entity's Ownership Interest, and obtaining governmental approvals, certificates, permits and licenses with respect thereto heretofore or hereafter paid or incurred by, or for the account of, MEAG or the PPA Project Entity, as applicable, including the following:

(1) working capital reserves in such reasonable amounts as may be established by MEAG or the PPA Project Entity for the PPA Project Entity's Ownership Interest (including working capital reserves held in (a) funds or accounts established under the PPA Project Bond Resolution and (b) accounts established under the DOE Accounts Agreement);

(2) acquisition of initial inventories or prepayment of Fuel for the PPA Project Entity's Ownership Interest and working capital and reserves therefor and working capital and reserves for additional inventories or prepayment of Fuel for the PPA Project Entity's Ownership Interest held by, or for the account of, either MEAG or the PPA Project Entity;

(3) charges related to processing, design, fabrication, transportation, disposal and storage of Fuel for the PPA Project Entity's Ownership Interest, including the following: (a) Fuel storage facilities, including spent fuel storage facilities, and (b) working capital and reserves

related to acquisition, processing, design, fabrication, transportation, disposal and storage of Fuel for the PPA Project Entity's Ownership Interest;

(4) reserves for renewals and replacements, retirement from service, or disposal of any facility of the PPA Project Entity's Ownership Interest and contingencies held by, or for the account of, either MEAG or the PPA Project Entity;

(5) training and testing costs incurred by MEAG or the PPA Project Entity attributable to the PPA Project Entity's Ownership Interest;

(6) preliminary investigation and development costs, engineering fees, contractors' fees, costs of labor, materials, equipment, utility services and supplies and legal costs attributable to the PPA Project Entity's Ownership Interest and the Plant Vogtle Additional Units PPA Project;

(7) all costs of insurance applicable to the period of construction of the PPA Project Entity's Ownership Interest; and

(8) amounts necessary to provide funds for contribution to the PPA Project Entity to repay Advances when due (whether at the maturity of principal or upon prepayment) on the DOE Guaranteed Loan and to reacquire from the PPA Project Entity the PPA Project Entity's Ownership Interest at such time as (a) the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the DOE Guaranteed Loan shall have been paid, at the times and in the manner stipulated in the DOE Loan Guarantee Agreement and the other DOE Loan Documents, as applicable and (b) the PPA Project Entity shall have satisfied all of its obligations under the DOE Loan Guarantee Agreement and the other DOE Loan Documents, as applicable (and no undisbursed commitments remain available thereunder).

Costs of Acquisition and Construction shall also include all other costs, except Financing Costs, incurred by MEAG or the PPA Project Entity and properly allocable to planning, designing, acquiring, constructing and installing the PPA Project Entity's Ownership Interest and the establishment of the Plant Vogtle Additional Units PPA Project including (i) all costs associated with the transfer to the PPA Project Entity of the PPA Project Entity's Ownership Interest and the entry by the PPA Project Entity into the DOE Loan Guarantee Agreement and the other DOE Loan Documents, (ii) the Additional Costs as described and defined in Section 2.2 of the Development Agreement attributable to the PPA Project Entity's Ownership Interest, (iii) amounts required to reimburse Buyer and the Additional Units PPA Participants for amounts paid by them in respect of the payment of the principal of maturing PPA BANs and/or PPA Take-Out Bonds, and (iv) amounts required to be repaid, reimbursed or otherwise paid by MEAG to Buyer pursuant to any provision of this Agreement at the end of the Term hereof.

"Debt Service" shall mean, with respect to any period, the aggregate of the amounts required by the PPA Project Bond Resolution or the DOE Loan Documents to be paid by MEAG or the PPA Project Entity, respectively, during said period into any fund or funds created by the PPA Project Bond Resolution or any account or accounts created by the DOE Accounts Agreement, as applicable, for the sole purpose of paying (i) the principal (including the sinking fund or equivalent payment installments) of, and premium, if any, and interest on, PPA Bonds or the DOE Guaranteed Loan, as applicable, and all other amounts due with respect to the DOE Guaranteed Loan and (ii) any payments on Qualified Hedging Contracts, including any swap premium or swap termination payment, or Reimbursement Obligations, from time to time outstanding as the same shall become due; provided, however, that Debt Service shall not include any acceleration of the maturity of any PPA Bonds or the DOE Guaranteed Loan,

including any redemption of any PPA Bonds or any prepayment of Advances prior to maturity at the election of MEAG or the PPA Project Entity, respectively, or any acceleration resulting from the exercise of remedies by the holders of any PPA Bonds or any trustee acting on behalf of such holders or by the DOE Secured Parties, respectively; and provided, further, that in the case of any swap premium or swap termination payment, the amount of such swap premium or swap termination payment included in Debt Service shall be only the portion of such swap premium or termination payment that, in the opinion of a mutually agreed-upon nationally-recognized independent financial advisor experienced in interest rate swaps or similar measures, is allocable to the Term of this Agreement. The swap premium or swap termination payment allocable to the Term of this Agreement shall be determined by such financial advisor based upon an economic analysis performed in a manner consistent with industry practice with the objective of a fair allocation of the payments reflecting the respective remaining time periods of Buyer and the Additional Units PPA Participants.

"Debt Service Fund" has the meaning set forth in the PPA Project Bond Resolution.

"Debt Service Reserve Account" has the meaning set forth in the PPA Project Bond Resolution.

"Development Agreement" shall mean the Plant Vogtle Owners Agreement Authorizing Development, Construction, Licensing and Operation of Additional Generating Units dated as of May 13, 2005.

"DOE" shall mean the United States Department of Energy, as guarantor of the DOE Guaranteed Loan.

"DOE Accounts Agreement" shall mean the Collateral Agency and Accounts Agreement to be entered into among DOE, the DOE Collateral Agent and the PPA Project Entity.

"DOE Collateral Agent" shall mean PNC Bank, National Association, doing business as Midland Loan Services, a division of PNC Bank, National Association, or any successor thereto, in its capacity as Collateral Agent for DOE.

"DOE Debt Service Reserve Account" shall mean the account by that name established pursuant to the DOE Accounts Agreement.

"DOE Debt Service Reserve Requirement" shall have the meaning assigned to the term "Debt Service Reserve Requirement" in the DOE Loan Guarantee Agreement.

"DOE Guaranteed Loan" shall have the meaning given to such term in the recitals hereto.

"DOE Loan Documents" shall have the meaning assigned to the term "Loan Documents" in the DOE Loan Guarantee Agreement.

"DOE Loan Guarantee Agreement" shall mean the Loan Guarantee Agreement to be entered into between the PPA Project Entity and DOE.

"DOE Secured Obligations" shall have the meaning assigned to the term "Secured Obligations" in the DOE Loan Guarantee Agreement.

"DOE Secured Parties" shall mean DOE and the DOE Collateral Agent, as their respective interests may appear.

"Eastern Prevailing Time" means the prevailing time (*i.e.*, Standard Time or Daylight Savings Time) on any given day in the Eastern Time Zone.

"Effective Date" shall have the meaning assigned to such term in Section 101 hereof.

"Energy" shall mean the actual hourly electric energy as measured in MWh attributable to the PPA Project Entity's Ownership Interest commencing on the applicable Commercial Operation Date.

"Engineering, Procurement and Construction Agreement" means the Engineering, Procurement and Construction Agreement between Georgia Power Company, for itself and as Agent for Oglethorpe Power Corporation, MEAG and the City of Dalton, Georgia, acting by and through its Board of Water, Light and Sinking Fund Commissioners, as Owners, and a consortium consisting of Westinghouse Electric Company LLC and Stone & Webster, Inc., as Contractor for Units 3 & 4 at the Vogtle Electric Generating Plant Site in Waynesboro, Georgia, dated as of April 8, 2008.

"Environmental Attributes" means any and all credits, benefits, emissions reductions, environmental air quality credits, emission reduction credits, renewable energy credits, offsets, and allowances attributable to the generation, purchase, sale, or use of the Output from the PPA Project Entity's Ownership Interest commencing on the applicable Commercial Operation Date of an Additional Unit, including tags, certificates, credits, allowances, offsets, and similar products or rights attributable to the generation, purchase, sale, or use of the Output of the PPA Project Entity's Ownership Interest commencing on the applicable Commercial Operation Date of an Additional Unit that can be used to claim responsibility for, ownership of, or any avoidance or reduction of emissions or pollutants, including mercury, nitrogen oxide, sulfur oxide, carbon dioxide, carbon monoxide, particulate matter or similar pollutants or contaminants of air, water or soil, under any governmental, regulatory or voluntary program, including the United Nations Framework Convention on Climate Change and related Kyoto Protocol or other program. Notwithstanding the foregoing and any other provision in this Agreement, Environmental Attributes do not include: (i) any state or federal production tax credits, other than the "Production Tax Credit," as defined hereunder; (ii) any investment tax credits and any other tax credits associated with the PPA Project; (iii) any state, federal or private cash payments or grants

relating in any way to the PPA Project or the Output thereof; and (iv) any state, federal or private grants or other benefits related to the PPA Project.

"Execution Date" shall have the meaning assigned to such term in the preamble to this Agreement.

"Federal Financing Bank" or "FFB" shall mean the Federal Financing Bank, a body corporate and instrumentality of the United States of America.

"Financial Advisor" shall have the meaning assigned to such term in Section 401(i) hereof.

"Financing Costs" shall mean all financing costs related to the Plant Vogtle Additional Units PPA Project that may be financed from the proceeds of PPA Bonds or the DOE Guaranteed Loan, including the following:

(1) costs of issuance, including underwriting fees, bank commitment and letter of credit fees, legal and financial advisory fees, bond insurance and indemnity fees, and any payments on Qualified Hedging Contracts including (a) any periodic "net" payments accruing in whole or in part prior to and during construction and for such additional period as MEAG may reasonably determine to be necessary in connection with the placing of the PPA Project Entity's Ownership Interest in operation, and (b) any swap premium or swap termination payment;

(2) interest accruing in whole or in part on PPA Bonds or the DOE Guaranteed Loan prior to and during construction (or, in the case of PPA Bonds issued or Advances made to finance Fuel, interest accruing in whole or in part on such PPA Bonds or such Advances prior to the loading of such Fuel in the reactor) and for such additional period as MEAG may reasonably determine to be necessary in connection with the placing of the PPA

Project Entity's Ownership Interest in operation in accordance with the provisions of the PPA Project Bond Resolution, including any major renewals, replacements, repairs, additions, betterments or improvements or modifications with respect to the PPA Project Entity's Ownership Interest of a particular Additional Unit undertaken following the Commercial Operation Date of such Additional Unit;

(3) the deposit or deposits from the proceeds of PPA Bonds issued, or Advances made, to finance such costs in any fund or account established pursuant to the PPA Project Bond Resolution or the DOE Loan Documents to meet Debt Service reserve requirements for PPA Bonds or the DOE Guaranteed Loan, or replenishment of such funds if drawn down; and

(4) any other fees, costs and expenses of financing for the PPA Bonds or the DOE Guaranteed Loan.

"Fixed Costs" shall mean, with respect to any period, all fixed costs related to the Plant Vogtle Additional Units PPA Project attributed to such period, as defined by and provided in Section 205(b)(1) of this Agreement.

"Fuel" shall mean the nuclear materials required for the operation of the Plant Vogtle Additional Units, including the initial nuclear fuel cores.

"Fuel Costs" shall mean all costs incurred by MEAG or the PPA Project Entity during any Power Supply Year that are allocable to the acquisition, processing, design, fabrication, transportation, delivering, reprocessing, storage and disposal of Fuel for the PPA Project Entity's Ownership Interest, including the initial nuclear fuel cores, and further including prepayments of such costs or transfers to reserves established for such costs related to future Power Supply Years, less appropriate credits related to such costs, and including those portions of

administrative and general expenses incurred by MEAG and the PPA Project Entity that are properly and reasonably allocable to acquisition and management of Fuel for the PPA Project Entity's Ownership Interest, and, to the extent that any such costs have been paid for through a Nuclear Fuel Construction Fund-Revolving Account that initially was funded through proceeds of PPA Bonds or Advances (or, in the event that MEAG determined that it was practically or economically infeasible for MEAG to issue PPA Bonds or for the PPA Project Entity to satisfy the conditions to the making of Advances for such purpose, through billings to Buyer hereunder), the amount of such costs that are amortized during the Power Supply Year.

"Governmental Authority" means any national, state, provincial, local or municipal government, any political subdivision thereof or any other governmental, regulatory, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, department, bureau, or entity with authority to bind a Party at law; provided, however, that "Governmental Authority" shall not in any event include either Party.

"JEA Market Disruption" means, as the context requires, (1) the inability of MEAG to issue investment grade PPA Bonds solely as a result of the creditworthiness of Buyer, which determination shall be made in writing by a nationally-recognized investment bank or financial institution acting as an underwriter for the proposed bond offering and (2) the inability of the PPA Project Entity to satisfy the conditions for an Advance under the DOE Loan Guarantee Agreement solely as a result of either the creditworthiness of Buyer or an action or inaction on the part of Buyer; provided, however, that in the case of clause (2), MEAG must use its best efforts to cause the PPA Project Entity to request an Advance under the DOE Loan Guarantee Agreement in good faith and if MEAG causes the PPA Project Entity to make the request for an Advance but despite MEAG's and the PPA Project Entity's best efforts, DOE nonetheless does

not approve the Advance, then that will constitute a JEA Market Disruption for purposes of clause (2), but not clause (1), above.

"kW" means kilowatt.

"kWh" means kilowatt-hour.

"MEAG's Interest" shall have the meaning set forth in **Exhibit A** hereto.

"MW" means megawatt.

"MWh" means megawatt-hour.

"Nominally Rated" means the net electrical unit output, as measured on the high voltage side of the main step-up transformer, guaranteed by the Contractor under the Engineering, Procurement and Construction Agreement.

"Non-amortized Reserve Funds" mean any reserve funds maintained by MEAG pursuant to the PPA Project Bond Resolution or by or on behalf of the PPA Project Entity pursuant to the DOE Accounts Agreement funded with the proceeds of PPA Bonds or Advances, subject to the exception set forth in Section 207(a) of this Agreement that reserve funds may be funded with funds other than proceeds of the PPA Bonds or Advances under the stated circumstances, and as to which Buyer is not required to pay its Obligation Share of the principal of such PPA Bonds or such Advances during the Term of this Agreement.

"Non-PPA Bonds" shall mean the bonds, notes or other evidences of indebtedness issued by MEAG pursuant to or as permitted by the provisions of the Non-PPA Project Bond Resolution to finance or refinance the Costs of Acquisition and Construction and Financing Costs (as such terms are defined in the Plant Vogtle Additional Units Non-PPA Power Sales Contracts) of the Plant Vogtle Additional Units Non-PPA Project, whether or not any issue of such bonds, notes or other evidences of indebtedness shall be subordinated as to payment to any

other issue of such bonds, notes or other evidences of indebtedness, and shall include refunding Non-PPA Bonds issued pursuant to the provisions of the Plant Vogtle Additional Units Non-PPA Power Sales Contracts.

"Non-PPA Project Bond Resolution" shall mean the Plant Vogtle Additional Units Non-PPA Project Bond Resolution adopted by MEAG and accepted by the Trustee thereunder for the benefit of the owners of the Non-PPA Bonds that provides for the issuance of such Non-PPA Bonds, as the same is proposed to be amended and restated by the Second Amended and Restated Plant Vogtle Additional Units Non-PPA Project Bond Resolution to be adopted by MEAG.

"Non-PPA Project Entity" shall mean MEAG Power SPVM LLC, a limited liability company organized under the laws of the State of Georgia formed by MEAG for the sole purpose of owning and operating the Non-PPA Project Portion of the Additional Units and that is a wholly-owned, direct subsidiary of MEAG.

"Non-PPA Project Portion" shall mean 33.870736 percent of MEAG's Interest, which portion shall include 169.458 MWs of the output of the Additional Units, based upon the nominal ratings of the Additional Units.

"Nuclear Fuel Construction Fund-Revolving Account" shall mean a non-amortizing reserve fund funded from PPA Bond proceeds or, under the circumstances set forth in Section 207(a) of this Agreement, from revenues derived from either year-end distributions or billings to Buyer under this Agreement at the amount projected to be necessary to handle nuclear fuel working capital needs over unit operations and established pursuant to Section 502(4) of the PPA Project Bond Resolution.

"Nuclear Managing Board Agreement" shall mean the Second Amended and Restated Nuclear Managing Board Agreement dated as of April 21, 2006.

"Operating Agreement" shall mean the Plant Alvin W. Vogtle Nuclear Units Amended and Restated Operating Agreement dated as of April 21, 2006.

"Other Costs" shall mean, with respect to any period, all costs other than Fixed Costs, related to the Plant Vogtle Additional Units PPA Project attributed to such period, as defined by and provided in Section 205(b)(2) of this Agreement.

"Output of the PPA Project Entity's Ownership Interest" or "Output" shall mean the Capacity, Energy, and Ancillary Services actually generated by, attributable to, or resulting from the PPA Project Entity's Ownership Interest and any Environmental Attributes and Production Tax Credit attributable to the PPA Project Entity's Ownership Interest which are purchased by MEAG from the PPA Project Entity pursuant to the PPA Project Entity Power Purchase Agreement for resale hereunder and under the Power Sales Contracts.

"Ownership Agreement" shall mean the Plant Alvin W. Vogtle Additional Units Ownership Participation Agreement dated as of April 21, 2006.

"Participant" shall mean any political subdivision of the State of Georgia that is authorized by Section 46-3-130 of the Act to make contracts for the payment of such rates, tolls, fees and charges as may be prescribed by MEAG for the use of services and facilities of the projects and which has entered into such contracts, and shall include any commission or agency of such political subdivision that operates or conducts or exercises jurisdiction over any essential function of such Participant's electric distribution system.

"Person" means any individual, partnership, corporation, limited liability company, joint venture, firm, association, joint-stock company, trust, unincorporated organization, or other enterprise (whether or not incorporated), or any Governmental Authority.

"Plant Vogtle Additional Units Non-PPA Power Sales Contracts" shall mean the Plant Vogtle Additional Units Non-PPA Power Sales Contracts, by and between MEAG and the Additional Units Non-PPA Participants, which Power Sales Contracts relate to the Plant Vogtle Additional Units Non-PPA Project.

"Plant Vogtle Additional Units Non-PPA Project" or "Non-PPA Project" shall mean: (1) a percentage of MEAG's Interest in an amount equal to the Non-PPA Project Portion thereof and (2) working capital for the Non-PPA Project Portion required by MEAG during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the Non-PPA Project Portion for operation of the Additional Units; provided, however, that in the event that the amendment and restatement of the Non-PPA Project Bond Resolution provided for in the Second Amended and Restated Plant Vogtle Additional Units Non-PPA Project Bond Resolution to be adopted by MEAG shall become effective, then "Plant Vogtle Additional Units Non-PPA Project" or "Non-PPA Project" shall mean (i) all of MEAG's right, title and interest (whether direct or indirect) in and to the output of such percentage undivided ownership interest in MEAG's Interest and (ii) working capital for the Non-PPA Project Portion required by MEAG or the Non-PPA Project Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the Non-PPA Project Portion for operation of the Additional Units. The Non-PPA Project is referred to sometimes as "Project M."

"Plant Vogtle Additional Units Non-PPA Project Annual Costs" shall mean, with respect to a Power Supply Year, to the extent not paid as a part of the Costs of Acquisition and Construction (as such term is defined in the Plant Vogtle Additional Units Non-PPA Power Sales Contracts), all costs and expenses of MEAG or the Non-PPA Project Entity paid by MEAG or the Non-PPA Project Entity during such Power Supply Year allocable to the Plant Vogtle Additional Units Non-PPA Project, which costs and expenses shall include those items of cost and expense referred to in Section 308 of the Plant Vogtle Additional Units Non-PPA Power Sales Contracts as the Plant Vogtle Additional Units Non-PPA Project Annual Fixed Costs and Plant Vogtle Additional Units Non-PPA Project Other Annual Costs.

"Plant Vogtle Additional Units PPA Power Sales Contracts" or "Power Sales Contracts" shall mean the Amended and Restated Plant Vogtle Additional Units PPA Power Sales Contracts, by and between MEAG and the Additional Units PPA Participants, which Power Sales Contracts relate to the Plant Vogtle Additional Units PPA Project. A draft of the Plant Vogtle Additional Units PPA Power Sales Contracts, in substantially the same form as the draft presented to and approved by the MEAG Board in substantially final form, is attached as **Exhibit H** to this Agreement.

"Plant Vogtle Additional Units PPA Project" or "PPA Project" shall mean: (1) all of MEAG's right, title and interest (whether direct or indirect) in and to the Output of the PPA Project Entity's Ownership Interest, such right, title and interest of MEAG being available to MEAG pursuant to the PPA Project Entity Power Purchase Agreement, and (2) working capital for the PPA Project Portion required by MEAG or the PPA Project Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital

for the PPA Project Portion for operation of the Additional Units. The PPA Project is referred to sometimes as "Project J."

"Plant Vogtle Additional Units PPA Project Annual Budget" shall mean, with respect to a Power Supply Year, the budget or amended budget adopted by MEAG pursuant to Section 201 of the Power Sales Contracts, which budget shall contain itemized estimates of the Plant Vogtle Additional Units PPA Project Annual Costs and all revenues, income or other funds to be applied to such Plant Vogtle Additional Units PPA Project Annual Costs and shall separately show the Debt Service costs relating to the Plant Vogtle Additional Units PPA Project and shall include separately such itemized estimates for Fixed Costs and for Other Costs.

"Plant Vogtle Additional Units PPA Project Annual Costs" shall mean, with respect to a Power Supply Year, to the extent not paid as a part of the Costs of Acquisition and Construction, all costs and expenses of MEAG or the PPA Project Entity paid by MEAG or the PPA Project Entity during such Power Supply Year allocable to the Plant Vogtle Additional Units PPA Project, which costs and expenses shall include those items of cost and expense referred to in Section 205(b) hereof as the Plant Vogtle Additional Units PPA Project Annual Fixed Costs and Plant Vogtle Additional Units PPA Project Other Annual Costs.

"Plant Vogtle Additional Units PPA-2 Power Sales Contracts" shall mean the Plant Vogtle Additional Units PPA-2 Power Sales Contracts, by and between MEAG and the Additional Units PPA-2 Participants, which Power Sales Contracts relate to the Plant Vogtle Additional Units PPA-2 Project.

"Plant Vogtle Additional Units PPA-2 Project" or "PPA-2 Project" shall mean: (1) a percentage of MEAG's Interest in an amount equal to the PPA-2 Project Portion thereof and (2) working capital for the PPA-2 Project Portion required by MEAG during construction of the

Additional Units and for the placing of the Additional Units in operation, and working capital for the PPA-2 Project Portion for operation of the Additional Units; provided, however, that in the event that the amendment and restatement of the PPA-2 Project Bond Resolution provided for in the Second Amended and Restated Plant Vogtle Additional Units PPA-2 Project Bond Resolution to be adopted by MEAG shall become effective, then "Plant Vogtle Additional Units PPA-2 Project" or "PPA-2 Project" shall mean (i) all of MEAG's right, title and interest (whether direct or indirect) in and to the output of such percentage undivided ownership interest in MEAG's Interest and (ii) working capital for the PPA-2 Project Portion required by MEAG or the PPA-2 Project Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the PPA-2 Project Portion for operation of the Additional Units. The PPA-2 Project is referred to sometimes as "Project P."

"Power Supply Year" shall mean the calendar year, except that the first Power Supply Year shall begin on the earliest of (i) the date an Additional Unit is first declared to be in Commercial Operation; (ii) the date to which all interest is capitalized on PPA Bonds and the DOE Guaranteed Loan; (iii) the date which is twelve (12) months prior to the date on which the first annual principal installment on any of the PPA Bonds is due; (iv) the date which is three (3) months prior to the date on which the first quarterly principal installment on the DOE Guaranteed Loan is due; or (v) the date on which any Plant Vogtle Additional Units PPA Project Annual Costs become payable.

"PPA BANs" shall mean the PPA Bonds, if any, issued by MEAG as permitted by the provisions of the PPA Project Bond Resolution and Section 403(a) hereof to finance or refinance a portion of the Costs of Acquisition and Construction and Financing Costs of the Plant Vogtle Additional Units PPA Project on an interim basis prior to (a) the issuance of other PPA Bonds or

(b) the making of Advances under the DOE Guaranteed Loan, in either such case, satisfying the structuring requirements of Section 401(d) hereof, which PPA BANs (i) shall be issued in the form of notes the principal of which is intended to, and all or a portion of the interest on which may, be paid with moneys which are not Revenues (as defined in the PPA Project Bond Resolution), including the proceeds of other PPA Bonds (including PPA Take-Out Bonds) and (ii) shall have a maturity date not later than thirteen (13) months following the date of issuance thereof. Notwithstanding any other provision of this Agreement, PPA BANs shall not be subject to the structuring requirements of Section 401(d) hereof.

"PPA Bonds" shall mean the bonds, notes or other evidences of indebtedness issued by MEAG pursuant to or as permitted by the provisions of the PPA Project Bond Resolution to finance or refinance the Costs of Acquisition and Construction and Financing Costs of the Plant Vogtle Additional Units PPA Project, whether or not any issue of such bonds, notes or other evidences of indebtedness shall be subordinated as to payment to any other issue of such bonds, notes or other evidences of indebtedness, and shall include refunding PPA Bonds issued pursuant to the provisions of the Plant Vogtle Additional Units PPA Power Sales Contracts.

"PPA Project Bond Resolution" shall mean the Plant Vogtle Additional Units PPA Project Bond Resolution adopted by MEAG and accepted by the Trustee thereunder for the benefit of the owners of the PPA Bonds that provides for the issuance of such PPA Bonds, as the same is proposed to be amended and restated by the Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution to be adopted by MEAG (the "Second Amended and Restated PPA Project Bond Resolution"). Notwithstanding the previous sentence, neither the draft Second Amended and Restated PPA Project Bond Resolution attached as **Exhibit G** to this Agreement nor the final Second Amended and Restated PPA Project Bond Resolution shall

be revised or amended in any manner that modifies or alters the rights or obligations of Buyer under this Agreement without Buyer's prior consent.

"PPA Project Entity" shall mean MEAG Power SPVJ LLC, a limited liability company organized under the laws of the State of Georgia formed by MEAG for the sole purpose of owning and operating the PPA Project Portion of the Additional Units and that is a wholly-owned, direct subsidiary of MEAG.

"PPA Project Entity Power Purchase Agreement" means the Wholesale Power Sales Agreement, to be entered into between the PPA Project Entity, as seller, and MEAG, as buyer.

"PPA Project Entity's Ownership Interest" shall mean a percentage of MEAG's Interest in the Additional Units in an amount equal to the PPA Project Portion, which, upon the Effective Date, will be transferred to the PPA Project Entity and which includes 9.3466423 percent of the output of the Additional Units.

"PPA Project Portion" shall mean 41.174636 percent of MEAG's Interest, which portion shall include 206.000 MWs of the Output of the Additional Units, based upon the nominal ratings of the Additional Units.

"PPA Take-Out Bonds" shall mean the PPA Bonds, if any, issued by MEAG as permitted by the provisions of the PPA Project Bond Resolution and Section 403(c) hereof to refund PPA BANs. Notwithstanding any other provision of this Agreement, PPA Take-Out Bonds shall not be subject to the structuring requirements of Section 401(d) hereof.

"PPA-2 Project Bond Resolution" shall mean the Plant Vogtle Additional Units PPA-2 Project Bond Resolution adopted by MEAG and accepted by the Trustee thereunder for the benefit of the owners of the PPA-2 Bonds (as defined therein) that provides for the issuance of such PPA Bonds, as the same is proposed to be amended and restated by the Second Amended

and Restated Plant Vogtle Additional Units PPA-2 Project Bond Resolution to be adopted by MEAG.

"PPA-2 Project Entity" shall mean MEAG Power SPVP LLC, a limited liability company organized under the laws of the State of Georgia formed by MEAG for the sole purpose of owning and operating the PPA-2 Project Portion of the Additional Units and that is a wholly-owned, direct subsidiary of MEAG.

"PPA-2 Project Portion" shall mean 24.954628 percent of MEAG's Interest, which portion shall include 124.850 MWs of the output of the Additional Units, based upon the nominal ratings of the Additional Units.

"Pre-Commercial Generation" shall mean a portion of each Additional Unit's Output prior to each Additional Unit's Commercial Operation Date in an amount equal to the PPA Project Portion thereof.

"Production Tax Credit" means production tax credits calculated in accordance with Section 213 of this Agreement arising under 26 U.S.C. § 45, as in effect from time to time during the Term of this Agreement, or any successor or other provision providing for a federal tax credit determined by reference to electric energy produced from nuclear resources and any correlative state tax credit determined by reference to electric energy produced from nuclear resources for which the PPA Project Entity's Ownership Interest is eligible.

"Project Agreements" shall collectively mean the Development Agreement, the Nuclear Managing Board Agreement, the Operating Agreement, and the Ownership Agreement.

"Prudent Utility Practice" at a particular time shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry prior to such time, or any of the practices, methods and acts that, in the exercise of reasonable judgment

in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts having due regard for manufacturers' warranties and the requirements of governmental agencies of competent jurisdiction.

"Qualified Hedging Contract" has the meaning set forth in the PPA Project Bond Resolution.

"Reimbursement Obligation" has the meaning set forth in the PPA Project Bond Resolution.

"Revenue Fund" has the meaning set forth in the PPA Project Bond Resolution.

"Series" shall mean, for all purposes of this Agreement, any or all PPA Bonds issued upon original issuance on a particular date, as determined by an Authorized Officer of the Authority (as defined in the PPA Project Bond Resolution) on or prior to the date of issuance thereof, whether or not such PPA Bonds constitute a separate "Series" of Bonds for purposes of (and as defined in) the PPA Project Bond Resolution. In the event that the PPA Bonds of any such Series shall constitute two or more separate "Series" of Bonds for purposes of (and as defined in) the PPA Project Bond Resolution, the PPA Bonds of such Series may be aggregated for the purpose of establishing level monthly Debt Service pursuant to Section 401(d), 401(e) or 401(f) hereof, as applicable.

"Term" shall have the meaning assigned to such term in Section 102 hereof.

"Trustee" has the meaning set forth in the PPA Project Bond Resolution.

"Uniform System of Accounts" means the Uniform System of Accounts prescribed for Public Utilities and Licensees subject to the provisions of the Federal Power Act as set forth in 18 C.F.R. Part 101.

SECTION 105. RULES OF INTERPRETATION. In this Agreement, except as expressly stated otherwise or unless the context otherwise requires:

(a) Headings and any rendering of text in bold and italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Agreement;

(b) Words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders;

(c) The words "hereof," "herein," and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(d) A reference to a document or agreement, including this Agreement, shall mean such document, agreement or this Agreement including any amendment or supplement to, or replacement, novation or modification of, such document, agreement or this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of such document, agreement or this Agreement;

(e) A reference to a Person includes that Person's successors and permitted assigns;

(f) The term "including" means "including without limitation" and any list of examples following such term shall in no way restrict or limit the generality of the work or provision in respect of which such examples are provided;

(g) References to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or

reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom unless the context otherwise requires;

(h) In the event of a conflict, a mathematical formula describing a concept or defining a term shall prevail over words describing a concept or defining a term;

(i) References to any amount of money shall mean a reference to the amount in United States Dollars;

(j) The expression "and/or" when used as a conjunction shall connote "any or all of";

(k) Words, phrases or expressions not otherwise defined herein that (i) have a well-known and generally accepted meaning in Prudent Utility Practice shall have such meaning in this Agreement or (ii) do not have a well-known and generally accepted meaning in Prudent Utility Practice but that have well-known and generally accepted technical or trade meanings, shall have such recognized meanings; and

(l) Capitalized terms not specifically defined herein or in a referenced document shall have their normal meanings in the context in which they are used.

SECTION 106. DOE GUARANTEED LOAN AND ADVANCES. MEAG and Buyer acknowledge and agree that, for all purposes of this Agreement, any reference to:

(a) the ability of the PPA Project Entity to borrow funds from FFB as contemplated by the DOE Loan Documents shall include the requirement that all conditions precedent to the making of an Advance under the DOE Guaranteed Loan must be satisfied, including the limitations on use of the proceeds of such Advance for Eligible Project Costs (as defined in the DOE Loan Guarantee Agreement) and the requirement that such Advance be requested during the Availability Period (as defined in the DOE Loan Guarantee Agreement);

(b) the use of proceeds of the DOE Guaranteed Loan or an Advance means the use of such proceeds to the extent permitted under, and in compliance with, the DOE Loan Documents; and

(c) Advances made means Advances made during the Availability Period for Eligible Project Costs.

ARTICLE II

PURCHASE AND SALE

SECTION 201. PURCHASE AND SALE. In accordance with and subject to the terms and conditions of this Agreement (including Section 101), commencing on the Commercial Operation Date of the first of the Additional Units and continuing through the end of the Term, MEAG shall sell to Buyer, and Buyer shall purchase from MEAG, Buyer's Obligation Share of the Output for the following periods: (i) for the first unit of the Additional Units, a period of twenty (20) years commencing on the Commercial Operation Date of the first unit, and (ii) for the second unit of the Additional Units, a period of twenty (20) years commencing on the Commercial Operation Date of the second unit. This Agreement and the PPA Project Entity Power Purchase Agreement are intended to be "back-to-back" power purchase agreements during the Term of this Agreement such that all of the Output shall be purchased by MEAG from the PPA Project Entity pursuant to the PPA Project Entity Power Purchase Agreement and resold to Buyer pursuant to the terms and conditions hereof. For the avoidance of doubt and notwithstanding anything to the contrary herein, and to confirm the understanding of the Parties, if Buyer has satisfied its payment and performance obligations under and in accordance with this Agreement, MEAG is required to purchase such Output from the PPA Project Entity under and

in accordance with the PPA Project Entity Power Purchase Agreement and as long as all the payment and performance obligations of MEAG to the PPA Project Entity have been satisfied under the PPA Project Entity Power Purchase Agreement, the PPA Project Entity is required to sell and provide such Output to MEAG and MEAG in turn is required to sell and provide such Output to Buyer for the full periods set forth in the first sentence of this Section 201.

SECTION 202. OBLIGATION TO TAKE OUTPUT OF THE PPA PROJECT ENTITY'S OWNERSHIP INTEREST. Notwithstanding anything in this Agreement to the contrary, Buyer shall be obligated to take all Output during the periods described herein as and when any such Output shall be produced, and Buyer shall have no right to dispatch or schedule the operation of the PPA Project Entity's Ownership Interest or any facility thereof.

SECTION 203. BUYER'S ADDITIONAL COMPENSATION OBLIGATION.

(a) ***General.*** As part of its payment obligations set forth in Article II of this Agreement, Buyer shall pay MEAG the amounts described in this Section 203 ("Buyer's Additional Compensation Obligation"). In February of each calendar year during the Term of this Agreement, the Billing Statement provided by MEAG under Section 302 of this Agreement shall include charges, if any, for the total amount of Buyer's Additional Compensation Obligation incurred during the preceding calendar year calculated as set forth in this Section.

(b) ***Calculation of Buyer's Additional Compensation Obligation.*** Buyer's Additional Compensation Obligation shall be calculated by multiplying the total amount of Energy delivered to Buyer under this Agreement from each Additional Unit at the Delivery Point (as defined in Section 604(a) of this Agreement) during the preceding calendar year by a fixed rate for each MWh determined as follows:

(1) For each Additional Unit, during the first through the fifth calendar year following such Additional Unit's Commercial Operation Date, the fixed rate shall be: $0.50/MWh.

(2) For each Additional Unit, during the sixth through the tenth calendar year following such Additional Unit's Commercial Operation Date, the fixed rate shall be: $1.50/MWh.

(3) For each Additional Unit, during the eleventh through the fifteenth calendar year following such Additional Unit's Commercial Operation Date, the fixed rate shall be: $2.50/MWh.

(4) For each Additional Unit, during the sixteenth through the twenty-first calendar year following such Additional Unit's Commercial Operation Date, the fixed rate shall be: $3.50/MWh.

SECTION 204. BUYER'S PAYMENT OBLIGATIONS.

(a) ***General.*** Subject to the other provisions of this Agreement relating to the payment of Debt Service, Buyer's obligation to pay its Obligation Share of the Plant Vogtle Additional Units PPA Project Annual Costs with respect to the first unit of the Additional Units to achieve Commercial Operation shall commence upon the Commercial Operation Date of that unit, and Buyer's obligation to pay its Obligation Share of the Plant Vogtle Additional Units PPA Project Annual Costs with respect to the second unit of the Additional Units to achieve Commercial Operation shall commence upon the Commercial Operation Date of that unit.

(b) ***Debt Service Generally.*** Except (i) in the case of PPA Bonds issued in accordance with the provisions of Section 401(e) hereof (which only are to be issued following the Commercial Operation Date of the applicable Additional Unit), (ii) in the case of refunding

PPA Bonds issued in accordance with the provisions of Section 401(f) hereof and (iii) with respect to PPA BANs and PPA Take-Out Bonds (Buyer's obligation in respect of the payment of Debt Service on which is governed by the provisions of the penultimate sentence of the first paragraph of Section 204(e) hereof), Buyer's obligation to pay (1) the interest component of Debt Service of each Series of PPA Bonds and each Advance attributable to each Additional Unit shall continue for a period of two hundred forty (240) months from and including the month in which such obligation shall commence and (2) the principal component of Debt Service of each Series of PPA Bonds and each Advance attributable to each Additional Unit shall continue for a period of two hundred forty (240) months from and including the month in which such obligation shall commence.

Notwithstanding the foregoing and any other provision of this Agreement, in the event that MEAG shall issue PPA Bonds of any Series (i) that bear interest at variable rates and are subject to tender for purchase at the option of the holders thereof or (ii) in the form of short-term obligations that are intended to be rolled-over at maturity and, as a result of market conditions, (x) such PPA Bonds that bear interest at variable rates cannot be remarketed and either are tendered to MEAG for payment or must be termed-out in advance of their scheduled amortization dates (determined as provided in Section 401(d), 401(e) or 401(f) hereof, as applicable) and/or (y) such PPA Bonds in the form of short-term obligations cannot be rolled-over and must either be paid at maturity or termed-out in advance of their scheduled amortization dates (determined as aforesaid), then Buyer shall be responsible for paying the principal of such PPA Bonds when due.

Notwithstanding any other provision of this Agreement, the aggregate principal amount of the PPA Bonds described in the preceding paragraph to be outstanding at any time, together

with the aggregate principal amount of PPA BANs and PPA Take-Out Bonds outstanding at such time, shall not exceed $75,000,000, or such greater amount as shall be agreed to in writing by MEAG and Buyer from time to time, but no such PPA Bonds shall be issued for the purpose of financing Fuel Costs applicable to either of the Additional Units prior to the Commercial Operation Date thereof.

In the event that Buyer shall pay to MEAG any amount in respect of the principal of PPA Bonds as provided in the second preceding paragraph, MEAG agrees that on the first date thereafter on which it or the PPA Project Entity is able to borrow funds to pay Costs of Acquisition and Construction and Financing Costs of the Plant Vogtle Additional Units PPA Project, it shall include in such borrowing an amount sufficient to reimburse Buyer for all amounts paid by it in respect of such principal that theretofore have not been reimbursed by MEAG, but without interest thereon; provided, however, that MEAG shall not be so obligated if, in its commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

In the event that MEAG and the PPA Project Entity do not, for any reason, borrow funds sufficient to reimburse Buyer as provided in the preceding paragraph, at the end of the Term of this Agreement, Buyer shall be refunded the portion of such principal so paid and not theretofore reimbursed in excess of the amount thereof that would have been payable by Buyer had such PPA Bonds been paid in accordance with their scheduled amortization (determined as aforesaid); provided, however, that if all or any portion of the proceeds of such PPA Bonds was used to fund a Non-amortized Reserve Fund (including the Nuclear Fuel Construction Fund-Revolving Account), then, at the end of the Term of this Agreement, Buyer shall be refunded the entirety of

such principal so paid and not theretofore reimbursed with respect to such PPA Bonds that funded such Non-amortized Reserve Fund(s).

(c) ***Debt Service on PPA Bonds Issued to Finance Capital Improvements.*** In the case of PPA Bonds issued in accordance with the provisions of Section 401(e) hereof to finance the Costs of Acquisition and Construction and Financing Costs of "capital improvements," as such term is defined in Section 401(e) hereof, for a particular Additional Unit (which only are to be issued following the Commercial Operation Date of the applicable Additional Unit), Buyer's obligation to pay (i) the interest component of Debt Service of each such Series of PPA Bonds attributable to such Additional Unit shall commence on the day following the date to which all interest is capitalized on the PPA Bonds of such Series and (ii) the principal component of Debt Service of each such Series of PPA Bonds attributable to such Additional Unit shall commence on the date that is one (1) year prior to the first due date of the principal component of Debt Service of such PPA Bonds and, in either such case, shall continue only to the last day on which Buyer is entitled to its Obligation Share of the Output of such Additional Unit pursuant to the terms of this Agreement. In the event of a delay in the in-service date of the capital improvements for which the PPA Bonds of such Series are issued under Section 401(e) hereof, MEAG shall issue additional PPA Bonds under such Section to provide funds to capitalize interest on all such PPA Bonds until the actual in-service date of the capital improvements; provided, however, that in the event that MEAG determines it is practicably or economically infeasible for MEAG to issue such additional PPA Bonds at any time during the period between the estimated in-service date and the actual in-service date of the capital improvements, then MEAG shall not be required to issue such additional PPA Bonds and Buyer's obligation to pay

interest on all such PPA Bonds shall commence on the day following the date to which all interest is capitalized on the PPA Bonds of such Series.

(d) ***Debt Service on Refunding PPA Bonds.*** In the case of refunding PPA Bonds issued in accordance with the provisions of Section 401(f) hereof, Buyer's obligation to pay (i) the interest component of Debt Service of each Series of such refunding PPA Bonds shall continue only for the same number of months for which Buyer would have been obligated to pay the interest component of Debt Service on the PPA Bonds and/or the portion of the principal of the DOE Guaranteed Loan refunded or repaid thereby (hereinafter referred to in this Section 204(d) as the "Refunded PPA Debt") had such Refunded PPA Debt not been so refunded or repaid, and (ii) the principal component of Debt Service of each such Series of refunding PPA Bonds shall continue only for the same number of months for which Buyer would have been obligated to pay the principal component of Debt Service on the Refunded PPA Debt had such Refunded PPA Debt not been so refunded or repaid.

(e) ***Commencement of Payment Obligations.*** Notwithstanding the foregoing and any other provision in this Agreement but subject to the other provisions of this Agreement relating to the payment of Debt Service, Buyer's obligation to pay its Obligation Share of the Plant Vogtle Additional Units PPA Project Annual Costs shall commence simultaneously with the commencement of the obligation of the Additional Units Non-PPA Participants to pay their respective shares of the Plant Vogtle Additional Units Non-PPA Project Annual Costs under the Plant Vogtle Additional Units Non-PPA Power Sales Contracts, which obligation may commence prior to the Commercial Operation Date of either Additional Unit as described in Section 211 hereof. Notwithstanding the foregoing and any other provision of this Agreement, if it becomes practically or economically infeasible for MEAG to issue PPA Bonds due to a JEA

Market Disruption, but it is practically and economically feasible for MEAG to issue Non-PPA Bonds, MEAG may commence billing Buyer its Obligation Share of the Plant Vogtle Additional Units PPA Project Annual Costs without simultaneously billing the Additional Units Non-PPA Participants for their respective Obligation Shares (as defined in the Plant Vogtle Additional Units Non-PPA Power Sales Contracts) of the Plant Vogtle Additional Units Non-PPA Project Annual Costs. Notwithstanding the foregoing and any other provision of this Agreement relating to the billing and payment of Plant Vogtle Additional Units PPA Project Annual Costs, in the event that MEAG shall not have sufficient funds to pay in full the principal of or interest on any PPA BANs or PPA Take-Out Bonds when due (including as a result of the inability of MEAG and the PPA Project Entity, for any reason, to borrow funds in an amount sufficient to refund any PPA BANs or PPA Take-Out Bonds at or prior to their respective due dates (whether through the issuance of other PPA Bonds (including, in the case of PPA BANs, PPA Take-Out Bonds) or otherwise), Buyer shall be obligated to pay to MEAG fifty percent (50%) of the amount of such shortfall, which amount shall be payable on or before the due date of such principal and/or interest, whether before or after the applicable Commercial Operation Date. In furtherance of the foregoing, MEAG agrees that (i) it will provide periodic notice to Buyer as to MEAG's expected ability to refund the principal of any PPA BANs or PPA Take-Out Bonds on or prior to the respective due dates thereof, not less than ninety (90) and thirty (30) days prior to such respective due dates and (ii) if, at any time prior to the respective due dates of the principal of such PPA BANs or PPA Take-Out Bonds, it shall determine that neither it nor the PPA Project Entity will be able to borrow funds in an amount sufficient to refund such principal, it promptly will provide notice to Buyer as to such determination; provided, however, that MEAG's failure

to provide any such notice to Buyer shall not affect Buyer's obligation as stated in the preceding sentence, which obligation shall be absolute and unconditional.

In the event that Buyer shall pay to MEAG any amount in respect of the principal of PPA BANs and/or PPA Take-Out Bonds as provided in the preceding paragraph, MEAG agrees that on the first date thereafter on which it or the PPA Project Entity is able to borrow funds to pay Costs of Acquisition and Construction and Financing Costs of the Plant Vogtle Additional Units PPA Project, it shall include in such borrowing an amount sufficient to reimburse Buyer and the Additional Units PPA Participants for all amounts paid by them in respect of such principal that theretofore have not been reimbursed by MEAG, but without interest thereon; provided, however, that MEAG shall not be so obligated if, in its sole judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

In the case of any such PPA BANs and/or PPA Take-Out Bonds that were issued to finance or refinance Costs of Acquisition and Construction and Financing Costs of "capital improvements," as such term is defined in Section 401(e) hereof, for a particular Additional Unit following the Commercial Operation Date thereof, in the event that any amounts paid by Buyer in respect of the principal thereof theretofore have not been reimbursed by MEAG, at the end of the Term of this Agreement, Buyer shall be entitled to a payment from MEAG calculated as follows. First, MEAG shall determine a separate imputed debt service for all such capital improvement items having comparable estimated economic useful lives based upon the following assumptions: (i) that PPA Bonds were issued to finance Buyer's Obligation Share of such capital improvement items on July 1 of the calendar year in which such capital improvements are placed in service at an interest rate equal to the average of the Bond Buyer Weekly 25 Revenue Bond Index as published in *The Bond Buyer* updated weekly on Thursday

(Bloomberg ticker symbol is BBWK25RV) for such year (or, if such index shall cease to be published, at an interest rate equal to the average for such calendar year of such generally accepted alternate index as MEAG shall select with the written consent of Buyer, which consent shall not be unreasonably withheld); (ii) that such PPA Bonds were amortized over the shorter of (X) the term of the applicable Additional Unit's combined construction and operating license, or (Y) the estimated economic useful life of the capital improvement items; and (iii) that such PPA Bonds were structured upon a fully-amortizing level debt service basis for the assumed term, with the first principal installment of such PPA Bonds coming due on January 1 of the second full calendar year following the date on which such capital improvement items are placed in service. Second, with respect to each such capital improvement item (or group of capital improvement items having comparable estimated useful lives), at the end of the Term of this Agreement, MEAG shall reimburse Buyer the difference between the principal of such PPA BANs and/or PPA Take-Out Bonds paid by Buyer and the total principal payments that would have become due and owing by Buyer on the assumed PPA Bonds during the period from the time such principal was paid by Buyer through the remaining Term of this Agreement under the imputed debt service calculation set forth in this paragraph.

(f) ***Amounts Payable in Advance; Adjustments for Prior Months.*** Buyer shall pay its Obligation Share of the Plant Vogtle Additional Units PPA Project Annual Costs in advance for each month of each Power Supply Year as set forth in the Plant Vogtle Additional Units PPA Project Annual Budget or amended Plant Vogtle Additional Units PPA Project Annual Budget for the respective month and reflected in the monthly Buyer's Billing Statement for the respective month in accordance with Section 302 of this Agreement. In each monthly Buyer's Billing Statement, MEAG may charge or credit Buyer for any adjustment to the Buyer's Billing

Statement for prior monthly periods required to reflect any other actual cost incurred or credit received by MEAG during any respective prior monthly period.

(g) ***Buyer's Obligation.*** Buyer shall pay its Obligation Share of Plant Vogtle Additional Units PPA Project Annual Costs whether or not the PPA Project Entity's Ownership Interest is completed or is operating or operable, and whether or not its Output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction, whether by offset or otherwise, and shall not be conditioned upon the performance or non-performance by any party of any agreement for any cause whatsoever. Buyer shall pay the Buyer's Additional Compensation Obligation only in the event the PPA Project Entity's Ownership Interest is operating, and Buyer shall not be responsible for paying the Buyer's Additional Compensation Obligation during periods in which the Output of the PPA Project Entity's Ownership Interest is suspended, interrupted, or terminated.

(h) ***Nature of Buyer's Payment Obligations.*** Buyer hereby agrees that amounts payable to MEAG under this Agreement (i) shall constitute a Contract Debt (as that term is defined in Buyer's Electric System Bond Resolution), payable as a Cost of Operation and Maintenance of Buyer's Electric System (as those terms are defined in Buyer's Electric System Bond Resolution), and (ii) shall be paid by Buyer as a cost of purchased power and energy for Buyer's wholesale and retail load and otherwise as an expense of operation and maintenance of Buyer's Electric System.

SECTION 205. PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT ANNUAL COSTS.

(a) ***General.*** MEAG shall determine all of the Plant Vogtle Additional Units PPA Project Annual Costs, exclusive of costs paid from the proceeds of PPA Bonds or Advances, commencing with the first Power Supply Year, or such earlier time as MEAG shall determine in accordance with Section 205(b) of this Agreement. Such annual costs shall include the costs payable by MEAG or the PPA Project Entity under the Project Agreements and such other costs incurred by MEAG or the PPA Project Entity as set forth in Section 205(b) hereunder that are billed to Buyer pursuant to that Section. MEAG is expressly authorized to bill in accordance with Section 205(b) hereunder some or all of the Debt Service costs that are payable during construction and prior to the Commercial Operation Date of any of the Additional Units.

(b) ***Plant Vogtle Additional Units PPA Project Annual Costs.*** The Plant Vogtle Additional Units PPA Project Annual Costs for the generating and related facilities of the PPA Project Entity's Ownership Interest shall include the following items of cost and expense:

(1) "Plant Vogtle Additional Units PPA Project Annual Fixed Costs", which means all fixed costs allocable to the Plant Vogtle Additional Units PPA Project incurred by MEAG or the PPA Project Entity, including:

(A) Amounts that MEAG or the PPA Project Entity is required to pay for taxes or payments in lieu thereof attributable to the PPA Project Entity's Ownership Interest and/or the Plant Vogtle Additional Units PPA Project;

(B) Amounts required for renewals and replacements attributable to the PPA Project Entity's Ownership Interest, or payment or deposit of such amounts into any reserve fund or account;

(C) Amounts to be set aside by MEAG or the PPA Project Entity for the retirement from service or disposal of the facilities of the PPA Project Entity's Ownership Interest in accordance with the methodology set forth in **Exhibit B** hereto; provided, however, that Buyer's responsibility for such amounts that are incurred during the term of this Agreement plus such amounts that are estimated to be incurred after the term of this Agreement shall not exceed fifty percent (50%) of the total amount of such costs incurred during the term of this Agreement and estimated to be incurred after the term of this Agreement;

(D) Amounts that MEAG or the PPA Project Entity is required under the PPA Project Bond Resolution or the DOE Loan Documents to pay or deposit into any fund or account established by the PPA Project Bond Resolution or the DOE Loan Documents for the payment of Debt Service on the PPA Bonds or the DOE Guaranteed Loan, as applicable;

(E) Amounts (not otherwise included under any item of this Section 205(b)) for the Plant Vogtle Additional Units PPA Project that MEAG or the PPA Project Entity is required under the PPA Project Bond Resolution or the DOE Loan Documents, as applicable, to pay or deposit during any Power Supply Year into any other fund or account established by the PPA Project Bond Resolution or the DOE Loan Documents, as applicable, or payment or deposit of such amounts into any such fund or account established outside the PPA Project Bond Resolution or the DOE Loan Documents; provided, however, in the event MEAG or the PPA Project Entity utilizes letter of credit agreements or other financing instruments to finance such payments or deposits, the related financing costs shall also be included herein;

(F) Amounts for payment or deposit into any fund or account outside the pledge of the PPA Project Bond Resolution or the DOE Loan Documents attributable to costs or reserves of the Plant Vogtle Additional Units PPA Project, including such amounts established by MEAG in the Plant Vogtle Additional Units PPA Project Annual Budget to provide reasonable reserves for the payment of the PPA Project Entity's share of costs required pursuant to either the Ownership Agreement or the Operating Agreement; provided, however, in the event MEAG or the PPA Project Entity utilizes letter of credit agreements or other financing instruments to finance such payments or deposits, the related financing costs shall also be included herein;

(G) Amounts for payment of Additional Costs (as that term is described and defined in Section 2.2 of the Development Agreement) attributable to the PPA Project Entity's Ownership Interest incurred during any Power Supply Year, which expenditures, to the extent they are capital expenditures, shall be treated as capital costs under Section 206(b); and

(H) Without duplication, all fixed costs required to be paid by the PPA Project Entity (whether to DOE, as operating expenses or otherwise) in the DOE Loan Documents other than such costs and expenses set forth in Section 205(b)(2).

(2) "Plant Vogtle Additional Units PPA Project Other Annual Costs", which means all Plant Vogtle Additional Units PPA Project Annual Costs other than the Plant Vogtle Additional Units PPA Project Annual Fixed Costs allocable to the Plant Vogtle Additional Units PPA Project incurred by MEAG or the PPA Project Entity, including:

(A) All costs of producing and delivering Capacity and Energy from the PPA Project Entity's Ownership Interest to Buyer including (i) Fuel Costs and other

ordinary operation and maintenance costs and provisions for reserves therefor, administrative and general costs, insurance and overhead costs and any charges payable by MEAG or the PPA Project Entity in connection with the Output of the PPA Project Entity's Ownership Interest, (ii) working capital reasonably required for operation of the Plant Vogtle Additional Units PPA Project, and (iii) a share, determined by MEAG to be allocable to the Plant Vogtle Additional Units PPA Project in accordance with the methodology set forth in **Exhibit C** hereto, of all operation and maintenance costs related to the operation and conducting of the business of MEAG, including salaries, fees for legal, engineering, and other services and all other expenses properly related to the conduct of the affairs of MEAG;

(B) Except to the extent funded by PPA Bonds or reserves held by MEAG or the PPA Project Entity, amounts required to pay the costs of or to provide reserves for (i) extraordinary operating and maintenance costs attributable to the Plant Vogtle Additional Units PPA Project including the prevention or correction of any unusual loss or damage to keep the facilities of the PPA Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom; provided, however, in the event MEAG or the PPA Project Entity utilizes letter of credit agreements or other financing instruments to finance such operating and maintenance costs, or reserves therefor, the related financing costs shall also be included herein; (ii) any major renewals, replacements, repairs, additions, betterments and improvements to the Additional Units necessary, in the opinion of MEAG or the PPA Project Entity, to keep the facilities of the PPA Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, which expenditures, to the extent

they are capital expenditures, shall be treated as capital costs under Section 206(b); provided, however, in the event MEAG or the PPA Project Entity utilizes letter of credit agreements or other financing instruments to finance such renewals, replacements, repairs, additions, betterments and improvements, or reserves therefor, the related financing costs shall also be included herein; and (iii) any major additions, improvements, repairs or modifications to any such facility, or any retirements or disposals of any such facility, required by any Governmental Authority having jurisdiction over the Additional Units or for which the PPA Project Entity shall be responsible by virtue of any obligation of the PPA Project Entity arising out of any contract to which the PPA Project Entity may be a party relating to ownership of the Additional Units or any facility thereof, including the Project Agreements, to the extent that MEAG or the PPA Project Entity is not reimbursed therefor from the proceeds of insurance or funds for such payments are not available to MEAG or the PPA Project Entity therefor from any funds or accounts established by MEAG or by or on behalf of the PPA Project Entity, or funds for such payment are not provided or to be provided by the issuance of PPA Bonds pursuant to Article IV of this Agreement, which expenditures, to the extent they are capital expenditures, shall be treated as capital costs under Section 206(b); provided, however, in the event MEAG or the PPA Project Entity utilizes letter of credit agreements or other financing instruments to finance such additions, improvements, repairs, modifications, retirements or disposals, or reserves therefor, the related financing costs shall also be included herein; and

(C) Without duplication, all amounts required to be paid by the PPA Project Entity (whether to DOE, as operating expenses or otherwise) in the DOE Loan Documents other than fixed costs as set forth in Section 205(b)(1).

SECTION 206. TREATMENT OF CAPITAL COSTS; CERTAIN INTEREST EXPENSES.

(a) ***Financing of Capital Costs with PPA Bonds and Advances.*** Except as provided in Section 206(b), (c) and (d) hereunder, MEAG shall finance or cause the PPA Project Entity to finance capital costs attributable to the PPA Project Entity's Ownership Interest and incurred by the PPA Project Entity during the term of this Agreement with proceeds of PPA Bonds or Advances, as applicable. At a minimum, all costs treated by the Agent as capital costs pursuant to the Ownership Agreement shall be treated as "capital costs" for purposes of this Section 206. Additionally, MEAG or the PPA Project Entity, as applicable, may also elect to treat as capital costs for purposes of this Section any other cost item which the Agent has treated as an expense item so long as MEAG re-characterizes such costs under the Plant Vogtle Additional Units Non-PPA Project Power Sales Contracts.

(b) ***Exception for Financing of Capital Costs Where Practically or Economically Infeasible.*** During any period when (i) MEAG determines it is practically or economically infeasible for (x) MEAG to issue PPA Bonds and Non-PPA Bonds, (y) the PPA Project Entity to satisfy the conditions to the making of an Advance and (z) the Non-PPA Project Entity (if applicable) to satisfy the conditions to the making of an Advance (as such term is defined in the Plant Vogtle Additional Units Non-PPA Power Sales Contracts) to finance capital costs attributable to the Non-PPA Project Entity's Ownership Interest and the Plant Vogtle Additional Units Non-PPA Project, or (ii) MEAG determines it is practically or economically infeasible for

(x) MEAG to issue PPA Bonds and (y) the PPA Project Entity to satisfy the conditions to the making of an Advance to finance capital costs attributable to the PPA Project Entity's Ownership Interest, in both such cases, due to a JEA Market Disruption, but it is practically and economically feasible for MEAG to issue Non-PPA Bonds attributable to the Plant Vogtle Additional Units Non-PPA Project or for the Non-PPA Project Entity (if applicable) to satisfy the conditions to the making of an Advance (as such term is defined in the Plant Vogtle Additional Units Non-PPA Power Sales Contracts) to finance capital costs attributable to the Plant Vogtle Additional Units Non-PPA Project, and MEAG or the PPA Project Entity incurs capital costs during the term of this Agreement, MEAG or the PPA Project Entity shall finance such capital costs from a reserve fund maintained for the payment of renewals and replacements; provided, however, that, for any portion of such capital costs attributable to the PPA Project Entity's Ownership Interest that cannot be financed by such a reserve fund, MEAG shall bill Buyer its Obligation Share of such costs (including such costs incurred by the PPA Project Entity and billed to MEAG) pursuant to Sections 205(b)(1)(B) or 205(b)(2)(B)(ii) – (iii) hereof; and provided, further, that MEAG shall not bill Buyer its Obligation Share of such capital costs prior to the Commercial Operation Date of the first Additional Unit.

In the event that Buyer shall pay to MEAG any amount in respect of its Obligation Share of such capital costs as provided in the preceding paragraph, MEAG agrees that on the first date thereafter on which it or the PPA Project Entity is able to borrow funds to pay such capital costs, it shall include in such borrowing an amount sufficient to reimburse Buyer for all amounts paid by it in respect of such capital costs that theretofore have not been reimbursed by MEAG, but without interest thereon; provided, however, that MEAG shall not be so obligated if, in its

commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

In the event that any such costs theretofore have not been reimbursed by MEAG, at the end of the Term of this Agreement, Buyer shall be entitled to a payment from MEAG calculated as follows. First, MEAG shall determine a separate imputed debt service for all such repair or replacement items having comparable estimated economic useful lives that are constructed or acquired with respect to each Additional Unit during a particular calendar year based upon the following assumptions: (i) that PPA Bonds were issued to finance Buyer's Obligation Share of such capital costs on July 1 of such calendar year at an interest rate equal to the average of the Bond Buyer Weekly 25 Revenue Bond Index as published in *The Bond Buyer* updated weekly on Thursday (Bloomberg ticker symbol is BBWK25RV) for such year (or, if such index shall cease to be published, at an interest rate equal to the average for such calendar year of such generally accepted alternate index as MEAG shall select with the written consent of Buyer, which consent shall not be unreasonably withheld); (ii) that such PPA Bonds were amortized over the shorter of (X) the term of the applicable Additional Unit's combined construction and operating license, or (Y) the estimated economic useful life of the repair or replacement item(s); and (iii) that such PPA Bonds were structured upon a fully-amortizing level debt service basis for the assumed term, with the first principal installment of such PPA Bonds coming due on January 1 of the second full calendar year following the date on which such capital costs are incurred. Second, with respect to each such renewal or replacement item (or group of renewal or replacement items having comparable estimated useful lives), at the end of the Term of this Agreement, MEAG shall reimburse Buyer the difference between the capital costs paid by Buyer and the total principal payments that would have become due and owing by Buyer on the assumed PPA

Bonds during the period from the time such capital costs were paid by Buyer through the remaining Term of this Agreement under the imputed debt service calculation set forth in this Section 206(b).

(c) ***Funding of Nuclear Fuel Construction Fund-Revolving Account.*** MEAG shall fund a Nuclear Fuel Construction Fund-Revolving Account from the proceeds of those PPA Bonds or Advances specifically allocated to fund Fuel Costs. MEAG shall utilize the funds within the Nuclear Fuel Construction Fund-Revolving Account to fund the PPA Project Entity's purchase of the initial core and subsequent nuclear fuel reloads except that the initial core may be funded using the proceeds of PPA Bonds and Advances, including the capitalized interest associated with the nuclear fuel on such PPA Bonds and Advances. If Fuel Costs are funded with proceeds of PPA Bonds or Advances, the amount of such costs that are amortized during a Power Supply Year shall be treated as capitalized costs and billed to Buyer pursuant to Section 205(b)(2)(A).

(d) ***Financing of Interest Costs.*** During any period when (i) MEAG determines it is practicably or economically infeasible for (x) MEAG to issue PPA Bonds and Non-PPA Bonds, (y) the PPA Project Entity to satisfy the conditions to the making of an Advance and (z) the Non-PPA Project Entity (if applicable) to satisfy the conditions to the making of an Advance (as such term is defined in the Plant Vogtle Additional Units Non-PPA Power Sales Contracts), or (ii) MEAG determines it is practically or economically infeasible for (x) MEAG to issue PPA Bonds and (y) the PPA Project Entity to satisfy the conditions to the making of an Advance, in both such cases, due to a JEA Market Disruption, but it is practically and economically feasible for MEAG to issue Non-PPA Bonds or for the Non-PPA Project Entity (if applicable) to satisfy the conditions to the making of an Advance (as such term is defined in the Plant Vogtle Additional

Units Non-PPA Power Sales Contracts) to finance interest costs attributable to either of the Additional Units and incurred by MEAG prior to the Commercial Operation Date of the applicable unit, Buyer shall bear Buyer's Obligation Share attributable to the Plant Vogtle Additional Units PPA Project of such interest costs that could not be financed for the PPA Project through the Commercial Operation Date of the applicable unit ("Capitalized Interest") and MEAG shall bill Buyer its Obligation Share of such annual Power Supply Year Capitalized Interest costs pursuant to Section 205(b)(1) hereof.

In the event that Buyer shall pay to MEAG any amount in respect of its Obligation Share of such annual Power Supply Year Capitalized Interest costs as provided in the preceding paragraph, MEAG agrees that on the first date thereafter on which it or the PPA Project Entity is able to borrow funds to pay such Capitalized Interest, it shall include in such borrowing an amount sufficient to reimburse Buyer for all amounts paid by it in respect of such annual Power Supply Year Capitalized Interest costs that theretofore have not been reimbursed by MEAG, but without interest thereon; provided, however, that MEAG shall not be so obligated if, in its commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

In the event that any such costs theretofore have not been reimbursed by MEAG, at the end of the Term of the Agreement, Buyer shall be entitled to a payment from MEAG calculated as follows. Attached hereto as **Exhibit I** is an example of the payment calculation described in this subpart. First, MEAG shall determine a separate imputed debt service for each such monthly amount billed to Buyer in respect of Capitalized Interest with respect to each of the Additional Units based upon the following assumptions: (i) that PPA Bonds were issued to finance such interest costs on the date on which Buyer pays such Capitalized Interest amount to

MEAG at an interest rate (the "Assumed Rate") equal to the average of the Bond Buyer Weekly 25 Revenue Bond Index as published in *The Bond Buyer* updated weekly on Thursday (Bloomberg ticker symbol is BBWK25RV) during the month in which such Capitalized Interest amount is so billed and paid (or, if such index shall cease to be published, at an interest rate equal to the average for such calendar year of such generally accepted alternate index as MEAG shall select with the written consent of Buyer, which consent shall not be unreasonably withheld) and in an amount equal to the amount of such Capitalized Interest so paid, less assumed interest earnings thereon to the next following January 1 or July 1 (whichever shall occur first) at a rate of interest equal to the applicable Assumed Rate and plus assumed interest thereon to the Commercial Operation Date of the applicable Additional Unit at a rate of interest equal to the applicable Assumed Rate, compounded semi-annually on each January 1 and July 1; (ii) that such PPA Bonds were amortized over the term of the applicable Additional Unit's combined construction and operating license; and (iii) that such PPA Bonds were structured upon a fully-amortizing level debt service basis for the assumed term, with the first principal installment of such PPA Bonds coming due on January 1 of the second full calendar year following the Commercial Operation Date of the applicable Additional Unit. Second, at the end of the Term of this Agreement, MEAG shall reimburse Buyer the difference between (i) the sum of all Capitalized Interest amounts paid by Buyer plus interest on each such Capitalized Interest amount from the date so paid to the Commercial Operation Date of the applicable Additional Unit at a rate equal to the applicable Assumed Rate compounded semi-annually on each January 1 and July 1, and less interest earned on such Capitalized Interest amount at the Assumed Rate and (ii) the sum of the total principal payments that would have become due and owing by Buyer on the assumed PPA Bonds corresponding to each such Capitalized Interest amount during the

period from the time such Capitalized Interest amount was paid by Buyer through the remaining Term of this Agreement under the imputed debt service calculations set forth in this Section 206(d).

(e) ***True-Up for Debt Service on Post-Commercial Operation Capital Improvements.*** In the case of any PPA Bonds issued in accordance with the provisions of Section 401(e) hereof (which only are to be issued following the Commercial Operation Date of the applicable Additional Unit), in the event that Buyer shall pay any amounts in respect of Debt Service on such PPA Bonds prior to the actual in-service date of the capital improvements financed through the issuance of such PPA Bonds, then, at the end of the Term of this Agreement, Buyer shall be entitled to a payment from MEAG in an amount equal to such amounts in respect of Debt Service paid prior to the actual in-service date.

SECTION 207. RESERVE FUNDS.

(a) ***General.*** All reserve funds maintained pursuant to this Agreement or the PPA Project Bond Resolution, or caused by MEAG or otherwise required to be held by or on behalf of the PPA Project Entity pursuant to the DOE Accounts Agreement, shall be either Non-amortized Reserve Funds or Amortized Reserve Funds. Provided, however, in the event that (i) MEAG determines it is practically or economically infeasible for (x) MEAG to issue PPA Bonds and Non-PPA Bonds, (y) the PPA Project Entity to satisfy the conditions to the making of an Advance and (z) the Non-PPA Project Entity (if applicable) to satisfy the conditions to the making of an Advance (as such term is defined in the Plant Vogtle Additional Units Non-PPA Power Sales Contracts), to finance such reserves, or (ii) MEAG determines it is practically or economically infeasible for (x) MEAG to issue PPA Bonds and (y) the PPA Project Entity to satisfy the conditions to the making of an Advance to finance such reserves, in both such cases,

due to a JEA Market Disruption, but it is practically and economically feasible for MEAG to issue Non-PPA Bonds or for the Non-PPA Project Entity (if applicable) to satisfy the conditions to the making of an Advance (as such term is defined in the Plant Vogtle Additional Units Non-PPA Power Sales Contracts) to finance such reserve funds for the Non-PPA Project, MEAG may utilize revenues derived from either year-end distributions or billings to Buyer under this Agreement to finance such reserve funds (other than reserve funds held by or on behalf of the PPA Project Entity that are financed using the proceeds of Advances), but only so long as MEAG is also utilizing revenues derived from either year-end distributions or billings to the Additional Units Non-PPA Participants under the Plant Vogtle Additional Units Non-PPA Power Sales Contracts to also finance such reserve funds for the Non-PPA Project, unless the billing was necessitated by a JEA Market Disruption.

In the event that Buyer shall pay to MEAG any amount to finance such reserve funds as provided in the preceding paragraph, MEAG agrees that on the first date thereafter on which it or the PPA Project Entity is able to borrow funds to finance such reserve funds, it shall include in such borrowing an amount sufficient to reimburse Buyer for all amounts paid by it in respect of such reserve funds that theretofore have not been reimbursed by MEAG, but without interest thereon; provided, however, that MEAG shall not be so obligated if, in its commercially reasonable judgment, the cost of borrowing funds for the purpose of such reimbursement shall be prohibitive.

To the extent that either Amortized Reserve Funds or Non-amortized Reserve Funds are funded with revenues derived from the foregoing sources, amounts placed into such reserve funds (i) derived from revenues attributable to Buyer to either initially fund such reserve funds or increase the funding of such reserve funds (but not to replenish such reserve funds) and (ii)

which were not utilized for their intended purpose during the Term of this Agreement, shall be reimbursed by MEAG to Buyer at the end of the Term of this Agreement.

(b) ***Non-amortized Reserve Funds.*** For any Non-amortized Reserve Funds created under the PPA Project Bond Resolution, the Power Sales Contracts or the DOE Accounts Agreement, Buyer shall be responsible for paying its Obligation Share of any interest on the PPA Bonds and/or the DOE Guaranteed Loan, as applicable, that financed such Non-amortized Reserve Funds during each Power Supply Year during the Term of the Agreement, offset by Buyer's Obligation Share of any interest earned on such funds during such Power Supply Year that are not required under the PPA Project Bond Resolution and/or the DOE Loan Documents, as applicable, to be retained in such funds. Except as provided in Section 303 of this Agreement, Buyer shall not be entitled to any reimbursement at the end of the Term of this Agreement with respect to such funds.

(c) ***Amortized Reserve Funds.*** For any Amortized Reserve Funds created under the PPA Project Bond Resolution, the Power Sales Contracts or the DOE Accounts Agreement, Buyer shall be responsible for paying its Obligation Share of both principal and interest on the PPA Bonds and/or the DOE Guaranteed Loan, as applicable, that financed such Amortized Reserve Funds during each Power Supply Year during the Term of the Agreement, offset by Buyer's Obligation Share of any interest earned on such funds during such Power Supply Year that are not required under the PPA Project Bond Resolution and/or the DOE Accounts Agreement, as applicable, to be retained in such funds. At the end of the Term of this Agreement, MEAG shall reimburse Buyer the total amount of principal payments made by Buyer on PPA Bonds or the DOE Guaranteed Loan relating to such funds.

(d) ***Investment of Funds and Accounts.*** MEAG agrees that monies held in the Funds and Accounts (as those terms are defined in the PPA Project Bond Resolution) established pursuant to the PPA Project Bond Resolution or in Project Accounts (as that term is defined in the DOE Accounts Agreement) established pursuant to the DOE Accounts Agreement shall be invested and reinvested to the fullest extent practicable in Investment Securities (as defined in the PPA Project Bond Resolution) or Permitted Investments (as defined in the DOE Accounts Agreement), as applicable, which mature not later than such times as shall be necessary to provide monies when needed for payments to be made from such Funds and Accounts or Project Accounts, as applicable. Interest earned on any monies or investments in any Fund or Account established pursuant to the PPA Project Bond Resolution (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) shall be paid into the Revenue Fund, subject to the specific exceptions provided for in Section 603 of the PPA Project Bond Resolution. Interest earned on any monies or investments in any Project Account established pursuant to the DOE Accounts Agreement (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) shall be applied pursuant to the DOE Accounts Agreement, and any amounts thereof distributed to MEAG by the PPA Project Entity shall be paid into the Revenue Fund.

(e) ***Operation of Reserve Funds.*** **Exhibit E** hereto sets forth the general principles that will be applied by MEAG with respect to each of the reserve funds that may be established by MEAG or caused by MEAG to be established by or on behalf of the PPA Project Entity pertaining to the Plant Vogtle Additional Units PPA Project. MEAG shall comply and shall cause the PPA Project Entity to comply with such principles with respect to the operation of each of the reserve funds; however, in the event that MEAG determines that it is necessary to operate

any of the reserve funds in a manner different than the principles described in **Exhibit E**, it (i) will provide notice and an opportunity for Buyer to comment with respect to any proposed changes prior to their implementation; (ii) shall take into consideration any comments and proposed changes submitted by Buyer; and (iii) shall provide Buyer with a written response explaining MEAG's rationale for its disposition of Buyer's comments and proposed changes; provided, however, that MEAG shall have sole discretion to determine whether to incorporate any such comments or proposed changes.

(f) ***Accounts Held Outside of PPA Project Bond Resolution.*** To the extent that MEAG establishes any collateral or margin or other similar account(s) outside of the PPA Project Bond Resolution in order to secure its obligations to a third party under any contract or agreement entered into by MEAG in connection with the PPA Project, and all or a portion of the amounts deposited to such account(s) are derived from either year-end distributions or billings to Buyer under this Agreement, MEAG agrees that it shall pay a portion of any interest earnings it receives from the investment of moneys in such account(s) (in proportion to the amount on deposit in such account(s) funded from such year-end distributions or billings to Buyer) to Buyer promptly upon receipt of such earnings. To the extent not paid or credited to Buyer under Section 303 of this Agreement, at the end of the Term of this Agreement, MEAG shall reimburse Buyer for the amount deposited to such account(s) from such year-end distributions or billings to Buyer.

SECTION 208. OWNERSHIP AND OPERATION OF THE PPA PROJECT ENTITY'S OWNERSHIP INTEREST. The PPA Project Entity will acquire and own, and MEAG will issue PPA Bonds in Series from time to time under or in accordance with the PPA Project Bond Resolution or cause the PPA Project Entity to receive Advances to finance, the PPA Project

Entity's Ownership Interest. MEAG may also, at its sole discretion, enter into Qualified Hedging Contracts relating to such PPA Bonds and Advances.

SECTION 209. INSURANCE. MEAG shall maintain or cause to be maintained by the PPA Project Entity, the Agent or otherwise, as Costs of Acquisition and Construction or as Plant Vogtle Additional Units PPA Project Annual Costs, such insurance with respect to the PPA Project Entity's Ownership Interest as shall be available and as is usually carried by utilities constructing and operating nuclear generating facilities and such other insurance as is usually carried by electric utilities in conformity with Prudent Utility Practice. In the event that an insurance policy covers the Plant Vogtle Additional Units PPA Project, the Plant Vogtle Additional Units Non-PPA Project and/or the Plant Vogtle Additional Units PPA-2 Project, the costs of such insurance coverage shall be allocated to each such Project based upon a fraction (a) the numerator of which is equal to such Project's percentage of MEAG's Interest in the Additional Units and (b) the denominator of which is equal to the sum of all such Projects' percentages of MEAG's Interest in the Additional Units (each such fraction being hereinafter referred to as an "Allocation Fraction"). Any payments made by an insurer to MEAG in connection with one or more claims under a policy that covers the Plant Vogtle Additional Units PPA Project, the Plant Vogtle Additional Units Non-PPA Project and/or the Plant Vogtle Additional Units PPA-2 Project shall be allocated to all such Projects based upon each such Project's respective Allocation Fraction. Any insurance payments received by MEAG or the PPA Project Entity under a policy providing coverage only for the Plant Vogtle Additional Units PPA Project shall be credited entirely to such Project. Any such payments allocated or credited to the Plant Vogtle Additional Units PPA Project as aforesaid (a) to the extent received by MEAG, shall be subject to the lien of the PPA Project Bond Resolution and (b) to the extent

received by the PPA Project Entity, shall be subject to the security interest and lien of the DOE Secured Parties described in Section 605 hereof and, in either such case, may be applied to rebuild or replace the applicable Additional Unit or to prepay the DOE Guaranteed Loan in accordance with the DOE Loan Documents prior to any distribution thereof by the PPA Project Entity to MEAG.

Any payments received by MEAG or the PPA Project Entity during the term of this Agreement from business interruption insurance which are allocated to the Plant Vogtle Additional Units PPA Project in accordance with this section shall be credited and paid to Buyer to the extent that such payments cover losses that occurred during the term of this Agreement and pertain to Output that Buyer was entitled to receive pursuant to the terms of this Agreement, provided that such business interruption insurance payments, (a) to the extent received and for the time period held by MEAG, shall be subject to the lien of the PPA Project Bond Resolution and (b) to the extent received and for the time period held by the PPA Project Entity, shall be subject to the security interest and lien of the DOE Secured Parties described in Section 605 hereof and, provided, further, that once proceeds of such business interruption insurance are paid to Buyer as permitted by, and in accordance with the provisions of, the PPA Project Bond Resolution or the DOE Loan Documents, as applicable, such proceeds shall be free and clear of any such security interest or lien.

SECTION 210. PLEDGE OF PAYMENTS. All payments required to be made by Buyer pursuant to this Agreement attributable to the Plant Vogtle Additional Units PPA Project or to the Plant Vogtle Additional Units PPA Project Annual Costs, and any or all rights to collection or enforcement of such payments, may be pledged to secure the payment of the PPA Bonds and the DOE Secured Obligations.

SECTION 211. BUYER'S PAYMENT OBLIGATIONS IN THE EVENT OF PROJECT DELAY OR OWNERS' TERMINATION.

(a) ***Delay in Scheduled Commercial Operation Dates.*** In the event of a delay in the scheduled Commercial Operation Date of either or both of the Additional Units, MEAG may commence billing of the principal component of Debt Service of the PPA Bonds of any Series or of Debt Service of the DOE Guaranteed Loan relating to the delayed Additional Unit or Units prior to the Commercial Operation Date of such unit or units. Buyer shall be obligated to pay its Obligation Share of such principal component of Debt Service on the PPA Bonds of such Series and on the DOE Guaranteed Loan relating to such unit or units, which MEAG is required to structure in accordance with Section 401(d) hereunder, commencing on the date that is (x) one (1) year prior to the first due date of the principal component of Debt Service of the PPA Bonds of such Series and (y) three (3) months prior to the first due date of the principal component of Debt Service of the DOE Guaranteed Loan, as applicable, related to such unit or units. Provided, however, in the event that MEAG determines it is practicably or economically infeasible for MEAG to limit billing under the circumstances described above to the principal component relating to the PPA Bonds or to the DOE Guaranteed Loan, as applicable, or both, MEAG may bill the entirety of the Debt Service on such PPA Bonds or the portion of the principal of the DOE Guaranteed Loan related to such unit or units. Buyer shall (i) be entitled to its Obligation Share of the Output, and (ii) pay its Obligation Share of the Plant Vogtle Additional Units PPA Project Annual Costs of the affected Additional Unit for a twenty (20)-year term commencing on the Commercial Operation Date of such Additional Unit; provided, however, that (A) except (1) in the case of refunding PPA Bonds issued in accordance with the provisions of Section 401(f) hereof and (2) with respect to PPA BANs and PPA Take-Out Bonds (Buyer's obligation in

respect of the payment of Debt Service on which is governed by the provisions of the penultimate sentence of the first paragraph of Section 204(e) hereof), Buyer's obligation to pay (x) the interest component of Debt Service of each such Series of PPA Bonds and of the DOE Guaranteed Loan attributable to such Additional Unit, which MEAG is required to structure in accordance with Section 401(d) hereunder, shall be included as part of the Plant Vogtle Additional Units PPA Project Annual Costs only for a period of two hundred forty (240) months from and including the month in which such obligation shall commence and (y) the principal component of Debt Service of each such Series of PPA Bonds and of the DOE Guaranteed Loan attributable to such Additional Unit, which MEAG is required to structure in accordance with Section 401(d) hereunder, shall be included as part of the Plant Vogtle Additional Units PPA Project Annual Costs only for a period of two hundred forty (240) months from and including the month in which such obligation shall commence and (B) in the case of refunding PPA Bonds issued in accordance with the provisions of Section 401(f) hereof, Buyer's obligation to pay (1) the interest component of Debt Service of each Series of such refunding PPA Bonds shall be included as part of the Plant Vogtle Additional Units PPA Project Annual Costs only for the same number of months for which Buyer would have been obligated to pay the interest component of Debt Service on the PPA Bonds and/or the portion of the principal of the DOE Guaranteed Loan refunded or repaid thereby (hereinafter referred to in this Section 211(a) as the "Refunded PPA Debt") had such Refunded PPA Debt not been so refunded or repaid, and (2) the principal component of Debt Service of each such Series of refunding PPA Bonds shall be included as part of the Plant Vogtle Additional Units PPA Project Annual Costs only for the same number of months for which Buyer would have been obligated to pay the principal

component of Debt Service on the Refunded PPA Debt had such Refunded PPA Debt not been so refunded or repaid.

(b) ***Cancellation or Termination of Additional Unit(s) Prior to Commercial Operation Date.*** In the event that either or both of the Additional Units is cancelled or terminated pursuant to the Development Agreement prior to the Commercial Operation Date of such unit or units, Buyer shall be obligated to pay the following costs: (i) fifty percent (50%) of its Obligation Share of the Costs of Acquisition and Construction relating to the cancelled unit or units, but not including any such costs that have been paid with the proceeds of PPA Bonds or Advances, and (ii) its Obligation Share of Plant Vogtle Additional Units PPA Project Annual Costs relating to such unit or units for a period of twenty (20) years from the date that MEAG commences the billing of such Annual Costs relating to such unit or units to Buyer and the billing of the Plant Vogtle Additional Units Non-PPA Annual Costs relating to such unit or units to the Additional Units Non-PPA Participants; provided, however, that (A) except (1) in the case of refunding PPA Bonds issued in accordance with the provisions of Section 401(f) hereof and (2) with respect to PPA BANs and PPA Take-Out Bonds (Buyer's obligation in respect of the payment of Debt Service on which is governed by the provisions of the penultimate sentence of the first paragraph of Section 204(e) hereof), Buyer's obligation to pay (i) the interest component of Debt Service of each Series of PPA Bonds and of the DOE Guaranteed Loan attributable to such Additional Unit, which MEAG is required to structure in accordance with Section 401(d) hereunder, shall be included as part of the Plant Vogtle Additional Units PPA Project Annual Costs only for a period of two hundred forty (240) months from and including the month in which such obligation shall commence and (ii) the principal component of Debt Service of each such Series of PPA Bonds and of the DOE Guaranteed Loan attributable to such Additional Unit,

which MEAG is required to structure in accordance with Section 401(d) hereunder, shall be included as part of the Plant Vogtle Additional Units PPA Project Annual Costs only for a period of two hundred forty (240) months from and including the month in which such obligation shall commence and (B) in the case of refunding PPA Bonds issued in accordance with the provisions of Section 401(f) hereof, Buyer's obligation to pay (1) the interest component of Debt Service of each Series of such refunding PPA Bonds shall be included as part of Plant Vogtle Additional Units PPA Project Annual Costs only for the same number of months for which Buyer would have been obligated to pay the interest component of Debt Service on the PPA Bonds and/or the portion of the principal of the DOE Guaranteed Loan refunded or repaid thereby (hereinafter referred to in this Section 211(b) as the "Refunded PPA Debt") had such Refunded PPA Debt not been so refunded or repaid and (2) the principal component of Debt Service of each such Series of refunding PPA Bonds shall be included as part of the Plant Vogtle Additional Units PPA Project Annual Costs only for the same number of months for which Buyer would have been obligated to pay the principal component of Debt Service on the Refunded PPA Debt had such Refunded PPA Debt not been so refunded or repaid. Further provided, however, that any expenditures of MEAG or the PPA Project Entity made to retire from service or to dispose of either or both of the Additional Units shall be billed to Buyer either (x) as a component of decommissioning funds pursuant to Section 205(b)(1)(C) in accordance with the methodology in **Exhibit B** to this Agreement, or (y) pursuant to another subpart of Section 205(b)(1), provided that if billed under such other subpart, Buyer is billed no more than fifty percent (50%) of such expenditures, but no such expenditures shall be billed to Buyer under more than one subpart of Section 205(b)(1).

(c) ***Cancellation or Termination of Additional Unit(s) After Commercial Operation Date.*** In the event either or both of the Additional Units is cancelled or terminated pursuant to the Development Agreement after the Commercial Operation Date of such unit, Buyer shall be obligated to continue to pay its Obligation Share of the Plant Vogtle Additional Units PPA Project Annual Costs allocated to the cancelled unit for a period of twenty (20) years following the Commercial Operation Date of such cancelled unit. Provided, however, any expenditures of MEAG or the PPA Project Entity made to retire from service or to dispose of either or both of the Additional Units shall be billed to Buyer either (i) as a component of decommissioning funds pursuant to Section 205(b)(1)(C) in accordance with the methodology in **Exhibit B** to this Agreement, or (ii) pursuant to another subpart of Section 205(b)(1), provided that if billed under such other subpart, Buyer is billed no more than fifty percent (50%) of such expenditures, but no such expenditures shall be billed to Buyer under more than one subpart of Section 205(b)(1). Further provided, however, (A) that in the event that MEAG commences billing Buyer a Debt Service component which MEAG is required to structure in accordance with Section 401(d) hereunder relating to such unit prior to the Commercial Operation Date, Buyer's obligation to pay (x) the interest component of Debt Service of each such Series of PPA Bonds and/or the DOE Guaranteed Loan attributable to such Additional Unit shall continue only for a period of two hundred forty (240) months from and including the month in which such obligation shall commence and (y) the principal component of Debt Service of each such Series of PPA Bonds and/or the DOE Guaranteed Loan attributable to such Additional Unit shall continue only for a period of two hundred forty (240) months from and including the month in which such obligation shall commence, (B) in the case of PPA Bonds issued in accordance with the provisions of Section 401(e) hereof (which only are to be issued following the Commercial

Operation Date of the applicable Additional Unit), Buyer's obligation to pay the interest and principal components of Debt Service of each such Series of PPA Bonds attributable to each Additional Unit shall continue only until the last day on which Buyer is entitled to its Obligation Share of the Output of such Additional Unit pursuant to the terms of this Agreement, (C) in the case of refunding PPA Bonds issued in accordance with the provisions of Section 401(f) hereof, Buyer's obligation to pay (i) the interest component of Debt Service of each Series of such refunding PPA Bonds shall continue only for the same number of months for which Buyer would have been obligated to pay the interest component of Debt Service on the PPA Bonds and/or the portion of the principal of the DOE Guaranteed Loan refunded or repaid thereby (hereinafter referred to in this Section 211(c) as the "Refunded PPA Debt") had such Refunded PPA Debt not been so refunded or repaid, and (ii) the principal component of Debt Service of each such Series of refunding PPA Bonds shall continue only for the same number of months for which Buyer would have been obligated to pay the principal component of Debt Service on the Refunded PPA Debt had such Refunded PPA Debt not been so refunded or repaid, and (D) with respect to PPA BANs and PPA Take-Out Bonds, Buyer's obligation in respect of the payment of Debt Service on which shall be governed by the provisions of the penultimate sentence of the first paragraph of Section 204(e) hereof).

(d) ***Sale of Assets of Cancelled or Terminated Additional Unit(s).*** In the event that (i) either unit of the Additional Units is cancelled or terminated pursuant to the Development Agreement, and (ii) during the Term of this Agreement, MEAG directly or indirectly sells all or a portion of its interest in such cancelled or terminated Additional Unit, its nuclear fuel, its equipment, or its related facilities through a sale of such assets or a sale of its ownership interest in the PPA Project Entity, MEAG agrees to distribute to Buyer or credit on Buyer's Billing

Statement fifty percent (50%) of its Obligation Share of the net proceeds allocated to the PPA Project Entity's Ownership Interest, if any, actually paid to and received by MEAG or the PPA Project Entity, as applicable, as a result of any such sale, provided that MEAG similarly distributes or credits any such net proceeds to any or all of the Additional Units Participants and provided, further, however, that the proceeds of such sale or disposition of such interest (a) to the extent received by MEAG, shall be subject to the lien of the PPA Project Bond Resolution and (b) to the extent received by the PPA Project Entity, shall be subject to the security interest and lien of the DOE Secured Parties on MEAG's ownership interest in the PPA Project Entity and on the PPA Project Entity's undivided ownership interest in the Additional Units, as applicable, described in Section 605 hereof and may be applied first as a prepayment of the DOE Guaranteed Loan or otherwise applied pursuant to the DOE Loan Documents prior to any distribution thereof by the PPA Project Entity to MEAG.

(e) ***Amendments to Development Agreement to Defer Construction of Additional Unit(s).*** In the event the Agent requests that the co-owners of Plant Vogtle approve an amendment to the Development Agreement to authorize the Agent to defer the construction of an Additional Unit for a period that, absent an amendment to the Development Agreement, would be treated as a discontinuation of the Additional Unit pursuant to Section 3.8 of that agreement, MEAG agrees that it shall take into consideration Buyer's position on such an amendment in the same manner in which MEAG considers the position of the Additional Unit Participants prior to determining whether to cause the PPA Project Entity to approve such amendment. However, after taking into account the collective interests of Buyer and the Additional Unit Participants, MEAG, in its sole discretion, shall cause the PPA Project Entity to elect to either approve or disapprove of any amendment to the Development Agreement.

SECTION 212. ALLOCATION OF COSTS AMONG PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT, PLANT VOGTLE ADDITIONAL UNITS PPA-2 PROJECT AND PLANT VOGTLE ADDITIONAL UNITS NON-PPA PROJECT. Except (a) as provided in **Exhibit C** to this Agreement for the allocation of MEAG's administrative and general expenses and (b) as provided in the following sentence, MEAG covenants and agrees that it shall allocate all costs and other expenses incurred or payable by it directly, or indirectly through the PPA Project Entity, the PPA-2 Project Entity and/or the Non-PPA Project Entity, as applicable, in connection with its interest in the Additional Units, other than debt service and other debt-related and financing costs and expenses, among the Plant Vogtle Additional Units PPA Project, the Plant Vogtle Additional Units PPA-2 Project and the Plant Vogtle Additional Units Non-PPA Project in proportion to the respective number of MWs constituting each such Project. In the case of any costs related to the DOE Guaranteed Loan and any DOE-guaranteed loans obtained by the Non-PPA Project Entity and/or the PPA-2 Project Entity, other than debt service, MEAG Power shall allocate such costs based upon a fraction the numerator of which is the FFB Credit Facility Commitment (as defined in the DOE Loan Guarantee Agreement) and the denominator of which is the sum of such FFB Credit Facility Commitment and the FFB credit facility commitments of the Non-PPA Project Entity and/or the PPA-2 Project Entity.

SECTION 213. PRODUCTION TAX CREDIT. In any Power Supply Year during the Term of this Agreement in which MEAG directly, or indirectly from the Agent, the PPA Project Entity, or any other source, receives a payment or credit in exchange for the allocation to any person of the Production Tax Credit, from either or both of the Additional Units relating to the PPA Project, MEAG shall, at the end of such Power Supply Year, pay to Buyer or credit on Buyer's Billing Statements for the remaining month or months of the Power Supply Year next

succeeding such Power Supply Year fifty percent (50%) of any such payment or credit representing the Production Tax Credit for such year.

SECTION 214. PRE-COMMERCIAL GENERATION. MEAG shall sell, or cause the PPA Project Entity to sell, all Pre-Commercial Generation at fair market value, and shall pay into the Construction Fund all revenues, income, rents, receipts, and other compensation of any type derived by MEAG from or attributable to the sale of any Pre-Commercial Generation.

ARTICLE III

BILLING AND PAYMENT

SECTION 301. THE PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT ANNUAL BUDGET.

(a) ***Adoption of Annual Budgets.*** MEAG shall prepare and submit to Buyer a proposed Plant Vogtle Additional Units PPA Project Annual Budget at least ninety (90) days prior to the beginning of each Power Supply Year. Such budget shall show separately (i) the Plant Vogtle Additional Units PPA Project Annual Fixed Costs, and (ii) the Plant Vogtle Additional Units PPA Project Other Annual Costs. Within thirty (30) days after receipt of the Plant Vogtle Additional Units PPA Project Annual Budget, Buyer may submit to MEAG any matters or suggestions relating to such Plant Vogtle Additional Units PPA Project Annual Budget that Buyer may care to present, and MEAG shall give due consideration to said matters or suggestions. At its sole discretion and subject to the terms of this Agreement, MEAG shall then proceed with the consideration and adoption of such Plant Vogtle Additional Units PPA Project Annual Budget not less than thirty (30) nor more than forty-five (45) days prior to the beginning of such Power Supply Year, and shall cause copies of such adopted Plant Vogtle Additional Units PPA Project Annual Budget to be delivered to Buyer; provided, however, that

the Plant Vogtle Additional Units PPA Project Annual Budget for the first Power Supply Year shall be prepared, considered, adopted and delivered in the most practicable manner available in the discretion of MEAG.

(b) ***Amendment of Annual Budgets.*** As may be required from time to time during any Power Supply Year, MEAG may adopt an amended Plant Vogtle Additional Units PPA Project Annual Budget for and applicable to such Power Supply Year for the remainder of such Power Supply Year. MEAG shall prepare and submit to Buyer such amended Plant Vogtle Additional Units PPA Project Annual Budget at least thirty (30) days prior to the effective date of such amended Plant Vogtle Additional Units PPA Project Annual Budget. Any such amended Plant Vogtle Additional Units PPA Project Annual Budget shall show separately (i) the Fixed Costs, and (ii) the Other Costs. Within fifteen (15) days after receipt of the amended Plant Vogtle Additional Units PPA Project Annual Budget, Buyer may submit to MEAG any matters or suggestions relating to such amended Plant Vogtle Additional Units PPA Project Annual Budget that Buyer may care to present, and MEAG shall give due consideration to said matters or suggestions. At its sole discretion and subject to the terms of this Agreement, MEAG shall then proceed with the consideration and adoption of such amended Plant Vogtle Additional Units PPA Project Annual Budget, and shall provide copies of such adopted amended Plant Vogtle Additional Units PPA Project Annual Budget to Buyer.

(c) ***Estimates of Annual Budgets.*** In addition to Section 301(a) of this Agreement, by April 1 of the year before each Power Supply Year, MEAG shall prepare and submit to Buyer a reasonable best estimate under the circumstances of its Plant Vogtle Additional Units PPA Project Annual Budget from October 1 of the year before that Power Supply Year to September 30 of the Power Supply Year based on MEAG's current revenue requirements projections.

Within thirty (30) days after receipt of such estimate, Buyer may submit to MEAG any matters or suggestions relating to such best estimate that Buyer may care to present, and MEAG shall give due consideration to said matters or suggestions.

(d) ***Submission of Matters or Suggestions to PPA Project Entity.*** MEAG agrees that any matters or suggestions that Buyer submits to MEAG under this Section 301 that relate to Project Costs (as defined in the PPA Project Entity Power Purchase Agreement) shall be submitted by MEAG to the PPA Project Entity under and in accordance with Section 5.1 of the PPA Project Entity Power Purchase Agreement.

SECTION 302. BILLING STATEMENT. In the last quarter of each year preceding a Power Supply Year, MEAG shall prepare and submit to Buyer a reasonable best estimate under the circumstances of the monthly due dates of Buyer's Billing Statements for the next succeeding Power Supply Year. MEAG shall bill Buyer each month during each Power Supply Year, in advance, but no sooner than the fifteenth (15th) day of the calendar month immediately preceding such month and no later than the twentieth (20th) day of the calendar month immediately preceding such month, by providing Buyer with a Buyer's Billing Statement for such month for Buyer's Obligation Share of Plant Vogtle Additional Units PPA Project Annual Costs as set forth in Section 205 hereof. Such statement shall be paid by Buyer on or before the tenth (10th) day from the date MEAG sends Buyer's Billing Statement to Buyer. Buyer shall perform its payment obligations hereunder by making payments to the Revenue Fund or, if otherwise specified by MEAG in a Buyer's Billing Statement delivered to Buyer hereunder (which Buyer's Billing Statement shall include a statement confirming that such direction to change funds is in compliance with the PPA Project Bond Resolution), to the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund

established pursuant to the PPA Project Bond Resolution, in either such case, into an account held by the Trustee under the PPA Project Bond Resolution as MEAG shall notify Buyer (a) if Buyer shall not be in default in any of its payment obligations hereunder, at least thirty (30) days prior to the due date of any amount due hereunder and (b) if Buyer shall be in default in any of its payment obligations hereunder, at least ten (10) days prior to the due date of any amount due hereunder. Amounts due and not paid by Buyer on or before said day shall bear an additional charge of one and one-half percent (1½%) per month for each month, or fraction thereof, until the amount due is paid in full. At the end of each Power Supply Year, adjustments of billing shall be made in accordance with Section 303 hereof.

SECTION 303. ADJUSTMENT OF BILLING.

(a) ***General.*** At the end of each Power Supply Year, MEAG shall determine if the aggregate amount paid by Buyer under this Agreement to provide recovery of all MEAG's Plant Vogtle Additional Units PPA Project Annual Fixed Costs and Plant Vogtle Additional Units PPA Project Other Annual Costs during such Power Supply Year was in the proper amount. Such determination shall be made by MEAG no later than the time that such determination is made by MEAG pursuant to Section 204(a) of the Plant Vogtle Additional Units Non-PPA Power Sales Contracts. Upon making such determination, any amount found to have been paid by Buyer in excess of the amount that should have been paid by Buyer shall, at the election of Buyer, either be paid to Buyer, or credited on Buyer's Billing Statements to Buyer for the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was determined to have been necessary. Buyer shall be fully compensated for any over recovery by the end of such next succeeding Power Supply Year either as the result of credits, payments or a combination thereof. The amount of any deficiencies shall

be added to Buyer's Billing Statements in equal installments over the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was determined to be necessary.

(b) ***Performance of Year-End Reconciliation.*** The year-end reconciliation described in the foregoing subpart (a) shall be performed in a manner consistent with the provisions of the PPA Project Bond Resolution, including Section 511 thereof. **Exhibit F** hereto sets forth the general principles that MEAG will apply with respect to such year-end reconciliation.

(c) ***Intra-Year Adjustments.*** At its election, MEAG may establish a policy for making monthly, quarterly or semi-annual retroactive adjustments to Buyer's billings to account for variances between the billed amounts and the actual costs incurred during the respective period in order to avoid large cumulative adjustments at the end of the Power Supply Year under Section 303(a) of this Agreement. Such intra-year adjustments are not to be used to avoid a budget amendment when there are material changes affecting the remaining months of the Power Supply Year. MEAG shall consistently apply any such policy throughout the Term; provided, however, that MEAG may amend or revise any such policy no more than once every five (5) Power Supply Years.

SECTION 304. DISPUTED BILLING STATEMENT. In case any portion of any monthly Buyer's Billing Statement received by Buyer from MEAG shall be in bona fide dispute, Buyer shall pay MEAG the full amount of such Billing Statement. Upon determination of the correct amount, the difference between the correct amount and the full amount, if any, shall be credited to Buyer by MEAG after such determination. In the event such Billing Statement is in dispute, MEAG shall exercise due diligence in considering such dispute and will advise Buyer with

regard to MEAG's position relative thereto within thirty (30) days following written notification by Buyer of such dispute.

SECTION 305. RESALE COVENANT. So long as MEAG has tax exempt PPA Bonds or Build America Bonds outstanding, Buyer agrees that it shall not, without the express written consent of MEAG, enter into any contract or agreement pursuant to which a non-exempt person agrees to purchase all or a portion of the Output of the PPA Project Entity's Ownership Interest in a manner that results in private business use within the meaning of the Internal Revenue Code of 1986, as amended, modified or re-enacted (or any successor thereto) (the "Code"). For purposes of the preceding sentence, "non-exempt person" shall mean any entity that is not a state, territory or possession of the United States, the District of Columbia or any political subdivision thereof.

SECTION 306. TAX COVENANT. Buyer hereby covenants and agrees that it shall take no action, nor shall it consent to or approve the taking of any action affecting any right, obligation, or interest under this Agreement, including any action related to the sale of all or a portion of Buyer's Obligation Share of the Output of the PPA Project Entity's Ownership Interest, that would, in the opinion of nationally-recognized tax counsel retained by MEAG, adversely affect (a) the exclusion from gross income for federal income tax purposes of the interest on the PPA Bonds of any Series the interest on which is intended to be so excluded or (b) the eligibility of MEAG to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on any Build America Bonds. In furtherance thereof, Buyer shall provide information reasonably requested by MEAG regarding compliance with the Code, including providing an appropriate certification that Buyer has complied fully with the provisions of this tax covenant. The certification form, which is subject to modification periodically to reflect

further developments in the Federal income tax laws governing the exclusion from Federal gross income of interest on the PPA Bonds and the eligibility of MEAG to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on any Build America Bonds, is attached hereto as **Exhibit J**.

SECTION 307. RATE COVENANT. Buyer hereby covenants and agrees that it shall establish, maintain and collect rates and charges for the electric service of its Electric System so as to provide revenues sufficient, together with available Electric System reserves, to enable Buyer to pay to MEAG all amounts payable under this Agreement and to pay all other amounts payable from and all lawful charges against or liens on the revenues of its Electric System.

SECTION 308. REPORTS; SITE ACCESS.

(a) ***Reports.*** MEAG shall prepare and issue to Buyer the following reports during each Power Supply Year:

(1) Financial and operating statements relating to the Plant Vogtle Additional Units PPA Project on a quarterly basis;

(2) Status of the Plant Vogtle Additional Units PPA Project Annual Budget on a monthly basis commencing as of the date that MEAG first submits a Buyer's Billing Statement to Buyer pursuant to Section 302 hereof;

(3) Status of the construction budget of the Additional Units during construction on the same basis that such reports are received by MEAG or the PPA Project Entity; and

(4) Analysis of operations relating to the Additional Units on a monthly basis commencing as of the date that MEAG first submits a Buyer's Billing Statement to Buyer

pursuant to Section 302 hereof on the same basis that such reports are received by MEAG or the PPA Project Entity.

In addition, within ten (10) days after receipt by the PPA Project Entity of any report furnished by the DOE Collateral Agent to pursuant to Section 2.18(b) or (c) of the DOE Accounts Agreement, MEAG shall provide, or shall cause the PPA Project Entity to provide, to Buyer a copy of such report.

(b) ***Examination of Records.*** Buyer, upon reasonable prior written notice to MEAG, at its sole expense, has the right to have its duly authorized representatives examine during regular business hours any reports, records, or other documents related to the PPA Project issued by the Agent to MEAG or the PPA Project Entity, of a legal, business, financial or commercial nature, including documents relating to dispatching and metering, the Engineering, Procurement and Construction Agreement, the price book, any other information regarding pricing or pricing disputes, information that MEAG or the PPA Project Entity has the right to audit, notices of and requests for changes and resulting change orders, invoices and related supporting documentation, information regarding insurance claims, the monthly status report, updates of the project schedule or payment schedules, and descriptions of the plant, its components, or its systems, and MEAG further agrees that, if requested to do so by Buyer, MEAG will cause the PPA Project Entity to request consent from the contractor with respect to disclosure of any additional information constituting contractor's Confidential Proprietary Information, as that term is defined in the Engineering, Procurement and Construction Agreement.

(c) ***Site Access.*** To the extent it is authorized to do so under the Project Agreements, and upon Buyer's prior written request, MEAG shall periodically cause the PPA Project Entity to permit Buyer and its designated representatives to access the Plant Vogtle site, at Buyer's sole

expense, for the purpose of observing and reporting on plant conditions and activities. Buyer agrees that it shall exercise any such right of access in accordance with any requirements governing such access contained in the Project Agreements or as otherwise directed by the Agent, including complying with all applicable rules and regulations in effect at Plant Vogtle, whether imposed by a Governmental Authority or by the Agent.

SECTION 309. RECORDS AND ACCOUNTS. MEAG shall keep, and shall cause the PPA Project Entity to keep, accurate records and accounts of the facilities comprising the PPA Project Entity's Ownership Interest and of the operations of the PPA Project Entity's Ownership Interest in accordance with the Uniform System of Accounts. Said accounts shall be subject to MEAG's annual audit by a firm of independent certified public accountants experienced in electric utility accounting and of national reputation to be submitted to MEAG within one hundred and fifty (150) days after the close of each Power Supply Year. All transactions of MEAG and the PPA Project Entity relating to the Plant Vogtle Additional Units PPA Project with respect to each Power Supply Year shall be subject to such an audit. A copy of MEAG's annual audit shall be provided to Buyer.

SECTION 310. AUDIT RIGHTS. Buyer, upon sixty (60) days' prior written notice to MEAG, at its sole expense, has the right to have its duly authorized representatives examine the records of MEAG and the PPA Project Entity during regular business hours to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. Buyer shall have one (1) year after the date on which a Buyer's Billing Statement is received to audit that Billing Statement. Audit rights under this Agreement shall be subject to any obligations of confidentiality to third parties imposed on MEAG or the PPA Project Entity. MEAG shall use, and shall cause the PPA Project Entity to use,

commercially reasonable efforts to address or comply with such confidentiality obligations to enable Buyer to exercise its audit rights under this Agreement.

ARTICLE IV

PPA BONDS AND DOE GUARANTEED LOAN

SECTION 401. ISSUANCE OF PPA BONDS AND MAKING OF ADVANCES.

(a) ***General.*** MEAG may sell and issue PPA Bonds, and may cause the PPA Project Entity to draw upon the DOE Guaranteed Loan in accordance with the provisions of the PPA Project Bond Resolution and the DOE Loan Documents, respectively, at any time and from time to time to finance Costs of Acquisition and Construction and Financing Costs, including the issuance of PPA Bonds to pay the costs of (i) any major renewals, replacements, repairs, additions, betterments, or improvements to the Additional Units necessary, in the opinion of MEAG or the PPA Project Entity, to keep the PPA Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, including spent fuel storage facilities, (ii) any major additions, improvements, repairs, or modifications to the Additional Units or any retirements or disposals of the Additional Units required by any Governmental Authority having jurisdiction over the Additional Units or for which MEAG or the PPA Project Entity shall be responsible by virtue of any obligation of MEAG or the PPA Project Entity arising out of any contract to which MEAG or the PPA Project Entity may be a party relating to ownership of the Additional Units or any facility thereof, including the Project Agreements, or (iii) additional Fuel inventory for each facility of the PPA Project Entity's Ownership Interest in any Power Supply Year to the extent that sufficient funds are not available in any reserves established by MEAG or the PPA Project Entity for Fuel Costs; provided, however, that no such

PPA Bonds may be issued or Advance made for the purpose of adding additional generating units to the Plant Vogtle Additional Units PPA Project.

(b) ***Security for PPA Bonds and DOE Guaranteed Loan.*** Any PPA Bonds and the DOE Guaranteed Loan may be secured by assignment of all payments attributable to the Plant Vogtle Additional Units PPA Project or the Plant Vogtle Additional Units PPA Project Annual Costs to be made in accordance with or pursuant to the provisions of this Agreement and the Power Sales Contracts, as such payments may be increased and extended by reason of the issuance of such PPA Bonds or the making of additional Advances, and such PPA Bonds may be issued and such Advances may be made in amounts sufficient to pay the full amount of such costs and sufficient to provide such reserves as may be reasonably determined by MEAG or the PPA Project Entity to be desirable in accordance with the PPA Project Bond Resolution, the Project Agreements and the DOE Loan Documents, as appropriate.

(c) ***Allocation of Principal of PPA Bonds and Advances to Additional Units.*** In the event that the PPA Bonds of any Series are to be issued by MEAG or Advances are to be made by the PPA Project Entity to finance or refinance Costs of Acquisition and Construction and/or Financing Costs of both Additional Units, MEAG shall allocate the principal of the PPA Bonds of such Series and/or the principal of such Advances to each of the Additional Units, in such manner as MEAG shall deem appropriate.

(d) ***Structuring of Debt Service on PPA Bonds and Advances.*** MEAG agrees that, except as provided in subparts (e), (f), (g) and (h) hereof, it shall structure the Debt Service on each Series of PPA Bonds and each Advance in accordance with the following parameters:

(1) The principal of the PPA Bonds of such Series or the principal of such Advance (or, in the event that the PPA Bonds of such Series are to be issued or such

Advance is to be made to finance Costs of Acquisition and Construction and Financing Costs of both Additional Units, the principal of the PPA Bonds of such Series or of such Advance allocated to each Additional Unit) shall be assumed to be amortized in such a manner as will result in level monthly Debt Service with respect to such principal over a period of forty (40) years. The assumed period of forty (40) years during which such amortization shall occur with respect to a particular Series or Advance (or the portion thereof allocated to a particular Additional Unit) shall commence (x) in the case of the PPA Bonds of such Series, not earlier than twelve (12) months nor later than thirty-six (36) months following the estimated Commercial Operation Date of the Additional Unit to which such principal of such PPA Bonds of such Series relates, as estimated by MEAG at the time of the pricing of the PPA Bonds of such Series and (y) in the case of such Advance, on the day of the third (3rd) month preceding the date on which the first quarterly principal installment on such Advance is due that corresponds numerically to the day on which such principal installment is due (or, if there is no such corresponding day in the third (3rd) preceding month, on the last day of the third (3rd) preceding month), with such Debt Service being calculated, for the entire forty (40)-year amortization period, (i) in the event that all of the PPA Bonds of such Series or all of the principal of such Advance allocated to a particular Additional Unit shall bear interest at fixed rates during the entirety of the period beginning on the Assumed Completion Date applicable to such Additional Unit and ending on (a) in the case of the first unit of the Additional Units, December 31, 2038 and (b) in the case of the second unit of the Additional Units, December 31, 2039, at such actual fixed rates of interest, and (ii) in the event that any portion of the PPA Bonds of such Series or any portion of such Advance

allocated to a particular Additional Unit shall not bear interest at fixed rates during the entirety of the period beginning on the Assumed Completion Date applicable to such Additional Unit and ending (a) in the case of the first unit of the Additional Units, December 31, 2038 and (b) in the case of the second unit of the Additional Units, December 31, 2039, (X) in the case of the portion of such PPA Bonds of such Series or the portion of such Advance that bear interest at fixed rates during the entirety of such period, at such actual fixed rates of interest and (Y) in the case of the portion of such PPA Bonds of such Series or any portion of such Advance that do not bear interest at fixed rates during the entirety of such period, at an assumed rate of interest of one percent (1%) per annum.

Notwithstanding anything in this Agreement to the contrary, the aggregate principal amount of Advances that do not bear interest at fixed rates during the entirety of the period beginning on the Assumed Completion Date applicable to such Additional Unit and ending on (a) in the case of the first unit of the Additional Units, December 31, 2038 and (b) in the case of the second unit of the Additional Units, December 31, 2039 made as permitted by this Section 401(d) shall be limited in total to no more than $250,000,000, or such greater amount as shall be agreed to in writing by MEAG and Buyer from time to time.

(2) The amounts and due dates of all installments of principal coming due during the first twenty (20) years of the amortization of the principal of the PPA Bonds of such Series or of the principal of such Advance (or, in the event that the PPA Bonds of such Series are to be issued or such Advance is to be made to finance Costs of Acquisition and Construction and Financing Costs of both Additional Units, of all

installments of principal coming due during the first twenty (20) years of the amortization of the principal of the PPA Bonds of such Series or of the principal of such Advance allocated to each Additional Unit) determined pursuant to the foregoing clause (1) shall be the actual amounts and due dates of the first twenty (20) years of the amortization of the principal of the PPA Bonds of such Series or of the principal of such Advance (or of the principal of the PPA Bonds of such Series or of the principal of such Advance allocated to each Additional Unit as aforesaid).

(3) MEAG and the PPA Project Entity shall have the sole discretion to determine the actual amount(s) and due date(s) of the amount of the principal of the PPA Bonds of such Series or the principal of such Advance (or, in the event that the PPA Bonds of such Series are to be issued or such Advance is to be made to finance or refinance Costs of Acquisition and Construction and Financing Costs of both Additional Units, of the amount of the principal of the PPA Bonds of such Series or the principal of such Advance allocated to each Additional Unit) remaining after the establishment of the principal installments provided for in the foregoing clause (2). Without limiting the generality of the foregoing, MEAG and the PPA Project Entity shall have the sole discretion to cause such remaining amount(s) of principal to be due (X) on the same dates and in the same amounts as shall be determined pursuant to the foregoing clause (1), or (Y) on such other date(s) and in such other amount(s) as MEAG (or the PPA Project Entity, at the direction of MEAG) shall determine.

(e) ***PPA Bonds to Finance Capital Improvements.*** PPA Bonds issued after the Commercial Operation Date of a particular Additional Unit to finance Costs of Acquisition and Construction and Financing Costs of (i) any major renewals, replacements, repairs, additions,

betterments, or improvements to such unit necessary, in the opinion of MEAG, to keep the PPA Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, including spent fuel storage facilities or (ii) any major additions, improvements, repairs, or modifications to such unit required by any Governmental Authority having jurisdiction over the Additional Units or for which MEAG (or the PPA Project Entity) shall be responsible by virtue of any obligation of MEAG (or the PPA Project Entity) arising out of any contract to which MEAG (or the PPA Project Entity) may be a party relating to ownership of the Additional Units or any facility thereof, including the Project Agreements (such items described in the foregoing clauses (i) and (ii) being referred to herein as "capital improvements") shall not be subject to the debt service structure described in Section 401(d) hereof, but MEAG agrees that it shall structure the Debt Service on each such Series of PPA Bonds in accordance with the following parameters:

(1) The principal of the PPA Bonds of such Series (or, in the event that the PPA Bonds of such Series are to be issued to finance Costs of Acquisition and Construction and Financing Costs of capital improvements to both Additional Units, the principal of the PPA Bonds of such Series allocated to each Additional Unit) shall be allocated to each such capital improvement item (or group of capital improvement items having comparable estimated useful lives) and such principal shall be assumed to be amortized in such a manner as will result in level monthly Debt Service with respect to such principal over the assumed period described in the following sentence. The assumed period during which such amortization shall occur shall commence on January 1 of the second calendar year following the year in which the in-service date of the capital improvements (or group of capital improvements) is estimated to occur and shall end on

the earlier of (X) the expiration of the term of the applicable Additional Unit's combined construction and operating license, or (Y) the end of the estimated economic useful life of the capital improvement item (or group of capital improvement items), as estimated at the time of the pricing of the PPA Bonds of such Series, with such Debt Service being calculated (i) in the event that all of the PPA Bonds of such Series shall bear interest at fixed rates for the entire term thereof, at the actual fixed rates of interest thereon, and (ii) in the event that any portion of the PPA Bonds of such Series shall not bear interest at fixed rates for the entire term thereof, (X) in the case of the PPA Bonds of such Series that bear interest at fixed rates for the entire term thereof, at the actual fixed rates of interest thereon and (Y) in the case of the PPA Bonds of such Series that do not bear interest at fixed rates for the entire term thereof, at an assumed rate of interest of one percent (1%) per annum.

(2) The amounts and due dates of each installment of the principal of the PPA Bonds of such Series (or, in the event that the PPA Bonds of such Series are to be issued to finance Costs of Acquisition and Construction and Financing Costs of capital improvements for both Additional Units, of each installment of the principal of the PPA Bonds of such Series allocated to each Additional Unit) coming due on or before January 1 of the calendar year following the last day on which Buyer is entitled to its Obligation Share of the Output of the applicable Additional Unit pursuant to the terms of this Agreement determined pursuant to the foregoing clause (1) shall be the actual amounts and due dates of each such installment of the principal of the PPA Bonds of such Series (or of the principal of the PPA Bonds of such Series allocated to each Additional Unit as aforesaid).

(3) MEAG shall have the sole discretion to determine the actual amount(s) and due date(s) of the amount of the principal of the PPA Bonds of such Series (or, in the event that the PPA Bonds of such Series are to be issued to finance or refinance Costs of Acquisition and Construction and Financing Costs of capital improvements for both Additional Units, of the amount of the principal of the PPA Bonds of such Series allocated to each Additional Unit) remaining after the establishment of the principal installments provided for in the foregoing clause (2). Without limiting the generality of the foregoing, MEAG shall have the sole discretion to cause such remaining amount(s) of principal to be due (X) on the same dates and in the same amounts as shall be determined pursuant to the foregoing clause (1), or (Y) on such other date(s) and in such other amount(s) as MEAG shall determine.

(f) ***Refunding PPA Bonds.*** Refunding PPA Bonds issued in accordance with the provisions of Section 402 hereof to refund PPA Bonds or to provide funds for contribution to the PPA Project Entity to repay Advances shall not be subject to the debt service structure described in subpart (d) hereof, but the Debt Service on each such Series of refunding PPA Bonds shall be structured in a manner consistent with the principles governing the issuance of PPA Bonds and the making of Advances hereunder, so as to equitably apportion the savings or dissavings, as applicable, resulting from the issuance of such refunding PPA Bonds both during the Term of this Agreement and during the period that the Additional Units PPA Participants are obligated to pay Debt Service on such refunding PPA Bonds under the Plant Vogtle Additional Units PPA Power Sales Contracts. In particular, no refunding PPA Bonds shall be issued unless one of the following requirements is satisfied:

(1) in the case of refunding PPA Bonds allocable to a particular Additional Unit that bear interest at fixed rates for the entire term thereof that are to be issued to refund PPA Bonds or prepay a portion of the principal of the DOE Guaranteed Loan that do not bear interest at fixed rates during the entirety of the period beginning on the Assumed Completion Date applicable to such Additional Unit and ending on (a) in the case of the first unit of the Additional Units, December 31, 2038 and (b) in the case of the first unit of the Additional Units, December 31, 2039, the Debt Service on the refunding PPA Bonds is structured so as to result in level monthly Debt Service over the period from and including the month following the month in which the refunding PPA Bonds are issued to and including the month in which Buyer's obligation to pay the principal component of Debt Service on the refunded PPA Bonds or the prepaid portion of the principal of the DOE Guaranteed Loan, as applicable, would have ended, had the refunded PPA Bonds or the prepaid portion of the principal of the DOE Guaranteed Loan, as applicable, not been so refunded or prepaid, determined in the manner provided in Section 204(d) hereof; or

(2) in the case of refunding PPA Bonds to be issued to achieve Debt Service savings on PPA Bonds or the DOE Guaranteed Loan, the issuance of such refunding PPA Bonds shall result in (x) no cash flow dissavings in any year during the period from and including the year in which the refunding PPA Bonds are issued to and including the year preceding the final maturity date of the refunded PPA Bonds or the prepaid portion of the principal of the DOE Guaranteed Loan, as applicable, and (y) the weighted average life of the refunding PPA Bonds shall not exceed the remaining weighted average life of the refunded PPA Bonds or the prepaid portion of the principal of the DOE Guaranteed

Loan, as applicable, calculating such remaining weighted average life of the refunded PPA Bonds or the prepaid portion of the principal of the DOE Guaranteed Loan, as applicable, immediately prior to the issuance of the refunding PPA Bonds; or

(3) in the case of refunding PPA Bonds to be issued to extend the maturity of (X) any PPA Bonds any principal installment for which constitutes a Refundable Principal Installment (as defined in the PPA Project Bond Resolution) or (Y) any "bullet" maturity of any Advance that bears interest at a fixed rate for the entire term thereof and that was made to finance cost overruns (which, for purposes of this Section 401(f)(3), shall be either (i) costs in excess of the then current construction budget for the Additional Units as in effect as of the date of execution of the DOE Loan Guarantee Agreement or (ii) costs resulting from a delay in the actual Commercial Operation Date of either or both Additional Units) from the Assumed Completion Date thereof, the final maturity date of the refunding PPA Bonds shall be not later than the latest date on which the principal of the refunded PPA Bonds or repaid Advance, as the case may be, was permitted to mature in accordance with its forty (40)-year amortization period determined under subpart (d)(1) hereof, and the Debt Service on the refunding PPA Bonds shall be structured so as to result in level monthly Debt Service over the period from and including the month in which the maturity date of the refunded PPA Bonds or repaid Advance, as the case may be, was to occur to and including the month preceding the final maturity date of the refunding PPA Bonds, determined in the same manner provided in subpart (d)(1) hereof.

Notwithstanding the requirements of this section, the Parties agree that there may be opportunities to issue refunding PPA Bonds using a different Debt Service structure in order to

refund PPA Bonds or prepay or repay Advances that would be to the mutual benefit of the Parties, and the Parties agree to consider such opportunities in good faith and in a timely manner in order to be able to implement such opportunities to the extent that both Parties, in their respective sole discretion, mutually agree to do so.

(g) ***PPA Bonds and Advances to Fund Non-amortized Reserve Funds.*** PPA Bonds issued and Advances made to fund Non-amortized Reserve Funds shall not be subject to the debt service structure described in subpart (d) hereof; provided, however, that MEAG shall structure any PPA Bonds issued or Advances made to fund Non-amortized Reserve Funds in a manner whereby (i) any payments of the principal components of such PPA Bonds or of such Advances shall occur after the Term of this Agreement, and (ii) Buyer shall not be required to pay its Obligation Share of the principal components of such PPA Bonds or of such Advances. For purposes of this subpart (g), (I) PPA Bonds issued to fund Non-amortized Reserve Funds may constitute all or any portion of any Series of PPA Bonds (or of any maturity or maturities within a Series), as determined by an Authorized Officer of the Authority (as defined in the PPA Project Bond Resolution) on or prior to the date of issuance thereof and (II) any Advance made to fund Non-amortized Reserve Funds may constitute all or any portion of a particular Advance, as determined by the PPA Project Entity at the direction of an Authorized Officer of the Authority on or prior to the date of the making of such Advance.

(h) ***Exceptions to Level Debt Service Requirement for Combined Borrowings.*** It is understood and agreed by the Parties that (I) the DOE Loan Documents provide that, in connection with the making of any Advance, the PPA Project Entity is required to deliver to FFB the total principal amount (and, in certain cases, the proposed amortization of principal) with respect to each Advance prior to the date on which the interest rate on such Advance is set and,

as a result, it may not be possible to structure exactly level monthly Debt Service with respect to a combination of two (or more) Advances, (including a 30-year fully-amortizing fixed rate Advance combined with a 30-year fixed rate Advance the principal of which is payable at the final maturity date of the DOE Guaranteed Loan) and (II) if MEAG intends to cause the PPA Project Entity to make one or more Advances, in connection therewith, MEAG may determine that it is advantageous for MEAG, Buyer and the Additional Units PPA Participants that the principal of such Advance(s) that otherwise would have been payable at the final maturity date of the DOE Guaranteed Loan instead be financed through the issuance of PPA Bonds of one or more Series the principal of which will be payable after the final maturity date of the DOE Guaranteed Loan.

In the case of either (I) or (II) set forth in the paragraph above (either or both together a "Combined Borrowing"), the Parties agree that MEAG may structure the Debt Service on such Advance(s) or on the PPA Bonds of such Series, whichever shall be the first to be made or issued, as applicable, in such manner as it shall determine in its sole discretion (the first such Advance(s) to be made or the first such PPA Bonds of such Series to be issued, as the case may be, is referred to in this subpart (h) as a "Non-Level Borrowing"), but in no event shall the final maturity date of the PPA Bonds of any such Series be later than forty-one (41) years after the estimated Commercial Operation Date of the second Additional Unit, as estimated by MEAG at the time of the pricing of the PPA Bonds of such Series. In the case of either (I) or (II) set forth in the paragraph above, MEAG shall use its best efforts to cause the aggregate Debt Service on the PPA Bonds of such Series or such Advance(s), whichever shall be the next to be issued or made (or designated by an Authorized Officer of the Authority (as defined in the PPA Project Bond Resolution) as the next to be issued or made if such PPA Bonds or such Advance(s) are

made concurrently with the Non-Level Borrowing), as applicable, together with the Debt Service on such Non-Level Borrowing, to satisfy the requirements of the parameters set forth in clause (1) of subpart (d) of this Section 401 (the next PPA Bonds of such Series to be issued or the next such Advance(s) to be made, as the case may be, is referred to in this subpart (i) as a "Levelizing Borrowing" and such Levelizing Borrowing, together with the related Non-Level Borrowing, is referred to in this subpart (h) as a "Combined Borrowing"); provided, however, that if, following the making or issuance, as applicable, of such Non-Level Borrowing, MEAG is unable, for any reason whatsoever, to satisfy the requirements of such parameters as aforesaid, then the Parties agree that, at the end of the Term of this Agreement, one Party shall make to the other Party such payment, determined as provided in the following paragraph, as will compensate the other Party for MEAG's inability to create levelized Debt Service on such Combined Borrowing as set forth in Section 401(d).

If, as permitted by the first paragraph of this subpart (h), MEAG shall cause to be made and issued a Combined Borrowing and, despite MEAG's best efforts, the aggregate Debt Service on such Combined Borrowing fails to satisfy the requirements of clause (1) of subpart (d) of this Section 401, then, unless the Parties agree that no such adjustment shall be necessary, MEAG shall determine, in accordance with the procedure below, whether such Combined Borrowing, has resulted in Buyer being obligated to pay aggregate Debt Service on such Combined Borrowing with respect to each Additional Unit during the Term of this Agreement that is greater or less than the aggregate Debt Service that Buyer would have been obligated to pay with respect to such Additional Unit had such Combined Borrowing, been structured on a level debt service basis on the date that the related Levelizing Borrowing was made or issued (each, an "Assumed Level Debt Service Borrowing"), using an interest rate per annum equal to the actual

yields to maturity for each separately stated maturity of the PPA Bonds and the Advance(s) constituting such Combined Borrowing, it being understood and agreed by the Parties that each installment of principal constituting a portion of a single stated maturity shall have and be deemed to have the same yield to maturity as is applicable to such stated maturity. Attached hereto as **Exhibit L** is an example of the true-up payment calculations described in this subpart. In the event that MEAG shall determine that Buyer is obligated to pay a greater amount of aggregate Debt Service on the Combined Borrowing with respect to a particular Additional Unit than it would have been obligated to pay during the Term of this Agreement on the applicable Assumed Level Debt Service Borrowing with respect to such Additional Unit, then, at the end of the Term of this Agreement, MEAG shall pay to Buyer the sum of the amounts, determined on an annual basis, equal to the difference between (X) the amount of the Debt Service on such Combined Borrowing that Buyer actually paid during each year during the Term of this Agreement with respect to such Additional Unit and (Y) the amount of the Debt Service on such Assumed Level Debt Service Borrowing that Buyer would have paid during such year with respect to such Additional Unit had such Combined Borrowing been structured on a level debt service basis, future valued to the date on which the Term of this Agreement shall end, using an interest rate per annum equal to the actual par weighted average yield to maturity of the PPA Bonds and/or the Advance(s) constituting such Combined Borrowing (the "Weighted Average Yield"). In the event that MEAG shall determine that Buyer is obligated to pay a lesser amount of aggregate Debt Service on the Combined Borrowing with respect to a particular Additional Unit than it would have been obligated to pay during the Term of this Agreement on the applicable Assumed Level Debt Service Borrowing with respect to such Additional Unit, then, at the end of the Term of this Agreement, Buyer shall pay to MEAG the sum of the amounts,

determined on an annual basis, equal to the difference between (X) the amount of the Debt Service on such applicable Assumed Level Debt Service Borrowing that Buyer would have paid during each year during the Term of this Agreement with respect to such Additional Unit had such Combined Borrowing been structured on a level debt service basis and (Y) the amount of the Debt Service on such Combined Borrowing that Buyer actually paid during such year with respect to such Additional Unit, in each such case, future valued to the date on which the Term of this Agreement shall end, using an interest rate per annum equal to the Weighted Average Yield.

(i) ***Procedure for Resolving Disputes.*** In the event that Buyer shall in good faith dispute any of the determinations made by MEAG as provided in subpart (h) of this Section 401, MEAG shall engage, in accordance with the procedure below, an individual employed by a nationally-recognized independent financial advisory firm experienced in the structuring and issuance of debt securities by political subdivisions (hereinafter referred to in this subpart (i) as a "Financial Advisor") who shall confirm whether or not such determination(s) have been made in accordance with the provisions of subpart (h). In the event that such Financial Advisor shall determine that any such determination made by MEAG as provided in subpart (h) was not made in accordance with the provisions of such subpart, then, at the end of the Term of this Agreement, one Party shall pay to the other Party such amount as such Financial Advisor shall calculate in accordance with the provisions of this subpart (i).

Such Financial Advisor shall be selected as follows: If, at the time of such selection, MEAG and Buyer both have on retainer the same Financial Advisor, then such Financial Advisor shall be engaged by MEAG to make the determination(s) provided for in this subpart (i). If, however, at such time, MEAG and Buyer do not both retain the same Financial Advisor, then

each Party shall submit to the other a list containing the names of five qualified Financial Advisors, and the first Financial Advisor appearing on Buyer's list that also appears on MEAG's list shall be engaged by MEAG to make the determination(s) provided for in this subpart (i). If no Financial Advisor appears on both Parties' lists, then the Financial Advisor shall be selected in a blind drawing wherein the names of each of the proposed candidates appearing on the two lists are placed into a container held by MEAG's Chief Executive Officer and one name is drawn from the container by Buyer's Chief Executive Officer.

SECTION 402. ISSUANCE OF REFUNDING PPA BONDS. In the event it shall be advantageous, in the opinion of MEAG, to refund any PPA Bonds or prepay any portion of the principal of the DOE Guaranteed Loan, MEAG may issue and sell refunding PPA Bonds which may be secured by assignment of all payments attributable to the Plant Vogtle Additional Units PPA Project or the Plant Vogtle Additional Units PPA Project Annual Costs to be made in accordance with or pursuant to the provisions of this Agreement and the Power Sales Contracts.

SECTION 403. ISSUANCE OF PPA BANs AND PPA TAKE-OUT BONDS.

(a) ***Issuance of PPA BANs.*** In the event that MEAG, in its sole judgment, shall determine that it is advantageous for MEAG, Buyer and the Additional Units PPA Participants that any Series of PPA Bonds to be issued to finance or refinance the payment of a portion of the Costs of Acquisition and Construction and Financing Costs be issued in the form of PPA BANs, MEAG shall be authorized to issue such PPA BANs on such terms and conditions as MEAG, in its sole judgment, shall determine; provided, however, that in the case of any PPA BANs to be issued prior to the Commercial Operation Date of a particular Additional Unit MEAG shall fund, from the proceeds of such PPA BANs, all interest to accrue thereon through the maturity date thereof.

(b) ***Security for PPA BANs.*** In addition to any assignment of all payments attributable to the Plant Vogtle Additional Units PPA Project or the Plant Vogtle Additional Units PPA Project Annual Costs to be made in accordance with or pursuant to the provisions of this Agreement and the Power Sales Contracts, as such payments may be increased and extended by reason of the issuance of any PPA BANs, as permitted by Section 401(b) hereof, such PPA BANs may be secured by an assignment of proceeds of other PPA Bonds (including PPA Take-Out Bonds) to be issued to refund such PPA BANs.

(c) ***Issuance of PPA Take-Out Bonds.*** In the event that MEAG shall issue PPA BANs as provided in paragraph (a) of this Section but shall not borrow (whether through the issuance of PPA Bonds satisfying the structuring requirements of Section 401(d) hereof or otherwise), on or before the maturity date of such PPA BANs, funds in an amount sufficient to pay such PPA BANs on the maturity date thereof, MEAG shall be authorized to issue PPA Take-Out Bonds in an aggregate principal amount not to exceed the sum of (i) the principal amount of such PPA BANs and (ii) MEAG's costs and expenses in connection with the issuance of the PPA Take-Out Bonds, on such terms and conditions as MEAG, in its sole judgment, shall determine; provided, however, that the PPA Take-Out Bonds shall be payable as to principal in ten (10) equal semi-annual installments, commencing on the first business day of the sixth month following the date of issuance thereof and on the first business day of each sixth month thereafter.

(d) ***Limitation on Amount of PPA BANs and PPA Take-Out Bonds.*** Notwithstanding anything herein to the contrary, the total aggregate principal amount of PPA BANs and PPA Take-Out Bonds to be outstanding at any time, together with the aggregate principal amount of the PPA Bonds described in the second paragraph of Section 204(b) hereof

outstanding at such time, shall not exceed $75,000,000, or such greater amount as shall be agreed to in writing by MEAG and Buyer from time to time, but no such PPA BANs or PPA Take-Out Bonds shall be used to finance Fuel Costs applicable to either of the Additional Units prior to the Commercial Operation Date thereof.

SECTION 404. ADJUSTMENT OF THE PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT COSTS.

(a) ***Excess PPA Bond Proceeds.*** In the event the proceeds derived from the sale of any PPA Bonds (including by reimbursement from the PPA Project Entity to MEAG of proceeds of PPA Bonds previously issued and applied for Costs of Acquisition and Construction and Financing Costs) exceed the aggregate amount required for the purposes for which such PPA Bonds were issued, the amount of such excess attributable to the issuance of the PPA Bonds shall be timely used during the Term of this Agreement to make up any deficiency then existing in any fund or account under the PPA Project Bond Resolution in the manner therein provided, and any balance shall be timely used during the Term of this Agreement (a) to retire by purchase, redemption or defeasance PPA Bonds in advance of maturity or (b) to retire by prepayment Advances in advance of maturity, in each such case, in a manner consistent with the principles governing the issuance of PPA Bonds and the making of Advances hereunder, so as to equitably apportion the Debt Service savings resulting from the retirement of such PPA Bonds or Advances both during the Term of this Agreement and during the period that the Additional Units PPA Participants are obligated to pay Debt Service on the PPA Bonds and the DOE Guaranteed Loan under the Plant Vogtle Additional Units PPA Power Sales Contracts and, in such event, MEAG will reduce such elements of the Plant Vogtle Additional Units PPA Project

Annual Costs as are necessary and appropriate to reflect such accelerated retirement or prepayment or redemption.

(b) ***Amounts Required to be Applied to Prepayment of DOE Guaranteed Loan.*** In addition, Buyer acknowledges and agrees that certain amounts held under the DOE Accounts Agreement may be applied only to the prepayment of the DOE Guaranteed Loan (hereinafter referred to in this Section 404(b) as a "DOE debt retirement"), and that, as a result of such application, it may not be possible to maintain level Debt Service over the Term of this Agreement and the term of the Plant Vogtle Additional Units PPA Power Sales Contracts. In any such circumstance, MEAG agrees that it shall use its best efforts to maintain level Debt Service as aforesaid, but if, despite its best efforts, it is unable to do so, it will use its best efforts to equitably apportion the Debt Service savings resulting from the DOE debt retirement both during the Term of this Agreement and during the period that the Additional Units PPA Participants are obligated to pay Debt Service on the PPA Bonds and the DOE Guaranteed Loan under the Plant Vogtle Additional Units PPA Power Sales Contracts and, in such event, MEAG will reduce such elements of the Plant Vogtle Additional Units PPA Project Annual Costs as are necessary and appropriate to reflect such DOE debt retirement.

MEAG agrees that if, at the end of the Term of this Agreement, any amounts that are intended for the prepayment of the DOE Guaranteed Loan but were not applied to prepayment and remain on deposit in any such account under the DOE Accounts Agreement, MEAG shall pay (from a source other than a DOE Accounts Agreement account) Buyer an amount with respect to each Additional Unit equal to the principal amount of Advances that matured during the Term of this Agreement that would have been prepaid if such amounts had been applied to DOE debt retirement on the respective dates that such amounts were received by the PPA Project

Entity, on a level debt service basis, using an assumed interest rate per annum of four percent (4%), but without interest thereon. Attached hereto as **Exhibit M** is an example of the calculation of the payment described in this paragraph.

If, as a result of any DOE debt retirement as provided in the second preceding paragraph, MEAG shall be unable to maintain level Debt Service both during the Term of this Agreement and during the period that the Additional Units PPA Participants are obligated to pay Debt Service on the PPA Bonds and the DOE Guaranteed Loan under the Plant Vogtle Additional Units PPA Power Sales Contracts, or to equitably apportion the Debt Service savings resulting from such DOE debt retirement, in either case, despite MEAG's best efforts, unless the Parties agree that no such adjustment shall be necessary, MEAG shall determine, in accordance with the following procedures, whether the amount of Debt Service paid by Buyer with respect to each Additional Unit after giving effect to such DOE debt retirement is greater or less than the amount of Debt Service that Buyer would have paid with respect to such Additional Unit had such DOE debt retirement been structured on a level debt service basis (each, an "Assumed Level Debt Service Debt Retirement"), using an interest rate per annum equal to (i) if the amounts applied to such DOE debt retirement were derived, directly or indirectly, from assets of the Additional Units that were acquired or constructed as part of the original construction of the Additional Units, four percent (4%) (attached hereto as **Exhibit N** are examples of these true-up payment calculations, as further described in subparagraph (1) below) and (ii) if the amounts applied to such DOE debt retirement were derived, directly or indirectly, from assets of the Additional Units that were acquired or constructed subsequent to the Commercial Operation Date of the applicable Additional Unit(s), the weighted average yield to maturity of the applicable Advance(s) made or PPA Bonds issued to finance the acquisition and construction of such assets

(attached hereto as **Exhibit O** are examples of these true-up payment calculations, as further described in subparagraph (2) below):

(1) If the amounts applied to such DOE debt retirement were derived, directly or indirectly, from assets of the Additional Units that were acquired or constructed as part of the original construction of the Additional Units, at the end of the Term of this Agreement, MEAG shall calculate the sum of the amounts, determined on an annual basis, commencing with the year in which the amounts were received, equal to the difference between (X) the amount of Debt Service that Buyer actually paid during each year during the Term of this Agreement with respect to each Additional Unit after giving effect to such DOE debt retirement and (Y) the amount of Debt Service that Buyer would have paid during such year with respect to such Additional Unit, taking into account such applicable Assumed Level Debt Service Debt Retirement, in each such case, future valued to the date on which the Term of this Agreement shall end, using an interest rate per annum of four percent (4%).

(2) If the amounts applied to such DOE debt retirement were derived, directly or indirectly, from assets of the Additional Units that were acquired or constructed subsequent to the Commercial Operation Date of the applicable Additional Unit(s), at the end of the Term of this Agreement, MEAG shall calculate the sum of the amounts, determined on an annual basis, commencing with the year in which the amounts were received, equal to the difference between (X) the amount of Debt Service that Buyer actually paid during each year during the Term of this Agreement with respect to each Additional Unit after giving effect to such DOE debt retirement and (Y) the amount of Debt Service that Buyer would have paid during such year with respect to such

Additional Unit, taking into account such applicable Assumed Level Debt Service Debt Retirement, in each such case, future valued from the date(s) on which the applicable Advance(s) were made or PPA Bonds issued to finance the acquisition and construction of such assets, using an assumed interest rate per annum equal to the actual weighted average yield to maturity of such applicable Advance(s) and/or PPA Bonds.

(3) In the case of any determination pursuant to either (1) or (2) above, MEAG shall calculate (X) the aggregate amount of Debt Service that Buyer actually paid during each year during the Term of this Agreement with respect to each Additional Unit after giving effect to such DOE debt retirement, future valued as aforesaid, and (Y) the aggregate amount of Debt Service that Buyer would have paid during each year during the Term of this Agreement with respect to such Additional Unit, taking into account such applicable Assumed Level Debt Service Debt Retirement, future valued as aforesaid, and, at the end of the Term of this Agreement, (i) if the amount determined pursuant to (X) above shall be greater than the amount determined pursuant to (Y) above, MEAG shall pay Buyer the amount of the difference between (X) and (Y), without interest thereon and (ii) if the amount determined pursuant to (X) above shall be less than the amount determined pursuant to (Y) above, Buyer shall pay MEAG the amount of the difference between (X) and (Y), without interest thereon.

In the event that Buyer shall in good faith dispute any of the determinations or calculations made by MEAG as provided in this Section 404(b), MEAG shall engage, in accordance with the procedure set forth in Section 401(i), a Financial Advisor who shall confirm whether or not such determination(s) and/or calculation(s) have been made in accordance with the provisions of this Section 404(b). In the event that such Financial Advisor shall determine

that any such determination(s) and/or calculation(s) made by MEAG as provided in this Section 404(b) was not made in accordance with the provisions of this Section 404(b), then, at the end of the Term of this Agreement, one Party shall pay to the other Party such amount as such Financial Advisor shall calculate in accordance with the provisions of this Section 404(b).

(c) ***Notice of Application of Amounts to Retirement of PPA Bonds or Prepayment of DOE Guaranteed Loan.*** MEAG agrees that it (i) will provide advance notice to Buyer of its intent to apply any such excess proceeds and/or amounts held under the DOE Accounts Agreement to the retirement by purchase, redemption or defeasance of any PPA Bonds in advance of maturity or the retirement by prepayment of any Advances in advance of maturity as aforesaid, which notice shall identify the PPA Bonds or Advances to be so retired (or the method by which such PPA Bonds or Advances shall be selected) and the method of such retirement; (ii) will provide Buyer the opportunity to comment with respect to such matters prior to their implementation; (iii) shall take into consideration any comments and proposed changes with respect to such matters submitted by Buyer; and (iv) shall provide Buyer with a written response explaining MEAG's rationale for its disposition of Buyer's comments and proposed changes; provided, however, that MEAG shall have sole discretion to determine whether to incorporate any such comments or proposed changes with respect to such matters.

ARTICLE V

EVENTS OF DEFAULT;

REMEDIES; INDEMNIFICATION

SECTION 501. EVENTS OF BUYER'S DEFAULT; CONTINUING OBLIGATION; REMEDIES.

(a) ***Non-Payment Default.*** Buyer's failure to make to MEAG any of the payments for which provision is made in this Agreement shall constitute a default on the part of Buyer. MEAG shall provide written notice to Buyer prior to invoking the remedies provided for hereunder. In the event of a non-payment default by Buyer, Buyer shall not be relieved of its liability for payment of any amounts required to be made under this Agreement, and MEAG further shall have the right and obligation to exercise its best efforts to recover from Buyer any amount in default. In enforcement of any right of recovery, MEAG may bring against Buyer any suit, action, or proceeding in law or in equity, including mandamus, injunction, and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement, or obligation to make payment for which provision is made in this Agreement, and MEAG may, upon sixty (60) days' written notice to Buyer, cease and discontinue providing service under this Agreement. If the default continues for a period in excess of 180 days, MEAG may, at its discretion, permanently discontinue service to Buyer. In the event MEAG permanently discontinues service to Buyer in accordance with this Section 501(a), MEAG agrees to apply the net proceeds from any sale, lease or other arrangement to a third party of all or a portion of the Output of the PPA Project Entity's Ownership Interest to which Buyer was previously entitled under this Agreement to mitigate Buyer's payment obligations under Article II of this Agreement in the manner permitted by the PPA Project Bond Resolution and the DOE Loan Documents.

(b) ***Other Defaults.*** Buyer's failure to comply with any other covenant, agreement, representation, warranty or obligation of this Agreement shall also constitute a default on the part of Buyer. In the event of a default by Buyer other than a default in making a payment when due under this Agreement, MEAG may bring any suit, action, or proceeding in law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or

appropriate to enforce any covenant, agreement or obligation of this Agreement against Buyer but MEAG may not discontinue service as a result of a default by Buyer other than a non-payment default.

SECTION 502. DEFAULT BY MEAG. MEAG's failure to comply with any covenant, agreement, representation, warranty or obligation of this Agreement or the PPA Project Entity Power Purchase Agreement shall constitute a default on the part of MEAG. In the event of a default by MEAG, Buyer may bring any suit, action, or proceeding in law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement, or obligation of this Agreement or the PPA Project Entity Power Purchase Agreement against MEAG; provided, however, that nothing in this Agreement shall be construed to permit Buyer to terminate, rescind, void, or otherwise abandon all or any portion of its obligations to MEAG under this Agreement as the result of a default by MEAG. As to Buyer's remedy of specific performance hereunder, MEAG hereby acknowledges that the damages recoverable at law in the event of a default by MEAG will be difficult to ascertain and will not adequately compensate Buyer, and, therefore, specific performance is an appropriate remedy to enforce any covenant, agreement, or obligation of this Agreement or the PPA Project Entity Power Purchase Agreement against MEAG in the event of a default hereunder.

SECTION 503. ABANDONMENT OF REMEDY. In case any proceeding taken on account of any default shall have been discontinued or abandoned for any reason, the Parties to such proceeding shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of MEAG and Buyer shall continue as though no such proceedings had been taken. Any such abandonment shall not be deemed a waiver of any other or further default hereunder.

SECTION 504. LIMITATION ON DAMAGES; MITIGATION.

(a) ***General.*** The Parties confirm that the express remedies and measures of damages provided in this Agreement satisfy the essential purposes hereof for breach of any provision of this Agreement for which an express remedy or measure of damages is herein provided.

(b) ***Remedies Exclusive.*** For breach of any provision for which an express and exclusive remedy or measure of damages is provided, the Parties agree that such express remedy or measure of damages shall be the sole and exclusive remedy, the obligor's liability shall be limited as set forth in such provision, and all other remedies or damages at law or in equity are waived.

(c) ***Limitation to Actual Damages.*** If no remedy or measure of damages is expressly herein provided, the obligor's liability shall be limited to direct actual damages only.

(d) ***Limitations on Damages.*** Neither Party shall be liable to the other Party for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages by statute, in tort, in contract, at law or in equity, or otherwise; provided, that if either Party is held liable to a third party for such damages and the Party held liable for such damages is found to be entitled to indemnification therefor from the other Party hereto, the indemnifying Party shall be liable for, and obligated to reimburse the indemnified Party for, such damages. This Section 504 shall (i) apply to the fullest extent allowed by law irrespective of whether liability of MEAG or Buyer is claimed, or found to be based in contract (including breach of warranty or contract), tort (including negligence or negligent misrepresentation of MEAG, Buyer, or others), strict liability, law or equity, or otherwise, and (ii) survive the completion of the services or the termination of this Agreement.

(e) ***Validity of Limitations on Damages.*** All limitations on damages contained in this Agreement shall apply even if the remedies provided in this agreement are deemed to "fail of their essential purpose" or are otherwise held to be invalid or unenforceable.

(f) ***Duty to Mitigate Damages.*** Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance of this Agreement; provided, that in no event shall the mitigating Party owe any payment to the non-performing Party in connection with such mitigation.

SECTION 505. INDEMNIFICATION. MEAG and Buyer shall assume full responsibility and liability for the maintenance and operation of their respective properties and each shall indemnify and save harmless the other from all liability and expense on account of any and all damages, claims, or actions, including injury to or death of persons arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying Party and not caused in whole or in part by the negligence of the other Party; provided that any liability which is incurred by MEAG through the operation and maintenance of the Plant Vogtle Additional Units PPA Project and not covered, or not covered sufficiently, by insurance shall be paid solely from the revenues of MEAG, and any payments made by MEAG to satisfy such liability shall become part of the Plant Vogtle Additional Units PPA Project Annual Costs.

ARTICLE VI

DELIVERY OF OUTPUT; SERVICE;

DOE GUARANTEED LOAN ARRANGEMENTS

SECTION 601. AUTHORITY AND RESPONSIBILITY. Buyer acknowledges that the Agent has the sole authority and responsibility for the planning, licensing, design, construction, acquisition, completion, start up, commissioning, renewal, addition, replacement, modification and decommissioning of each of the Additional Units as well as sole responsibility for the management, control, operation and maintenance of the Additional Units. Buyer further acknowledges that the Agent shall have sole authority for the scheduling of the operation and dispatching of the output of each of the Additional Units. In the event the Agent fails to comply with its obligations, MEAG shall cause the PPA Project Entity to pursue with reasonable diligence any valid claims against the Agent subject to any limitations in the Project Agreements. Buyer acknowledges that, in the event the Agent fails to comply with its obligations, the sole and exclusive remedy of the co-owners (including the PPA Project Entity) under the Project Agreements is to remove the Agent. Neither MEAG nor the PPA Project Entity assumes any responsibility for those matters that fall within the authority and responsibility of the Agent, nor shall MEAG or the PPA Project Entity be liable to Buyer in any way for such matters. Buyer further agrees that any failure by the Agent to comply with its obligations or otherwise perform, in whole or in part, shall not excuse Buyer's performance under this Agreement.

SECTION 602. REPLACEMENT OR SUCCESSOR AGENT. MEAG shall notify Buyer as soon as practicable in the event the co-owners of Plant Vogtle consider appointing a replacement or successor to the Agent. After receiving such notice, Buyer may submit to MEAG any matters or suggestions relating to any Person proposed as such a replacement or successor that Buyer

may care to present, and MEAG agrees for itself and on behalf of the PPA Project Entity to take into consideration such matters or suggestions timely submitted by Buyer in the same manner in which MEAG considers the matters or suggestions of the Additional Units PPA Participants, the Additional Units PPA-2 Participants and the Additional Units Non-PPA Participants prior to determining whether to cause the PPA Project Entity to approve or disapprove of any such Person. However, after taking into account the collective interests of Buyer, the Additional Units PPA Participants, the Additional Units PPA-2 Participants and the Additional Units Non-PPA Participants, and the requirements of the DOE Loan Documents, MEAG, in its sole discretion, shall elect to cause the PPA Project Entity either to approve or disapprove the appointment of any Person proposed as a replacement or successor Agent.

SECTION 603. SERVICE. Buyer acknowledges that the Agent may temporarily interrupt, increase or reduce deliveries of electric energy from the PPA Project if the Agent determines that such interruption, increase or reduction is necessary in case of emergencies. The Agent may also interrupt or reduce deliveries of electric energy from the PPA Project in order to install equipment in or make repairs to or replacements, investigations, and inspections of or to perform other maintenance work on its generation or transmission facilities and related apparatuses (planned interruptions). MEAG shall notify Buyer of any planned interruption or reduction, giving the Agent's reason therefor, and stating the Agent's estimate of the probable duration thereof.

SECTION 604. ELECTRIC INTERCONNECTION AND TRANSMISSION SERVICE.

(a) ***Connection to Transmission System.*** Buyer's payment obligations calculated and billed in accordance with Articles II and III of this Agreement shall include its Obligation Share of the costs of all property and equipment for connecting the Additional Units to the

transmission system at the point where said transmission system forms part of the Georgia Integrated Transmission System (the "Delivery Point"), including the step-up transformers, high side bushing to the electrical transmission system, all related switching stations, remote terminal unit and connections to Supervisory Control and Data Acquisition System (SCADA).

(b) ***Transmission Services.*** Buyer shall arrange, either directly or indirectly through a third party, for all transmission service and transmission ancillary services and shall pay all costs pursuant to the transmission provider's tariff and the transmission provider's protocols including all costs associated with line losses, necessary to transmit the Output delivered under this Agreement from the Delivery Point to any point at which Buyer redelivers the Output to its customer(s).

(c) ***Coordination of Energy Delivery.*** Energy delivery hereunder shall be coordinated with the Agent, MEAG and Buyer and in accordance with the transmission provider's tariff and applicable North American Electric Reliability Corporation (NERC) requirements. To facilitate this effort, the Parties shall develop operating procedures no later than six (6) months prior to the Commercial Operation Date of the first Additional Unit. These operating procedures will address issues associated with the delivery and determination of the quantity of energy delivered. These issues will include, but are not limited to: physical energy delivery method, metering systems, accounting and serving station service loads, allocation of common load between multiple units, rounding methodology, electronic communication of unit output, and daily communications.

SECTION 605. DOE GUARANTEED LOAN ARRANGEMENTS.

(a) ***General.*** Buyer acknowledges and agrees that, in connection with the entry into the DOE Loan Documents, MEAG will transfer the PPA Project Portion of MEAG's Interest to

the PPA Project Entity, MEAG's wholly-owned, special-purpose direct subsidiary. In connection with this transfer, MEAG will enter into the PPA Project Entity Power Purchase Agreement with the PPA Project Entity in the form set forth in **Exhibit P** to this Agreement pursuant to which MEAG will purchase the Output of the PPA Project Entity's Ownership Interest for resale to Buyer under this Agreement and to the Additional Units PPA Participants under the Power Sales Contracts during the respective terms of this Agreement and the Power Sales Contracts. Other than during the continuance of an event of default by Buyer under this Agreement, during the Term of this Agreement MEAG agrees and covenants that it will not (i) amend, modify or waive any provision of the PPA Project Entity Power Purchase Agreement from the form set forth in **Exhibit P** hereto or (ii) provide any consent or agreement under or in connection with the PPA Project Entity Power Purchase Agreement, including with respect to consent to assignment by the PPA Project Entity of its rights and obligations under the PPA Project Entity Power Purchase Agreement (other than a collateral assignment for security purposes), in each case, without the prior written consent of Buyer, which consent shall not be unreasonably withheld.

(b) ***Security Interests and Liens Permitted.*** Buyer acknowledges and agrees that (i) MEAG may grant a first-priority security interest in and lien on its ownership interest in the PPA Project Entity to the DOE Collateral Agent, and (ii) the PPA Project Entity may grant a first-priority security interest in and lien on all of its assets, including its undivided ownership interest in the Additional Units, its right, title and interest in, to and under the PPA Project Entity Power Purchase Agreement and the Project Agreements and all other collateral specified in the DOE Loan Documents, to the DOE Collateral Agent, in each such case, to secure the DOE Secured Obligations under the DOE Loan Documents and the DOE Guaranteed Loan.

(c) ***Buyer's Consent and Direct Agreement.*** In connection with such assignment and security interest, Buyer hereby agrees to enter into a consent and direct agreement with the DOE Collateral Agent for the benefit of the DOE Secured Parties in substantially the form attached hereto as **Exhibit K**.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

SECTION 701. MEAG'S REPRESENTATIONS AND WARRANTIES. MEAG represents and warrants as follows:

(a) MEAG is a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia, duly organized and validly existing under the laws of the State of Georgia. The PPA Project Entity is a limited liability company, duly organized and validly existing under the laws of the State of Georgia.

(b) MEAG has the power and authority to enter into and perform this Agreement and is not prohibited from entering into this Agreement or discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement. The execution, delivery and performance of this Agreement by MEAG have been duly authorized by all necessary corporate action on the part of MEAG and do not and will not require the consent of any trustee or holder of any indebtedness or other obligation of MEAG or any other party to any other agreement with MEAG. The PPA Project Entity has the power and authority to enter into and perform the PPA Project Entity Power Purchase Agreement and is not prohibited from entering into the PPA Project Entity Power Purchase Agreement or discharging and performing all covenants and obligations on its part to be performed pursuant to the PPA Project Entity Power Purchase Agreement. The execution, delivery and performance of the PPA Project Entity

Power Purchase Agreement by the PPA Project Entity have been duly authorized by all necessary limited liability company action on the part of the PPA Project Entity and do not and will not require the consent of any trustee or holder of any indebtedness or other obligation of the PPA Project Entity or any other party to any other agreement with the PPA Project Entity.

(c) The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by MEAG with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Applicable Law presently in effect having applicability to MEAG, the documents of formation of MEAG or any outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which MEAG is a party or by which any of its property is bound. The execution and delivery of the PPA Project Entity Power Purchase Agreement, consummation of the transactions contemplated therein, and fulfillment of and compliance by the PPA Project Entity with the provisions of the PPA Project Entity Power Purchase Agreement will not conflict with or constitute a breach of or a default under any Applicable Law presently in effect having applicability to the PPA Project Entity, the documents of formation of the PPA Project Entity or any outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which the PPA Project Entity is a party or by which any of its property is bound.

(d) This Agreement has been duly executed and delivered by MEAG. This Agreement is a legal, valid and binding obligation of MEAG enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity. The PPA Project Entity Power Purchase Agreement has been duly executed and delivered by the

PPA Project Entity. The PPA Project Entity Power Purchase Agreement is a legal, valid and binding obligation of the PPA Project Entity enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

(e) No bankruptcy is pending against MEAG or to its knowledge threatened against it. No bankruptcy is pending against the PPA Project Entity or to its knowledge threatened against it.

(f) MEAG has negotiated and entered into this Agreement in the ordinary course of its respective business, in good faith, for fair consideration and on an arm's length basis.

(g) MEAG MAKES NO WRITTEN OR ORAL REPRESENTATION, WARRANTY, OR COVENANT EITHER EXPRESS OR IMPLIED, REGARDING THE CURRENT OR FUTURE EXISTENCE OF ANY ENVIRONMENTAL ATTRIBUTES OR PRODUCTION TAX CREDIT OR ANY LAW GOVERNING THE EXISTENCE OF ANY ENVIRONMENTAL ATTRIBUTES OR PRODUCTION TAX CREDIT UNDER THIS AGREEMENT OR OTHERWISE OR THEIR CHARACTERIZATION OR TREATMENT UNDER APPLICABLE LAW OR OTHERWISE. BUYER SHALL SOLELY BEAR THE RISK OF NOT OBTAINING ANY ENVIRONMENTAL ATTRIBUTES OR PRODUCTION TAX CREDIT.

(h) OTHER THAN THOSE WARRANTIES AND GUARANTIES EXPRESSLY SET FORTH IN THE TERMS OF THIS AGREEMENT, MEAG MAKES NO WARRANTIES AND GUARANTIES OF ANY KIND WHATSOEVER, EXPRESS, IMPLIED, ORAL, WRITTEN OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTIES ARISING BY CUSTOM,

TRADE USAGE, PROMISE, EXAMPLE OR DESCRIPTION, ALL OF WHICH WARRANTIES AND GUARANTIES ARE EXPRESSLY DISCLAIMED BY MEAG AND WAIVED BY BUYER.

SECTION 702. BUYER'S REPRESENTATIONS AND WARRANTIES. Buyer represents and warrants as follows:

(a) Buyer is a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida.

(b) Buyer has the power and authority to enter into and perform this Agreement and is not prohibited from entering into this Agreement or discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement.

(c) The execution, delivery and performance of this Agreement by Buyer have been duly authorized by all necessary corporate action on the part of Buyer and do not and will not require the consent of any trustee or holder of any indebtedness or other obligation of Buyer or any other party to any other agreement with Buyer.

(d) No authorization, approval, order, license, permit, franchise or consent, and no registration, declaration or filing with any Governmental Authority is required on the part of Buyer in connection with the execution, delivery and performance of this Agreement except those which Buyer anticipates will be timely obtained in the ordinary course of performance of this Agreement.

(e) The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by Buyer with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Applicable Law presently in effect having applicability to Buyer, the documents of formation of Buyer or any

outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which Buyer is a party or by which any of its property is bound.

(f) This Agreement has been duly executed and delivered by Buyer. This Agreement is a legal, valid and binding obligation of Buyer enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

(g) Buyer has the financial resources and capability to satisfy its obligations under this Agreement.

(h) Amounts payable to MEAG under this Agreement (i) shall constitute a Contract Debt (as that term is defined in Buyer's Electric System Bond Resolution), payable as a Cost of Operation and Maintenance of Buyer's Electric System (as those terms are defined in Buyer's Electric System Bond Resolution), and (ii) shall be paid by Buyer as a cost of purchased power and energy for Buyer's wholesale and retail load and otherwise as an expense of operation and maintenance of Buyer's Electric System.

(i) No bankruptcy is pending against Buyer or to its knowledge threatened against it.

(j) Buyer has negotiated and entered into this Agreement in the ordinary course of its respective business, in good faith, for fair consideration and on an arm's length basis.

ARTICLE VIII

DISPUTE RESOLUTION

SECTION 801. DISPUTE RESOLUTION.

(a) Each of MEAG and Buyer shall appoint a representative to coordinate with the other Party the implementation of this Agreement (each a "Representative" and collectively the

"Representatives"). If any dispute arises with respect to any Party's performance hereunder, the Representatives shall meet to attempt to resolve such dispute, either in person or by telephone, within ten (10) days after the written request of either Representative. If the Representatives are unable to resolve such dispute within thirty (30) days after their initial meeting (in person or by telephone), senior officers or executives of Buyer and senior officers or executives of MEAG shall meet, either in person or by telephone, within ten (10) days after either Representative provides written notice that the Representatives have been unable to resolve such dispute. If such senior officers or executives are unable to resolve such dispute within thirty (30) days after their initial meeting (in person or by telephone), either Party may refer the dispute to the Superior Court of Fulton County, Georgia or the U.S. District Court for the Northern District of Georgia pursuant to Section 1003, which shall be the sole legally binding forums available to the Parties for resolution of a dispute hereunder.

(b) While any dispute is pending, the Parties shall continue to perform their obligations under this Agreement notwithstanding such dispute.

ARTICLE IX

NOTICES AND COUNTERPARTS

SECTION 901. NOTICES. Except as may be otherwise expressly provided for herein, all notices, requests, statements and other communications to be given under this Agreement shall be made to the addresses and persons specified in **Exhibit D** hereto. All notices, requests, statements or payments shall be made in writing except where this Agreement expressly provides that notice may be made orally. Notices required to be in writing shall be delivered by hand delivery, express courier (*e.g.*, UPS, FedEx, or DHL), facsimile or electronic mail (so long as a copy of such electronic mail notice is provided thereafter by hand delivery or express courier).

Except as may otherwise be specified in this Agreement, all notices, requests, statements and other communications shall be deemed to have been duly given on (i) the date of delivery if delivered by hand or by express courier; (ii) the time stamp upon delivery if sent by electronic mail; (iii) date of receipt of a time-stamped, legible copy thereof if sent by facsimile; or (iv) the earlier of the dates set forth in clauses (i), (ii) and (iii) if delivery is made by more than one of such means. Either Party may change its respective notice information upon giving the other Party at least fourteen (14) days' prior written notice thereof.

SECTION 902. COUNTERPARTS. This Agreement may be executed in counterparts, including in facsimile and electronic formats (including portable document format (.pdf)), each of which is an original and all of which constitute one and the same instrument.

ARTICLE X

MISCELLANEOUS PROVISIONS

SECTION 1001. ASSIGNMENT.

(a) ***General.*** Except as provided in subsection (b) of this Section 1001, neither Party may assign or transfer all or any part of any right, obligation, or interest under this Agreement without the prior written consent from the other Party or if any such assignment or transfer is prohibited under the PPA Project Bond Resolution or the DOE Loan Documents. Any such attempted assignment or transfer shall be null, void and without effect; provided, however, that nothing in this Section 1001 shall limit the authority of Buyer to sell to a third party all or a portion of Buyer's Obligation Share of the Output of the PPA Project Entity's Ownership Interest, subject to the provisions of Sections 305 and 306 hereof.

(b) ***Exception to Secure PPA Bonds and DOE Secured Obligations.*** Notwithstanding subsection (a) of this Section 1001, Buyer acknowledges and agrees that

MEAG may assign and pledge to the Trustee designated in the PPA Project Bond Resolution, for the benefit of the DOE Collateral Agent, DOE and the other secured parties identified therein, all its right, title and interest in and to all payments to be made to MEAG under the provisions of this Agreement attributable to the Plant Vogtle Additional Units PPA Project or to the Plant Vogtle Additional Units PPA Project Annual Costs as security for the payment of the amounts due and payable and other obligations under, or secured by, the PPA Project Bond Resolution (including as security for amounts owed by the PPA Project Entity under the DOE Loan Documents) and, upon the execution of such assignment and pledge, such Trustee shall have all rights and remedies herein provided to MEAG, including to give all notices, take all actions and exercise all rights, including any or all rights to collection that are provided to MEAG as set forth in this Agreement, on behalf or in the place of MEAG, and any reference herein to MEAG shall be deemed, with the necessary changes in detail, to include such Trustee. The Trustee and the PPA Project Entity each shall be a third-party beneficiary of the covenants and agreements of Buyer herein contained.

SECTION 1002. SEVERABILITY. In case any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, it is the intention of each of the Parties hereto that such illegality or invalidity shall not affect any other provision hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein, and this Agreement shall be construed to adopt, but not to enlarge upon, all of the applicable provisions of said Act, and all the applicable provisions of the Constitution and general laws of Georgia, and, if any provisions hereof conflict with any applicable provision of said Constitution or laws, the former as proposed by the legislature, approved by the people of the State of Georgia and interpreted by the courts of

the State of Georgia, and the latter as adopted by the legislature and as interpreted by the courts of the State of Georgia, shall prevail in lieu of any provision hereof in conflict or not in harmony therewith.

SECTION 1003. GOVERNING LAW; JURISDICTION AND VENUE. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Georgia, applied without giving effect to principles of conflicts of laws or choice of law that would require the application of the law of any other state. Each Party irrevocably submits to the jurisdiction and venue of the Superior Court of Fulton County, Georgia and the U.S. District Court for the Northern District of Georgia in any dispute arising out of or relating to this Agreement, and hereby irrevocably agrees that all claims in respect of such dispute may be heard and determined in the Superior Court of Fulton County, Georgia and the U.S. District Court for the Northern District of Georgia. Each Party hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such proceeding. The Parties further agree, to the extent permitted by law, that any final and unappealable judgment against any of them in any proceeding contemplated above shall be conclusive and may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified copy of which shall be conclusive evidence of the fact and amount of such judgment.

SECTION 1004. FORWARD CONTRACT. The Parties acknowledge and agree that this Agreement and the transactions contemplated by this Agreement constitute a "forward contract" and that each Party is a "forward contract merchant" within the meaning of the United States Bankruptcy Code.

SECTION 1005. ENTIRE AGREEMENT. Except as provided in the final paragraph of Section 101 hereof, this Agreement amends and restates and replaces the Original Agreement in

its entirety and this Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof. There are no prior or contemporaneous agreements or representations affecting the same subject matter other than those expressed herein.

SECTION 1006. DRAFTING AND INTERPRETATION. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.

SECTION 1007. AMENDMENT. Subject to Section 103(b) of this Agreement, no amendment, modification or change to this Agreement shall be enforceable unless set forth in writing and executed by both Parties.

SECTION 1008. NON-WAIVER. No waiver by any Party hereto of any one or more defaults by the other Party in the performance of any of the provisions of this Agreement shall be construed as a waiver of any other default or defaults whether of a like kind or different nature. No failure or delay by any Party hereto in exercising any right, power, privilege, or remedy hereunder shall operate as a waiver thereof.

SECTION 1009. SURVIVAL. Upon the expiration of the Term of this Agreement (the "Termination Date"), the Parties shall no longer be bound by the terms and conditions hereof, except (i) to the extent necessary to enforce any rights and the obligations of the Parties, including payment obligations, arising under this Agreement prior to such Termination Date, (ii) to the extent necessary to enforce the right to receive any payments pursuant to **Exhibit B** to this Agreement and (iii) the obligations of the Parties hereunder with respect to confidentiality, audit

and indemnification shall survive any termination of this Agreement and shall continue for a period of one (1) year following such Termination Date, provided that such obligations with respect to indemnification shall continue only with respect to claims for indemnification based upon events or circumstances occurring or arising on or before the Termination Date.

SECTION 1010. RELATIONSHIPS OF PARTIES. The Parties shall not be deemed to be in a relationship of partners or joint venturers by virtue of this Agreement, nor shall any Party be an agent, representative, trustee or fiduciary of any other Party.

SECTION 1011. EXHIBITS. Any and all Exhibits referred to in this Agreement are, by such reference, incorporated herein and made a part hereof for all purposes.

SECTION 1012. ATTORNEYS' FEES. If a Party commences a legal proceeding against the other Party because of an alleged breach of such Party's obligations under this Agreement, each Party shall bear its own expenses, including attorneys' fees, incurred in connection with the legal proceeding and any appeal thereof.

SECTION 1013. BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

SECTION 1014. NO ADVERSE DISTINCTION. MEAG shall not make any adverse distinction in connection with discharging its responsibilities to Buyer under this Agreement and in discharging MEAG's responsibilities (i) to the Additional Units PPA Participants under the Plant Vogtle Additional Units PPA Power Sales Contracts or (ii) to the Additional Units Non-PPA Participants under the Plant Vogtle Additional Units Non-PPA Power Sales Contracts.

SECTION 1015. COOPERATION. The Parties shall cooperate with each other and with each other's employees and agents by taking all actions necessary to fully effectuate the intent of this Agreement, including providing upon reasonable request to each other all information and

documents relevant to the purposes of this Agreement and making their employees and agents available in connection with any of the matters addressed in this Agreement.

Without limiting the generality of the foregoing, Buyer shall (i) provide to MEAG such information regarding Buyer as MEAG shall reasonably determine to be necessary or desirable in connection with the issuance by MEAG of any PPA Bonds or the making by the PPA Project Entity of any Advance and (ii) shall enter into, and perform its obligations under, such continuing disclosure undertakings as are necessary to comply with the provisions of paragraph (b)(5) of Rule 15c2-12, as amended, promulgated by the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, with respect to any issue of PPA Bonds that are subject to the requirements of said paragraph (b)(5) of Rule 15c2-12. In addition, notwithstanding the foregoing, this Section 1015 shall not require, nor shall it be construed to require, a Party to provide information or documents or to make its employees or agents available in contravention of any contractual obligation or limitation (including any such obligation or limitation in this Agreement or the Project Agreements), or in contravention of any obligation or limitation under Applicable Law.

SECTION 1016. FLORIDA PUBLIC RECORDS LAW. The parties acknowledge that Buyer is a body politic and corporate that is subject to Chapter 119, Florida Statutes, and related statutes known as the "Public Records Laws." If a request is made to Buyer to view or disclose (i) any information provided by MEAG to Buyer prior to the Execution Date of this Agreement, including any "Confidential Information," as that term is defined in the Parties' October 9, 2006 Confidential Information Exchange Agreement, or (ii) any information provided by MEAG to Buyer pursuant to the terms of this Agreement, Buyer shall notify MEAG of such request and the date that such records will be viewed by or released to the requester unless MEAG obtains a

court order enjoining such disclosure. If MEAG fails to obtain a court order enjoining disclosure, Buyer will release the requested information on the date specified. Such release shall be deemed to be made with MEAG's consent and will not be deemed to be a violation of law, including laws concerning trade secrets, copyright or other intellectual property.

SECTION 1017. COMPLIANCE WITH OBLIGATIONS. MEAG agrees and covenants that it will fully and timely comply with its obligations under and in connection with, and, to the extent applicable, cause the PPA Project Entity to fully and timely comply with its obligations under and connection with, this Agreement, the PPA Project Entity Power Purchase Agreement, the PPA Project Bond Resolution, the DOE Loan Guarantee Agreement and the other DOE Loan Documents, including payment of all costs and compliance with all financial obligations in such documents; provided, however, that MEAG's failure to comply with the provisions of this Section shall not affect Buyer's obligations as set forth in Section 502 and Section 204(g).

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, MEAG has caused this Agreement to be executed in its corporate name by its duly authorized officers and, by the execution hereof it is acknowledged that payments made under this Agreement may be assigned, as provided in this Agreement, and MEAG has caused its corporate seal to be hereunto impressed and attested; Buyer has caused this Agreement to be executed in its corporate name by its duly authorized officers and its corporate seal to be hereunto impressed and attested, and delivery hereof by MEAG to Buyer is hereby acknowledged, all as of the day and year first above written. This Agreement shall not become effective as to either Party unless and until executed by both Parties.

[*Signature blocks on following pages*]

MUNICIPAL ELECTRIC

AUTHORITY OF GEORGIA

BY: _____

TITLE: President and Chief Executive Officer

DATE: December 31, 2014

ATTEST:

BY: _____

TITLE: Assistant Secretary-Treasurer

DATE: December 31, 2014

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
CORPORATE SEAL
1975
GEORGIA

JEA

BY: Paul E. McElroy
TITLE: Managing Director and Chief Executive Officer
DATE: DECEMBER 22, 2014

ATTEST:

BY: Melissa Dan. Chambers
TITLE: EXECUTIVE ASSISTANT
DATE: DECEMBER 22, 2014

JEA OFFICIAL SEAL CREATED OCT 1, 1968

I hereby certify that the expenditure contemplated by the forgoing Agreement has been duly authorized, and provision has been made for the payment of monies provided herein to be paid.

Melissa McDykes, Chief Financial Officer
Title:

Approved as to Form:

Office of General Counsel
City of Jacksonville, Florida

EXHIBIT A

DESCRIPTION OF MEAG'S INTEREST
IN THE PLANT VOGTLE ADDITIONAL UNITS

I. MEAG's Interest.

MEAG's Interest in the Additional Units shall consist of the ownership (whether owned in whole or in part by MEAG or by any entity (including the PPA Project Entity) that is a wholly-owned subsidiary of MEAG (a "Project Entity")) of a twenty-two and seven-tenths percent (22.7%) undivided interest in the two additional nuclear units, each 1,102 megawatts Nominally Rated, to be located at Plant Vogtle, in Burke County, Georgia and consisting of (i) nuclear power reactors, the turbine-generators, the buildings housing the same, the associated auxiliaries and equipment, and the related transmission facilities (as more specifically described in the application, and amendments thereto, filed by the Georgia Power Company with the Nuclear Regulatory Commission for a Combined Construction and Operating License); (ii) inventories of materials, supplies, Fuel, tools and equipment for use in connection with the Additional Units to be constructed at Plant Vogtle; (iii) land adequate for the Additional Units or, alternatively, appropriate easements granting the right of use to land adequate for the Additional Units, and site preparation, foundations, fencing and fire protection; (iv) the right of use of the infrastructure and system supporting the existing units one and two at Plant Vogtle as well as existing services supporting such units; (v) all property and equipment for connecting the generating facilities to the transmission system at the point where said transmission system forms part of the Georgia Integrated Transmission System (as determined as of June 15, 2008, the dated date of the Power Sales Contracts), including the step-up transformers, high side bushing to the electrical transmission system, all related switching stations, remote terminal unit and connections to Supervisory Control and Data Acquisition System (SCADA); (vi) inventories of

materials, supplies, tools and equipment; (vii) prepayment of initial supply of Fuel; and (viii) the additional facilities of the Additional Units as described in Part II of this **Exhibit A**.

II. Additional Facilities.

The additional facilities of the Additional Units shall include (i) any major renewals, replacements, repairs, additions, betterments and improvements to the Additional Units necessary, in the opinion of MEAG, to keep the Additional Units in good operating condition or to prevent a loss of revenues therefrom, and (ii) any major additions, improvements, repairs and modifications to the Additional Units and any disposals of the Additional Units required by any Governmental Authority having jurisdiction over the Additional Units, or for which MEAG (or a Project Entity) shall be responsible by virtue of any obligation of MEAG (or such Project Entity) arising out of any contract to which MEAG (or such Project Entity) may be a party relating to ownership of the Additional Units or any facility thereof.

EXHIBIT B

METHODOLOGY FOR DETERMINING

DECOMMISSIONING COSTS

The methodology used to estimate annual decommissioning costs related to the Additional Units and included within Section 205(b)(1)(C) of this Agreement shall be determined based on the following assumptions: first, MEAG shall obtain the estimated current dollar cost estimate for decommissioning for each Additional Unit based on the greater of (i) the most recent Nuclear Regulatory Commission's Minimum Funding Estimate available at the time the Plant Vogtle Additional Units PPA Project Annual Budget for a given Power Supply Year is prepared, or (ii) the costs established by the most recent site specific study available for each Additional Unit performed by the Agent (which study is anticipated to be revised every three years); second, MEAG shall estimate the PPA Project's proportionate share of the future decommissioning funding cost estimate based on an assumed inflation rate ("Inflation Rate"), which Inflation Rate shall not exceed the inflation rate utilized as the index for the annual escalation to year of expenditure composite (40-year operation) in the most recent asset retirement obligation liability study for the Additional Units ("ARO Study") performed by an experienced consultant on behalf of the operator of the Additional Units (currently Southern Nuclear Operating Company, Inc.), and which will be applied to the PPA Project's proportionate share of the current dollar costs decommissioning estimate to project the PPA Project's proportionate share of the future decommissioning amounts required at the end of the respective operating license periods of each Additional Unit; third, MEAG will calculate the estimated amount necessary to be deposited in each year in inflation-adjusted payments (equal present value amounts) ("Inflation-Adjusted Payments") over the projection period, which period shall

be forty (40) years, into the decommissioning trust fund established for each Additional Unit which, when invested at an assumed interest rate ("Earnings Rate") (taking into consideration the balances available at the beginning of the projection period offset by estimated annual investment management fees and expenses), will accumulate to the PPA Project's proportionate share of the future decommissioning funding cost estimate required at the end of each Additional Unit's respective operating license period, and the resultant annual Inflation-Adjusted Payments calculated in the aforesaid annual projection shall be the amounts included as part of the Plant Vogtle Additional Units PPA Project Annual Costs to insure that the estimated cost of decommissioning is recovered by the end of the term of the operating license of each Additional Unit. The Inflation Rates with respect to each Power Supply Year and the Earnings Rates with respect to each Power Supply Year that MEAG uses to calculate the decommissioning cost estimates and estimated amounts to be deposited into the decommissioning trust for the PPA Project shall be the same Inflation Rates and Earnings Rates that MEAG uses when it calculates the decommissioning cost estimates and estimated amounts to be deposited into the decommissioning trust for the Non-PPA Project.

MEAG anticipates that the differential between the Inflation Rate and the Earnings Rate used in the annual decommissioning projection will range from one percent (1%) to two percent (2%). Provided, however, that the annual decommissioning funding amount will not be less than the minimum allowable annual contribution level as prescribed by Nuclear Regulatory Commission regulations as are in effect from time to time and that if such earnings on the decommissioning fund are in the future subject to federal income tax, MEAG shall retain the discretion to adjust the Earnings Rate used in future decommissioning projections to compensate for such taxes.

Within ninety (90) days of the expiration of the period that each Additional Unit's output is being delivered to Buyer over the Term of this Agreement or within ninety (90) days after the date MEAG or the PPA Project Entity receives the subsequent site specific study if a site specific study has not been received within eighteen (18) months prior to the expiration of the period that each Additional Unit's output is being delivered to Buyer, MEAG shall, using the methodology set forth in this **Exhibit B**, determine the then-current total cost estimate for decommissioning the portion of the Additional Units in the PPA Project. In determining such cost estimate for decommissioning, MEAG shall utilize (a) the most recent Nuclear Regulatory Commission's Minimum Funding Estimate for each Additional Unit, and (b)(i) the most recent site specific study performed by the Agent (if revised within eighteen (18) months prior to the Termination Date of this Agreement) or, alternatively, (ii) the next site specific study performed by the Agent following the expiration of the Term of this Agreement. Second, MEAG shall escalate both of the applicable funding estimates from the mid-point of the year used to estimate the decommissioning cost of the Additional Units to the expiration of the term of the forty (40) year operating license utilizing a true-up inflation rate, fifty percent (50%) of such number reflecting the inflation rate contained in the applicable ARO Study and the remaining fifty percent (50%) of such number reflecting the average of the Inflation Rates utilized by MEAG during the term of this Agreement in calculating the projected decommissioning costs (the "True-up Inflation Rate"). The higher of the two escalated funding estimates shall constitute the estimated total decommissioning costs at the end of the operating license (the "Total Decommissioning Costs"). Third, MEAG shall utilize a funding methodology based on annual Inflation Adjusted Payments to determine the amount of money ("Targeted Amount") that Buyer should have accumulated as of the expiration of the term of this Agreement in order to be on track to achieve its share (which

share shall not exceed fifty percent (50%)) of the Total Decommissioning Costs as of the expiration of the forty (40) year operating license, using a True-up Earnings Rate that equals the True-up Inflation Rate plus the difference between the average of the Earnings Rates utilized by MEAG during the term of this Agreement and the average of the Inflation Rates utilized by MEAG during the term of this Agreement. To the extent that the amounts paid by Buyer under Section 205(b)(1)(C) of this Agreement for each Additional Unit, including earnings offset by related fees and such amounts, exceed the Targeted Amount of the Total Decommissioning Costs, MEAG shall refund such excess amounts to Buyer. Alternatively, to the extent that such amounts paid by Buyer, including earnings offset by related fees, is less than the Targeted Amount of the Total Decommissioning Costs, Buyer shall pay such deficient amounts to MEAG. Any payment due under this calculation at the option of the party owing may be paid (i) within thirty (30) days with no interest; or (ii) in equal monthly payments based on a thirty (30) day month over a three-hundred-sixty (360) day year with six percent (6%) interest over (x) a period of up to five (5) years if such payments are less than ten million dollars or; (y) a period of up to ten (10) years if such payments are over ten million dollars.

MEAG shall arrange to appoint an independent trustee to administer the Decommissioning Trust for the Plant Vogtle Additional Units in a common trust. The Trustee in accordance with Nuclear Regulatory Commission (NRC) regulations will maintain separate accounting for each Additional Unit, with separate sub accounting within each unit for the assets contributed and earnings net of related fees thereon by the Non-PPA Project, the PPA Project and the PPA-2 Project. The assets in the PPA Project, the Non-PPA Project and the PPA-2 Project in the Decommissioning Trust may be commingled for investment purposes in a common

investment trust and MEAG will administer the selection of investment managers in accordance with NRC rules and procedures in effect from time to time.

EXHIBIT C

METHODOLOGY FOR ALLOCATION OF MEAG'S

ADMINISTRATIVE AND GENERAL EXPENSES

MEAG's Administrative and General Expenses ("A&G Expenses") are allocated to the generation units and the transmission unit that comprise MEAG's Projects. Currently, MEAG has nine generation units and one transmission unit. The Additional Units will increase MEAG's generation units to eleven. That portion of the A&G Expenses that can be directly traced to a specific unit or group of units is allocated to such unit or group of units. For example, the A&G Expenses incurred within the Office of Vice President, Transmission, are allocated to the transmission unit. Similarly, the costs incurred by the Office of Vice President, Power Supply, are allocated to the eleven generation units on an equal pro-rata basis. The remaining A&G Expenses are allocated among the twelve units (the eleven generation units and transmission) either on a direct methodology among the units or on an equal basis among the units. Each of the units' allocable portion of the A&G Expenses (as determined above) will be assigned to the separate projects which funded such unit on an equal basis. MEAG will apply the methodology described in this **Exhibit C** consistently across all of MEAG's generation and transmission units in a manner that is consistent with its past practice with respect to such methodology.

EXHIBIT D

NOTICE

MEAG:

Municipal Electric Authority of Georgia
Attention: James E. Fuller, Senior Vice President & Chief Financial Officer
1470 Riveredge Parkway, N.W.
Atlanta, GA 30328
Fax: (770) 952-7862
Email: jfuller@meagpower.org

Copies to:

Municipal Electric Authority of Georgia
Attention: Peter M. Degnan, Esq., Senior Vice President & General Counsel
1470 Riveredge Parkway, N.W.
Atlanta, GA 30328
Fax:
Email: pdegnan@meagpower.org

and

Orrick, Herrington & Sutcliffe LLP
Attention: Carl F. Lyon, Esq.
51 West 52nd Street
New York, NY 10019
Fax: (212) 506-5151
Email: cflyon@orrick.com

JEA:

JEA
Attention: Paul E. McElroy, CEO & Managing Director
21 West Church Street
Jacksonville, FL 32202-3139
Fax: 904-665-4238
Email: mcelp@jea.com

Copies to:

Melissa H. Dykes, Chief Financial Officer
21 West Church Street
Jacksonville, FL 32202-3139
Fax: 904-665-4238
Email: dykemh@jea.com

Attention: General Counsel
117 West Duval Street
Jacksonville, FL 32202
Fax: 904-630-1731
Email: JodyB@coj.net

Gibson, Dunn & Crutcher LLP
Attention: William R. Hollaway, Esq.
1050 Connecticut Avenue, N.W.
Washington, DC 20036-5306
Fax: (202) 530-9654
Email: whollaway@gibsondunn.com

EXHIBIT E

Revenue Fund - Working Capital: It is anticipated that the initial balance in this fund would be funded from PPA Bond proceeds at a level of forty-five (45) days of working capital based on the projected annual budget for the PPA Project. The intention is to treat this reserve to the extent funded from PPA Bond proceeds as a non-amortizing reserve fund where the principal amount of the PPA Bonds issued for this purpose would be structured to mature after the expiration of the twenty (20)-year term of the Agreement. Subsequent debt issuances to increase the working capital levels in this fund also are anticipated to be structured to mature after the twenty (20)-year term of the Agreement. If additional funds were needed and MEAG did not have access to the capital markets, to the extent monies were retained from year-end surplus amounts or contributed from payments by Buyer under this Agreement, there would be a need to refund to Buyer the monies contributed to the fund to increase in the working capital level which were not PPA Bond-funded.

Debt Service Reserve Account in Debt Service Fund: It is anticipated that the balance in this Account would be funded from PPA Bond proceeds at the maximum level allowable by IRS regulations to allow the account to be funded with proceeds of tax exempt PPA Bonds and/or Build America Bonds. Typically this amount is about one year's maximum annual debt service on all outstanding PPA Bonds at the time the PPA Bonds are issued, but the regulations set out more complex limitations. It is anticipated that this reserve would be a non-amortizing reserve fund[1] and at the end of the term of the Agreement, Buyer would be refunded any principal

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[1] In accordance with Section 207 of Amendment No. 2 to the Original Agreement, dated as of January 26, 2010, if MEAG shall reasonably determine that it is necessary to avoid an adverse impact on the expected ratings for the PPA Bonds or the economics of the PPA Project, then the Debt Service Reserve Account in the Debt Service Fund established pursuant to the PPA Project Bond Resolution may constitute an amortizing reserve fund.

payments contributed over the term of the Agreement assuming this reserve was fully funded at the end of the term of the Agreement.

Reserve and Contingency Fund: The initial amount of the Reserve and Contingency Requirement (as defined in the PPA Project Bond Resolution) would be funded from proceeds of tax exempt PPA Bonds, and when combined with amounts on deposit in the DOE Reserve & Contingency Account established pursuant to the DOE Accounts Agreement, would approximate one-half of one percent of the total gross plant. It is anticipated that to the extent this reserve was funded from PPA Bond proceeds, the reserve requirement would be considered a non-amortizing reserve fund[2] and any principal contributions paid by Buyer would be refunded to Buyer at the end of the term of the Agreement. If MEAG did not have access to the capital markets and excess monies were retained from surplus monies at the end of a contract year to increase the Reserve and Contingency Requirement during the term of the Agreement, the retained surplus or billings in the fund would need to be reimbursed to Buyer at the end of the Term.

Nuclear Fuel Construction Fund-Revolving Account: It is anticipated that this reserve would be funded from PPA Bond proceeds at the amount projected to be necessary to handle nuclear fuel working capital needs over the first ten (10) to fifteen (15) years of unit operations. This fund would be treated as a non-amortizing reserve in that the principal payments would be structured to mature after the twenty (20)-year term of the Agreement.

DOE Debt Service Reserve Account: The Debt Service Reserve Requirement (as defined in the DOE Loan Guarantee Agreement) is expected to equal the greatest amount of projected principal and interest payments due on the DOE Guaranteed Loan (without taking into account

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[2] In accordance with Section 207 of Amendment No. 2 to the Original Agreement, dated as of January 26, 2010, if MEAG shall reasonably determine that it is necessary to avoid an adverse impact on the expected ratings for the PPA Bonds or the economics of the PPA Project, then the initial amount of the Reserve and Contingency Requirement may constitute an amortizing reserve fund.

"bullet" maturities) over any consecutive eighteen (18)-month period, determined at or about the time of the funding of the DOE Debt Service Reserve Account and at or about the time of the making of each Advance thereafter. It is anticipated that the DOE Debt Service Reserve Account established pursuant to the DOE Accounts Agreement will not be cash-funded until approximately three (3) months prior to the first date on which principal is due on the DOE Guaranteed Loan. Following the making of any withdrawal from the DOE Debt Service Reserve Account, it is expected that the amount so withdrawn will be funded with revenues of the Plant Vogtle Additional Units PPA Project within 180 days after the making of such withdrawal. It is anticipated that this reserve would be a non-amortizing reserve fund; provided, that, if MEAG shall reasonably determine that it is necessary to avoid an adverse impact on the expected ratings for the PPA Bonds or the economics of the PPA Project, then the DOE Debt Service Reserve Account may constitute an amortizing reserve fund and, at the end of the term of the Agreement, Buyer would be refunded any principal payments contributed over the Term of the Agreement assuming this reserve was fully funded at the end of the Term of the Agreement.

DOE Reserve & Contingency Account: The initial amount on deposit in the DOE Reserve & Contingency Account established pursuant to the DOE Accounts Agreement held by the DOE Collateral Agent on behalf of the PPA Project Entity would be funded from PPA Bond proceeds, and when combined with amounts on deposit in the Reserve and Contingency Fund established pursuant to the PPA Project Bond Resolution, would approximate one half of one percent of the total gross plant. It is anticipated that to the extent this reserve was funded from PPA Bond proceeds contributed to the PPA Project Entity, the reserve requirement would be considered a non-amortizing reserve fund; provided that if MEAG shall reasonably determine that it is necessary to avoid an adverse impact on the expected ratings for the PPA Bonds or the

economics of the PPA Project, then the initial amount of the DOE Reserve & Contingency Account may constitute an amortizing reserve fund and any principal contributions paid by Buyer would be refunded to Buyer at the end of the term of the Agreement. If MEAG did not have access to the capital markets and excess monies were retained from surplus monies at the end a contract year to increase the DOE Reserve & Contingency Account requirement under the DOE Accounts Agreement during the term of the Agreement, the retained surplus or billings in the account would need to be reimbursed to Buyer at the end of the term of the Agreement.

EXHIBIT F

Under Section 511 of the PPA Project Bond Resolution, amounts remaining in the Revenue Fund at the end of each year may be applied to the purposes set forth therein, including to reduce the cost of PPA Project power and energy to Buyer during the term of this Agreement. In general, such excess amounts arise from (a) earnings from the investment of amounts on deposit in the various funds and accounts maintained under the PPA Project Bond Resolution (other than the Construction Fund established thereunder) and the DOE Accounts Agreement, except to the extent that such earnings are required to be retained in the Debt Service Reserve Account in the Debt Service Fund, the Reserve and Contingency Fund, the DOE Debt Service Reserve Account or the DOE Reserve & Contingency Account in order to restore the amounts therein to the respective requirements therefor and (b) the ten (10) percent "coverage" amount required to be deposited pro rata to the Reserve and Contingency Fund and the DOE Reserve & Contingency Account each year, except to the extent that such amount is required to be retained in the Reserve and Contingency Fund or the DOE Reserve & Contingency Account in order to restore the amount therein to the requirement for such fund.

Section 511 of the PPA Project Bond Resolution also permits MEAG to use amounts remaining in the Revenue Fund at the end of any year to fund capital items or additional reserves for the PPA Project. However, it is anticipated that any such items or reserves would be financed from proceeds of additional PPA Bonds to the extent that MEAG has access to the credit markets at the time such funding is needed.

It is anticipated that following the completion of MEAG's annual audit of its financial statements for each year following the Commercial Operation Date of the first Additional Unit, MEAG will determine whether any surplus amounts remain in the Revenue Fund as of the end of

such year. To the extent that any surplus amounts remain in the Revenue Fund, it is anticipated that such amounts will be, at the election of Buyer, paid to Buyer or credited on Buyer's Billing Statements.

EXHIBIT G

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

Plant Vogtle Additional Units PPA Project Revenue Bonds

SECOND AMENDED AND RESTATED
PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT
BOND RESOLUTION

Adopted December __, 2014

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

Plant Vogtle Additional Units PPA Project Revenue Bonds

SECOND AMENDED AND RESTATED PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT BOND RESOLUTION

Adopted December __, 2014

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SCHEDULE A – Additional Units PPA Project Participants

ATTACHMENT A – Description of the Authority's Interest in the Plant Vogtle Additional Units

SECOND AMENDED AND RESTATED PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT BOND RESOLUTION

Adopted December __, 2014

WHEREAS, on December 23, 2009, the Municipal Electric Authority of Georgia (the "Authority"), a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia organized and existing under the Act (such term, and all other capitalized terms used in these recitals without definition, having the respective meanings ascribed thereto in Section 102 of the Bond Resolution hereinafter referred to) adopted a resolution entitled "Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution" (the "Amended and Restated Bond Resolution") for the purpose of amending in certain respects, and restating, a resolution of the Authority adopted on October 16, 2008 entitled "Plant Vogtle Additional Units PPA Project Bond Resolution" (such Plant Vogtle Additional Units PPA Project Bond Resolution, as the same heretofore has been supplemented, amended and restated, is referred to herein as the "Bond Resolution"), which Bond Resolution authorized the issuance of Bonds from time to time in order to finance and refinance the Authority's Additional Units PPA Project; and

WHEREAS, there heretofore have been issued pursuant to the Bond Resolution $1,224,265,000 in aggregate principal amount of Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds) (the "Series 2010A Bonds") and $24,170,000 in aggregate principal amount of Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt) (the "Series 2010B Bonds" and, together with the Series 2010A Bonds, the "Series 2010A&B Bonds") all of which remain Outstanding and which Series 2010A&B Bonds constitute "Bonds" within the meaning of the Bond Resolution; and

WHEREAS, the Authority has determined that it is in the best interests of the Authority and the Additional Units PPA Project Power Purchasers that a portion of the Cost of Acquisition and Construction of the PPA Project Portion of the Authority's Ownership Interest be able to be financed through the Federal Loan Option; and

WHEREAS, subsection 2 of Section 1001 of the Bond Resolution provides that notwithstanding any other provision of the Bond Resolution, at any time or from time to time, a Supplemental Resolution of the Authority may be adopted for the purpose of amending the Bond Resolution in any respect determined by the Authority to be necessary or desirable in order to accommodate the Federal Loan Option, and that any such Supplemental Resolution shall be fully effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and the occurrence of each of the conditions set forth in said subsection 2 of Section 1001 of the Bond Resolution; and

WHEREAS, clause (1) of subsection 1 of Section 1001 of the Bond Resolution provides that at any time or from time to time, a Supplemental Resolution of the Authority may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, shall be fully effective in accordance with its terms to, among other things, cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Bond Resolution; and

WHEREAS, the Authority has determined that it is necessary and desirable and in the best interests of the Authority and the Additional Units PPA Project Power Purchasers that the Bond Resolution be amended and restated in the manner provided herein, in order to (a) accommodate the Federal Loan Option and (b) cure certain ambiguities or cure or correct certain defects or inconsistent provisions in the Bond Resolution;

NOW THEREFORE, BE IT RESOLVED by the Authority that the Bond Resolution shall be amended and restated to read in its entirety as set forth herein upon the date on which (i) each of the conditions set forth in subsection 2 of Section 1001 of the Bond Resolution shall have occurred and (ii) the DOE Guarantee (as defined in the DOE Loan Guarantee Agreement) shall have been issued (such date being herein referred to as the "Effective Date").

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

101. ***Supplemental Resolution.*** This Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution is supplemental to the Bond Resolution, and constitutes a "Supplemental Resolution" within the meaning of the Bond Resolution.

102. ***Definitions.*** The following terms shall, for all purposes of the Resolution, have the following meanings:

Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a *Periodic Compounding Date*) immediately preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series of Bonds and all Parity Reimbursement Obligations, calculating the accrued Debt Service with respect to the Bonds of each Series and each Parity Reimbursement Obligation at an amount equal to the sum of (i) interest on the Bonds of such Series or such Parity Reimbursement Obligation accrued and unpaid and to accrue to the end of the then current calendar month and (ii) Principal Installments of the Bonds of such Series or such

Parity Reimbursement Obligation due and unpaid (without giving effect to any declaration of the principal of all Bonds Outstanding, and the interest accrued thereon, to be due and payable immediately following the occurrence of a Bondholders' Event of Default as provided in Section 801 hereof) and that portion of the Principal Installment thereof next due which would have accrued (if deemed to accrue in the manner set forth in the definition of *Debt Service)* to the end of such calendar month; *provided, however*, that (x) there shall be excluded from the calculation of Accrued Aggregate Debt Service any Principal Installments which are Refundable Principal Installments, (y) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds shall be included in the calculation of Accrued Aggregate Debt Service at the times and in the manner provided in subsection 1 of Section 207 and (z) with respect to Variable Rate Bonds and Parity Commercial Paper Notes, interest on such Variable Rate Bonds and Parity Commercial Paper Notes shall be calculated at the actual rate or rates borne thereby during the period for which such calculation is made unless the Authority has in connection with any such Variable Rate Bonds or Parity Commercial Paper Notes entered into a Qualified Hedging Contract that provides that, in respect of a notional amount equal to the Outstanding principal amount of such Variable Rate Bonds or Parity Commercial Paper Notes, the Authority is to pay to a Qualified Hedging Contract Provider an amount determined based upon a fixed rate of interest and the Qualified Hedging Contract Provider is to pay to the Authority an amount determined based upon a variable rate of interest equal or comparable to the rate at which such Variable Rate Bonds or Parity Commercial Paper Notes bear interest, in which case, it will be assumed that such Variable Rate Bonds or Parity Commercial Paper Notes bear interest at the fixed rate of interest to be paid by the Authority; and *provided, further*, that in the event that the Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then until such time, if any, as the Authority, for whatever reason, no longer receives cash subsidy payments from the United States Treasury in respect of the interest payable on such Bonds, for purposes of this definition, the interest on the Bonds of such Series shall be calculated net of the amount of such subsidy.

Act shall mean that certain Act of the 1975 Session of the General Assembly of the State of Georgia compiled and published in Ga. L. 1975, p. 107, *et seq.*, as amended, O.C.G.A. Section 46-3-110, *et seq.*

Additional Compensation Obligation shall have the meaning assigned to the term "Buyer's Additional Compensation Obligation" in Section 203 of the Initial Power Purchase Agreement.

Additional Units shall mean the two additional nuclear units to be located at Plant Vogtle pursuant to the Development Agreement.

Additional Units Non-PPA Project shall mean (1) a percentage undivided ownership interest in the Authority's Interest in an amount equal to the Non-PPA Project Portion thereof and (2) working capital for the Additional Units Non-PPA Project required by the Authority during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the Additional Units Non-PPA Project for operation of the Additional Units; *provided, however*, that in the event that the amendment and restatement of the Additional Units Non-PPA Project Resolution provided for in the Second Amended and Restated Additional Units Non-PPA Project

Bond Resolution adopted by the Authority on the date of adoption of this Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution shall become effective, then "*Additional Units Non-PPA Project*" shall mean (a) all of the Authority's right, title and interest (whether direct or indirect) in and to the capacity and output of such percentage undivided ownership interest in the Authority's Interest and (b) working capital for the Additional Units Non-PPA Project required by the Authority and the Non-PPA Project Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the Additional Units Non-PPA Project for operation of the Additional Units. The Additional Units Non-PPA Project is referred to sometimes as "Project M."

Additional Units Non-PPA Project Resolution shall mean the Plant Vogtle Additional Units Non-PPA Project Bond Resolution adopted by the Authority on October 16, 2008, as from time to time amended or supplemented in accordance with the terms thereof.

Additional Units PPA Power Sales Contracts shall mean the Plant Vogtle Additional Units PPA Power Sales Contracts dated as of June 15, 2008 by and between the Authority and the Additional Units PPA Project Participants, relating to the Additional Units PPA Project and entered into pursuant to the Act, as such Contracts hereafter may be amended in accordance with the terms thereof and of the Resolution.

Additional Units PPA Project shall mean (1) all of the Authority's right, title and interest (whether direct or indirect) in and to the capacity and output of the PPA Project Entity's Ownership Interest, such right, title and interest of the Authority being available to the Authority pursuant to the PPA Project Power Purchase Agreement and (2) working capital for the Additional Units PPA Project required by the Authority and the PPA Project Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the Additional Units PPA Project for operation of the Additional Units. The Additional Units PPA Project is referred to sometimes as "Project J."

Additional Units PPA Project Annual Budget shall mean the annual budget, as amended or supplemented, adopted or in effect for a particular calendar year as provided in Section 709.

Additional Units PPA Project Participant shall mean each of the political subdivisions of the State of Georgia identified on Schedule A hereto.

Additional Units PPA Project Participant Arrearages Fund shall mean the Additional Units PPA Project Participant Arrearages Fund provided for by subsection 3 of Section 502.

Additional Units PPA Project Participant Arrearages Payment shall mean any payment received by the Authority from an Additional Units PPA Project Participant under its Additional Units PPA Power Sales Contract in respect of any amount due thereunder that was not paid when due.

Additional Units PPA Project Participant Resale Revenues shall mean any payments received by the Authority as a result of the resale of all or any portion of the power, energy or other service from the PPA Project Entity's Ownership Interest that an Additional Units PPA Project Participant previously was entitled to receive following the discontinuance of service (whether or not permanent) to such Additional Units PPA Project Participant under its Additional Units PPA Power Sales Contract as a result of a default by such Additional Units PPA Project Participant thereunder (including, without limitation, any such resale to any one or more of the other Additional Units PPA Project Participants, except that if any such resale to any other Additional Units PPA Project Participant shall be made in accordance with Section 507 of the Additional Units PPA Power Sales Contracts and the purchasing Additional Units PPA Project Participant shall not be in default in the making of any payment under its Additional Units PPA Power Sales Contract, then such payments made by such purchasing Additional Units PPA Project Participant shall not constitute Additional Units PPA Project Participant Resale Revenues).

Additional Units PPA Project Participants' Debt Service Commencement Date shall mean the date on which the Additional Units PPA Project Participants' obligation to pay amounts in respect of Debt Service under (and as defined in) the Additional Units PPA Power Sales Contracts shall commence.

Additional Units PPA Project Power Contracts shall mean, collectively, the Initial Power Purchase Agreement and the Additional Units PPA Power Sales Contracts.

Additional Units PPA Project Power Purchasers shall mean (a) the Initial Power Purchaser during the term of the Initial Power Purchase Agreement and (b) collectively, the Additional Units PPA Project Participants during the terms of the Additional Units PPA Power Sales Contracts; and an *Additional Units PPA Project Power Purchaser* shall mean (x) the Initial Power Purchaser during the term of the Initial Power Purchase Agreement or (y) an Additional Units PPA Project Participant during the term of its Additional Units PPA Power Sales Contract.

Additional Units PPA-2 Project shall mean (1) a percentage undivided ownership interest in the Authority's Interest in an amount equal to the PPA-2 Project Portion thereof and (2) working capital for the Additional Units PPA-2 Project required by the Authority during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the Additional Units PPA-2 Project for operation of the Additional Units; *provided, however*, that in the event that the amendment and restatement of the Additional Units PPA-2 Project Resolution provided for in the Second Amended and Restated Additional Units PPA-2 Project Bond Resolution adopted by the Authority on the date of adoption of this Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution shall become effective, then "*Additional Units PPA-2 Project*" shall mean (a) all of the Authority's right, title and interest (whether direct or indirect) in and to the capacity and output of such percentage undivided ownership interest in the Authority's Interest and (b) working capital for the Additional Units PPA-2 Project required by the Authority and the PPA-2 Project Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the Additional Units PPA-2

Project for operation of the Additional Units. The Additional Units PPA-2 Project is referred to sometimes as "Project P."

Additional Units PPA-2 Project Resolution shall mean the Plant Vogtle Additional Units PPA-2 Project Bond Resolution adopted by the Authority on October 16, 2008, as from time to time amended or supplemented in accordance with the terms thereof.

Additional Units Project Agreements shall mean the Development Agreement, the Nuclear Managing Board Agreement, the Operating Agreement and the Ownership Agreement.

Adjusted Aggregate Debt Service for any period shall mean, as of any date of calculation, the Aggregate Debt Service for such period except that if any Refundable Principal Installment for any Series of Bonds is included in Aggregate Debt Service for such period, Adjusted Aggregate Debt Service shall mean Aggregate Debt Service determined as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of (x) the 40th anniversary of the issuance of such Series of Bonds or (y) the 10th anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period. Interest deemed payable in any calendar year after the actual due date of any Refundable Principal Installment of any Series of Bonds shall be calculated at such rate of interest as the Authority, or a banking or financial institution selected by the Authority, determines would be a reasonable estimate of the rate of interest that would be borne on Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Advance shall mean an advance or borrowing of the Federal Loan made pursuant to the Federal Loan Documents from FFB.

Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds and all Parity Obligations.

Authority shall mean the Municipal Electric Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia organized and existing under the Act.

Authority's Interest shall mean the percentage undivided ownership interest in the properties, facilities and rights described in Attachment A hereto.

Authority's Portion shall mean, as of any date of determination, a fraction the numerator of which is the aggregate principal amount of all Bonds Outstanding as of such date and the denominator of which is the sum of (a) the aggregate principal amount of all Bonds Outstanding as of such date and (b) the aggregate principal amount of the Federal Loan outstanding as of such date.

Authority's Reserve and Contingency Requirement shall mean an amount equal to the portion of the Reserve and Contingency Requirement specified as such in the definition of *Reserve and Contingency Requirement* contained in this Section 102.

Authorized Newspaper shall mean a newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.

Authorized Officer of the Authority shall mean the Chairman, Vice-Chairman, Secretary-Treasurer, any Assistant Secretary-Treasurer, the President and Chief Executive Officer, any Vice President or any officer or employee of the Authority authorized to perform specific acts or duties by resolution duly adopted by the Authority.

Bank shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provision of law, or domestic branch or agency of a foreign bank, which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

Board shall mean the governing body of the Authority consisting of the Members (as defined in the Act).

Bond or *Bonds* shall mean any bonds, notes or other evidences of indebtedness, as the case may be, authenticated and delivered under and outstanding pursuant to the Resolution but shall not mean Parity Obligations, Commercial Paper Notes, Subordinated Bonds or Subordinated Obligations.

Bond Anticipation Notes shall mean any Bonds issued to finance or refinance Costs of Acquisition and Construction of the PPA Project Entity's Ownership Interest and Financing Costs of the Additional Units PPA Project on an interim basis prior to the issuance of other Bonds, which Bond Anticipation Notes shall be issued in the form of notes the principal of which is intended to, and all or a portion of the interest on which may, be paid from the proceeds of other Bonds (including, without limitation, other Bond Anticipation Notes and PPA Take-Out Bonds), including, without limitation, any notes issued to secure borrowing arrangements. As such, the Principal Installments for Bond Anticipation Notes initially shall be and constitute Refundable Principal Installments. Bond Anticipation Notes shall not be or be deemed to be "bond anticipation notes" within the meaning of the Act.

Bond Registrar shall mean any institution appointed by the Authority to perform the duties of Bond Registrar enumerated in Section 703 with respect to any Series of Bonds.

Bondholder or *Holder of Bonds* shall mean the registered owner of any Bond or Bonds as shown on the books for the registration and transfer of Bonds maintained in accordance with Section 703.

Bondholders' Event of Default shall have the meaning provided in Section 801.

Bondholders' Trust Estate shall mean (i) the proceeds of the sale of the Bonds, (ii) all Funds established by the Resolution, including the investments, if any, thereof, other than the Revenue Fund, the Initial Power Purchaser Arrearages Fund and the Additional Units PPA Project Participant Arrearages Fund and (iii) all cash subsidy payments received by the Authority from the United States Treasury in respect of the interest payable on any Build America Bonds.

Build America Bonds shall mean any Bonds with respect to which the Authority has irrevocably elected, pursuant to Section 54AA(g) of the Internal Revenue Code of 1986, as amended, or any other similar federal program creating subsidies for municipal borrowers for which the Authority qualifies, to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on such Bonds.

Business Day shall mean any day, other than a Saturday or Sunday, on which the principal office of the Authority, the principal corporate trust office of the Trustee and the Federal Reserve Bank of New York are open for business during their respective normal business hours.

Capital Appreciation Bonds shall mean any Bonds issued under the Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Resolution or the Supplemental Resolution authorizing such Capital Appreciation Bonds.

Commercial Operation Date shall mean, with respect to an Additional Unit, the date on which such Additional Unit achieves "Commercial Operation" within the meaning of the Operating Agreement. The Authority shall notify the Trustee promptly following the occurrence of the Commercial Operation Date of each Additional Unit.

Commercial Paper Note shall mean any note that has a maturity date not more than 270 days after the date of issuance thereof and that is issued by the Authority pursuant to a Supplemental Resolution that designates such note as a Commercial Paper Note.

Commercial Paper Payment Plan shall mean, with respect to any Commercial Paper Notes issued under a Supplemental Resolution and as of any time, the then current Commercial Paper Payment Plan for such notes contained in a certificate of an Authorized Officer of the Authority delivered pursuant to Section 206 hereof and setting forth the sources of funds expected to be utilized by the Authority to pay the principal of and interest on such Commercial Paper Notes.

Construction Fund shall mean the Construction Fund established in subsection 1 of Section 502.

Costs of Acquisition and Construction shall mean, to the extent not included in the Plant Vogtle Additional Units PPA Project Annual Costs, all actual costs and expenses incurred by or for the account of the Authority or the PPA Project Entity for the planning,

designing, acquiring, constructing, and installing the PPA Project Entity's Ownership Interest, including, without limitation, any major renewals, replacements, repairs, additions, betterments or improvements necessary, in the opinion of the Authority or the PPA Project Entity, to keep the PPA Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, placing the PPA Project Entity's Ownership Interest in operation, disposing of the PPA Project Entity's Ownership Interest, and obtaining governmental approvals, certificates, permits and licenses with respect thereto heretofore or hereafter paid or incurred by, or for the account of, the Authority or the PPA Project Entity, as applicable, including, without limitation, the following:

(a) working capital reserves in such reasonable amounts as may be established by the Authority or the PPA Project Entity for the PPA Project Entity's Ownership Interest (including working capital reserves held in (i) funds or accounts established under the Resolution and (ii) accounts established under the DOE Accounts Agreement);

(b) acquisition of initial inventories or prepayment of Fuel for the PPA Project Entity's Ownership Interest and working capital and reserves therefor and working capital and reserves for additional inventories or prepayment of Fuel for the PPA Project Entity's Ownership Interest held by, or for the account of, either the Authority or the PPA Project Entity;

(c) charges related to processing, design, fabrication, transportation, disposal and storage of Fuel for the PPA Project Entity's Ownership Interest, including, without limitation, the following: (i) Fuel storage facilities, including spent fuel storage facilities, and (ii) working capital and reserves related to acquisition, processing, design, fabrication, transportation, disposal and storage of Fuel for the PPA Project Entity's Ownership Interest;

(d) reserves for renewals and replacements, retirement from service, or disposal of any facility of the PPA Project Entity's Ownership Interest and contingencies held by, or for the account of, either the Authority or the PPA Project Entity;

(e) training and testing costs incurred by the Authority or the PPA Project Entity attributable to the PPA Project Entity's Ownership Interest;

(f) preliminary investigation and development costs, engineering fees, contractors' fees, costs of labor, materials, equipment, utility services and supplies and legal costs attributable to the PPA Project Entity's Ownership Interest and the Additional Units PPA Project;

(g) all costs of insurance applicable to the period of construction of the PPA Project Entity's Ownership Interest; and

(h) amounts necessary to provide funds for contribution to the PPA Project Entity to repay Advances when due (whether at the maturity of principal or upon prepayment) on the Federal Loan and to reacquire from the PPA Project Entity the

PPA Project Entity's Ownership Interest at such time as (i) the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the Federal Loan shall have been paid, at the times and in the manner stipulated in the DOE Loan Guarantee Agreement and the other Federal Loan Documents, as applicable and (ii) the PPA Project Entity shall have satisfied all of its obligations under the DOE Loan Guarantee Agreement and the other Federal Loan Documents, as applicable (and no undisbursed commitments remain available thereunder).

Costs of Acquisition and Construction shall also include all other costs, except Financing Costs, incurred by the Authority or the PPA Project Entity and properly allocable to planning, designing, acquiring, constructing and installing the PPA Project Entity's Ownership Interest and the establishment of the Additional Units PPA Project including, without limitation, (i) all costs associated with the transfer to the PPA Project Entity of the PPA Project Entity's Ownership Interest and the entry by the PPA Project Entity into the DOE Loan Guarantee Agreement and the other Federal Loan Documents, (ii) the Additional Costs as described and defined in Section 2.2 of the Development Agreement attributable to the PPA Project Entity's Ownership Interest, (iii) amounts required to reimburse the Additional Units PPA Project Power Purchasers for amounts paid by them in respect of the payment of the principal of maturing Bond Anticipation Notes and PPA Take-Out Bonds, and (iv) amounts required to be repaid, reimbursed or otherwise paid by the Authority to the Initial Power Purchaser pursuant to any provision of the Initial Power Purchase Agreement at the end of the Term thereof (as such term is defined therein).

Credit Facility shall mean, with respect to any Bonds, any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a Credit Provider pursuant to which such Credit Provider becomes unconditionally obligated to pay when due, to the extent not paid by the Authority or otherwise, the principal of and interest on such Bonds.

Credit Provider shall mean any Bank, insurance company or other institution that has issued or provided a Credit Facility.

Dalton shall mean the City of Dalton, Georgia.

Debt Service for any period shall mean, as of any date of calculation, the sum of (i) with respect to the Bonds of any Series, an amount equal to the sum of (a) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits in the Debt Service Account in the Debt Service Fund made from proceeds of Bonds or Subordinated Bonds or other evidences of indebtedness of the Authority (including, without limitation, amounts transferred thereto from the Construction Fund) and (b) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the immediately preceding Principal Installment due date for such Series (or, if (x) there shall be no such preceding Principal Installment due date or (y) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever date is later), (ii) with respect to each Parity Reimbursement

Obligation, an amount equal to the sum of (a) interest accruing during such period on such Parity Reimbursement Obligation and (b) that portion of each Principal Installment for such Parity Reimbursement Obligation which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the immediately preceding Principal Installment due date for such Parity Reimbursement Obligation (or, if (x) there shall be no such preceding Principal Installment due date or (y) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of incurrence of such Parity Reimbursement Obligation, whichever date is later) and (iii) with respect to each Parity Obligation (other than any Parity Reimbursement Obligation), an amount equal to the sum of all amounts payable thereunder by the Authority during such period, except to the extent that interest on any such Parity Obligation is to be paid from deposits in the Debt Service Account in the Debt Service Fund made from proceeds of Bonds or Subordinated Bonds or other evidences of indebtedness of the Authority (including amounts transferred thereto from the Construction Fund). For purposes of this definition, (1) unless otherwise provided in the Supplemental Resolution authorizing any such Bonds or Parity Reimbursement Obligations, such interest and Principal Installments shall be calculated on the basis of a 360-day year consisting of twelve (12) thirty (30)-day months and (2) such interest and Principal Installments on Bonds and Parity Reimbursement Obligations shall be calculated on the assumptions that:

(A) no such Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) or Parity Reimbursement Obligations Outstanding at the date of calculation will cease to be Outstanding except, in the case of Bonds, by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments and, in the case of Parity Reimbursement Obligations, by reason of the payment thereof upon the stated due dates thereof,

(B) the principal amount of Option Bonds tendered for payment before the stated maturity thereof and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender,

(C) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in subsection 1 of Section 207,

(D) Parity Commercial Paper Notes shall be deemed to be Bonds for purposes of this definition but the principal thereof shall be included in Debt Service only to the extent that the Commercial Paper Payment Plan therefor indicates that such principal is to be paid from Revenues,

(E) Variable Rate Bonds and Parity Commercial Paper Notes will bear interest at the rate or rates which were assumed by the Authority in the Additional Units PPA Project Annual Budget for the applicable year to be borne by Variable Rate Bonds and Parity Commercial Paper Notes, respectively, during such year; *provided, however*, that if Debt Service is being calculated in connection with the

issuance of Variable Rate Bonds, for the purpose of determining the Debt Service Reserve Requirement upon the issuance of such Variable Rate Bonds, and either (i) no Additional Units PPA Project Annual Budget shall be in effect for the year in which such Variable Rate Bonds are being issued or (ii) the Additional Units PPA Project Annual Budget in effect for such year does not take into account such Variable Rate Bonds being issued, then such Variable Rate Bonds shall be deemed to bear interest at such rate or rates as the Board shall determine in connection with the authorization of such Variable Rate Bonds, which rate or rates shall be equal to the interest rate or rates that would have been assumed by the Authority with respect to such Variable Rate Bonds being issued if it were considering an Additional Units PPA Project Annual Budget for the applicable year at such time; and *provided, further*, that if the Authority has in connection with any Variable Rate Bonds or Parity Commercial Paper Notes entered into a Qualified Hedging Contract that provides that, in respect of a notional amount equal to the Outstanding principal amount of the Variable Rate Bonds or Parity Commercial Paper Notes, the Authority is to pay to a Qualified Hedging Contract Provider an amount determined based upon a fixed rate of interest and the Qualified Hedging Contract Provider is to pay to the Authority an amount determined based upon a variable rate of interest equal or comparable to the rate at which such Variable Rate Bonds or Parity Commercial Paper Notes bear interest, it will be assumed that such Variable Rate Bonds or Parity Commercial Paper Notes bear interest at the fixed rate of interest to be paid by the Authority, and

(F) fixed rate Bonds will bear interest at the rate or rates specified in such Bonds; *provided, however*, that if the Authority has in connection with any such Bonds entered into a Qualified Hedging Contract that provides that, in respect of a notional amount equal to the Outstanding principal amount of such Bonds, the Authority is to pay to a Qualified Hedging Contract Provider an amount determined based upon a variable rate of interest and the Qualified Hedging Contract Provider is to pay to the Authority an amount determined based upon a fixed rate of interest equal to the rate or rates at which such Bonds bear interest, it will be assumed that such Bonds bear interest at the variable rate of interest to be paid by the Authority.

Debt Service Fund shall mean the Debt Service Fund established in subsection 1 of Section 502.

Debt Service Reserve Requirement shall mean, as of any date of calculation, an amount equal to the greatest amount of Adjusted Aggregate Debt Service for the then current or any future calendar year; *provided, however*, that in the event that, in the opinion of tax counsel to the Authority, the amount of the proceeds of the Bonds of any Series that may be used to fund an increase in the Debt Service Reserve Requirement is limited under applicable federal income tax laws and regulations, then in no event may the increase in the Debt Service Reserve Requirement resulting from the issuance of such Bonds exceed the maximum amount of the proceeds of such Bonds that may, in the opinion of tax counsel to the Authority, be deposited to the Debt Service Reserve

Account under such applicable federal income tax laws and regulations. For purposes of the calculation of the Debt Service Reserve Requirement:

(a) the Debt Service Reserve Requirement shall take into account any Series of Bonds only for so long as any Bonds of such Series shall remain Outstanding, but Bond Anticipation Notes and PPA Take-Out Bonds shall not be deemed to be Bonds for purposes of this definition;

(b) in the event that the Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then until such time, if any, as the Authority, for whatever reason, no longer receives cash subsidy payments from the United States Treasury in respect of the interest payable on such Bonds, for purposes of this definition, the interest on the Bonds of such Series shall be calculated net of the amount of such subsidy; *provided, however*, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of the Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to the Authority by the United States Treasury, and such increase shall be deemed to accrue in equal monthly amounts over the five-year period that commences on the first day of the first month following the date on which such specified percentage is so reduced; and *provided, further*, that in the event that the Authority, for whatever reason, ceases to receive cash subsidy payments from the United States Treasury in respect of the interest payable on any such Bonds, then the amount of the Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be deemed to accrue in equal monthly amounts over the five-year period that commences on the first day of the first month following the date on which the Authority does not receive the first such cash subsidy payment that it theretofore was qualified to receive;

(c) except as provided in the following clause (d), the Debt Service for the Bonds of any Series shall be calculated as of the date of original issuance of the Bonds of such Series; and

(d) in the event that the Bonds of any Series shall be refunded in whole or in part, the Debt Service Reserve Requirement shall be recalculated, assuming that the refunding Bonds and the Bonds (if any) of the refunded Series to remain Outstanding upon the issuance of the refunding Bonds are part of the same Series.

Defeasance Security shall mean:

(a) any bond or other obligation which as to principal and interest constitutes a direct obligation of, or is unconditionally guaranteed by, the United States of America,

(b) any obligation of any state or political subdivision of a state or of any agency or instrumentality of any state or political subdivision (a *Municipal Bond*) which Municipal Bond is fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations

guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holder of the Municipal Bond, and which Municipal Bond is rated in the highest Rating Category by at least two Rating Agencies, *provided, however*, that such Municipal Bond shall have been the subject of a report of a nationally recognized independent certified accountant or other nationally recognized verification agent verifying that the moneys and obligations so segregated are sufficient to pay the principal of and premium, if any, and interest on the Municipal Bond,

(c) any certificate of deposit, whether negotiable or nonnegotiable, fully secured as to principal and interest by bonds or other obligations of the character described in (a) above,

(d) any certificate that evidences ownership of the right to payments of principal and/or interest on obligations described in either of clause (a) or (b) above of this definition, *provided, however*, that such obligations shall be held in trust by a Bank authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than $50,000,000, and

(e) any other security designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the Bonds authorized by such Supplemental Resolution.

Depositary shall mean any Bank selected by the Authority as a depositary of moneys and securities held under the provisions of the Resolution, and may include the Trustee.

Development Agreement shall mean the Plant Vogtle Owners Agreement Authorizing Development, Construction, Licensing and Operation of Additional Generating Units dated as of May 13, 2005, as such Agreement has been revised, restated, supplemented and/or amended and as it may be further revised, restated, supplemented and/or amended from time to time in accordance with its terms and as permitted by the terms of the Resolution, the Additional Units PPA-2 Project Resolution and the Additional Units Non-PPA Project Resolution.

DOE shall mean the United States Department of Energy, as guarantor of the Federal Loan.

DOE Accounts Agreement shall mean the Collateral Agency and Accounts Agreement to be entered into among DOE, the DOE Collateral Agent and the PPA Project Entity, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof.

DOE Collateral Agent shall mean PNC Bank, National Association, doing business as Midland Loan Services, a division of PNC Bank, National Association, or any successor thereto, in its capacity as Collateral Agent for DOE.

DOE Debt Service Payment Account shall mean the "DOE Debt Service Payment Account" established pursuant to the DOE Accounts Agreement.

DOE Debt Service Reserve Account shall mean the "DOE Debt Service Reserve Account" established pursuant to the DOE Accounts Agreement.

DOE Debt Service Reserve Requirement shall have the meaning assigned to the term "Debt Service Reserve Requirement" in the DOE Loan Guarantee Agreement.

DOE Debt Termination Date shall have the meaning assigned to the term "Debt Termination Date" in the DOE Loan Guarantee Agreement.

DOE Loan Guarantee Agreement shall mean the Loan Guarantee Agreement to be entered into between the PPA Project Entity and DOE, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof.

DOE Project Accounts shall have the meaning assigned to the term "Project Accounts" the DOE Accounts Agreement.

DOE Reserve & Contingency Account shall mean the "DOE Reserve & Contingency Account" established pursuant to the DOE Accounts Agreement.

DOE Revenue Account shall mean the "DOE Revenue Account" established pursuant to the DOE Accounts Agreement.

DOE Secured Parties shall mean DOE and the DOE Collateral Agent, as their respective interests may appear.

Federal Loan shall mean the loan (and Advances thereunder) obtained by the PPA Project Entity that are guaranteed in whole or in part pursuant to the DOE Loan Guarantee Agreement with respect to the financing of Costs of Acquisition and Construction of the PPA Project Entity's Ownership Interest.

Federal Loan Debt Service Payments shall mean the amounts the Authority is required to pay in respect of Debt Service (as defined in the PPA Project Power Purchase Agreement) on the Federal Loan.

Federal Loan Documents shall have the meaning assigned to the term "Loan Documents" in the DOE Loan Guarantee Agreement.

Federal Loan Event of Default shall have the meaning provided in Section 901.

Federal Loan Option shall mean the program authorized by Title XVII of the federal Energy Policy Act of 2005, pursuant to which certain loan guarantees provided by DOE are made available with respect to, among other things, "advanced nuclear energy facilities."

FFB shall mean the Federal Financing Bank, a body corporate and instrumentality of the United States of America.

Fiduciary or Fiduciaries shall mean the Trustee, the Paying Agents or any or all of them, as may be appropriate.

Financial Guaranty shall mean one or more of an irrevocable and unconditional, policy of insurance or surety bond in full force and effect issued by an insurance company or association duly authorized to do business in the State of New York and the State of Georgia the financial strength of which, except as provided in subsection 5 of Section 507, is rated in the highest rating category by Moody's Investors Service, Standard & Poor's, Fitch Ratings and, if rated by A.M. Best & Company, A.M. Best & Company, and providing for the payment thereunder of moneys when required pursuant to the Resolution.

Financing Costs shall mean all financing costs related to the Additional Units PPA Project that may be financed from the proceeds of Bonds or Subordinated Bonds or the Federal Loan, including, but without limitation, the following:

(a) costs of issuance, including, without limitation, underwriting fees, bank commitment and letter of credit fees, legal and financial advisory fees, bond insurance and indemnity fees, and any payments on Qualified Hedging Contracts including, without limitation, (i) any periodic "net" payments accruing in whole or in part prior to and during construction and for such additional period as the Authority may reasonably determine to be necessary in connection with the placing of the PPA Project Entity's Ownership Interest in operation, and (ii) any swap premium or swap termination payment;

(b) interest accruing in whole or in part on Bonds or Subordinated Bonds or the Federal Loan prior to and during construction (or, in the case of Bonds or Subordinated Bonds issued or Advances made to finance Fuel, interest accruing in whole or in part on such Bonds or Subordinated Bonds or such Advances prior to the loading of such Fuel in the reactor) and for such additional period as the Authority may reasonably determine to be necessary in connection with the placing of the PPA Project Entity's Ownership Interest in operation in accordance with the provisions of the Resolution, including, without limitation, any major renewals, replacements, repairs, additions, betterments or improvements or modifications with respect to the PPA Project Entity's Ownership Interest of a particular Additional Unit undertaken following the Commercial Operation Date of such Additional Unit;

(c) the deposit or deposits from the proceeds of Bonds or Subordinated Bonds issued, or Advances made, to finance such costs in any Fund or Account established pursuant to the Resolution or the Federal Loan Documents to meet debt service reserve requirements for Bonds or Subordinated Bonds or the Federal Loan, or replenishment of such funds if drawn down; and

(d) any other fees, costs and expenses of financing for the Bonds or Subordinated Bonds or the Federal Loan.

Fuel shall mean the nuclear materials required for the operation of the Additional Units, including, without limitation, the initial nuclear fuel cores.

GPC shall mean Georgia Power Company.

Initial Power Purchase Agreement shall mean the Power Purchase Agreement, dated as of May 12, 2008, between the Authority and the Initial Power Purchaser, as heretofore amended and as such Agreement may hereafter be amended or supplemented from time to time as permitted therein and herein.

Initial Power Purchaser shall mean JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida, and any permitted successors and assigns.

Initial Power Purchaser Arrearages Fund shall mean the Initial Power Purchaser Arrearages Fund provided for by subsection 2 of Section 502.

Initial Power Purchaser Arrearages Fund Establishment Date shall mean the day that is the fifth (5th) Business Day following the first date (if any) on which the Initial Power Purchaser shall fail to pay in full when due any payment under the Initial Power Purchase Agreement in respect of Plant Vogtle Additional Units PPA Project Annual Costs, but only if such failure shall be continuing on such fifth (5th) following Business Day.

Initial Power Purchaser Arrearages Payment shall mean any payment received by the Authority from the Initial Power Purchaser under the Initial Power Purchase Agreement in respect of any amount due thereunder that was not paid when due.

Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date shall mean the day following the day, if any, on which the Initial Power Purchaser shall have satisfied its obligation to pay all amounts in respect of Debt Service under (and as defined in) the Initial Power Purchase Agreement payable or to become payable through the end of the Term thereof (as such term is defined therein), including, without limitation, any and all payments of such amounts thereunder that theretofore had not been paid when due and all interest thereon payable pursuant to the terms of the Initial Power Purchase Agreement.

Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date shall mean the day following the day on which the Initial Power Purchaser's obligation to pay future accruing Debt Service (as defined in the Initial Power Purchase Agreement) has terminated, and the Initial Power Purchaser shall have no new or additional obligation to pay amounts in respect of Debt Service under the Initial Power Purchase Agreement for either Additional Unit for any series of Bonds, Subordinated Bonds, Parity Obligations or Subordinated Obligations, or for the Federal Loan; it being understood that, pursuant to the Initial Power Purchase Agreement, the Initial Power Purchaser has no responsibility for any new or additional Debt Service that goes unpaid after such date, whether by reason of a default by any of the Additional Units PPA Project Participants in the making of any payment due under its Additional Units PPA Power Sales Contract or otherwise; *provided, however*, that under the Initial Power Purchase Agreement, the Initial Power Purchaser shall continue to be responsible for paying any amount in respect of Debt Service that was not paid when due.

Initial Power Purchaser Resale Revenues shall mean any payments received by the Authority as a result of the resale of all or any portion of the power, energy or other service from the PPA Project Entity's Ownership Interest that the Initial Power Purchaser previously was entitled to receive following the discontinuance of service (whether or not permanent) to the Initial Power Purchaser under the Initial Power Purchase Agreement as a result of a default by the Initial Power Purchaser thereunder, but shall not include any payments received by the Authority as a result of the resale of all or any portion of such power, energy or other service pursuant to a Replacement Sponsor PPA (as such term is defined in the DOE Loan Guarantee Agreement).

Initial Term shall have the meaning assigned to the term "Term" in Section 102 of the Initial Power Purchase Agreement.

Investment Securities shall mean and include any securities, obligations or investments permitted for investment of the Authority's funds from time to time by O.C.G.A. Sections 36-80-3, 36-82-7, 36-83-4 and 50-17-2, as from time to time amended, or any successor provisions thereto, or additional provisions of Georgia law from time to time enacted regarding the investment of funds of the Authority, in each case, upon written notice to the Trustee by the Authority of the amendment of existing provisions or the adoption of successor or additional provisions.

Liquidity Facility shall mean, with respect to any Bonds, any letter of credit, standby bond purchase agreement, line of credit or similar instrument issued by a Liquidity Provider pursuant to which such Liquidity Provider becomes obligated to fund when due, to the extent not paid by the Authority or otherwise, the purchase price of such Bonds due upon tender thereof or, in the case of Commercial Paper Notes, the principal of and interest thereon when due. Such funding obligation may be subject to such conditions as are permitted by the Rating Agency or Rating Agencies in assigning a short-term or commercial paper rating to such Bonds.

Liquidity Provider shall mean any Bank, insurance company or other institution that has issued or provided a Liquidity Facility.

Monthly Reserve and Contingency Deposit shall mean, with respect to any particular calendar year, an amount equal to one-twelfth (or, with respect to the year in which the Commercial Operation Date of the first Additional Unit occurs, a fraction the numerator of which is 1 and the denominator of which is the number of full calendar months remaining in such year following the occurrence of such date) of the greater of (a) the total amount provided in the then current Additional Units PPA Project Annual Budget to be deposited in the Reserve and Contingency Fund and the DOE Reserve & Contingency Account during such calendar year or (b) an amount equal to 10% of the sum of (i) the Aggregate Debt Service for such calendar year on all Bonds other than Bond Anticipation Notes and PPA Take-Out Bonds then Outstanding and all Parity Obligations other than Parity Commercial Paper Notes then outstanding, (ii) the aggregate amount of the principal of and interest on all Subordinated Bonds and all Subordinated Obligations other than Subordinated Commercial Paper Notes then outstanding that is deemed to accrue during such calendar year, assuming that such principal and interest accrue in the same manner as the principal of and interest on Bonds is deemed to accrue as provided in the definition of *Debt Service* contained in this

Section 102 and (iii) the principal and interest payable on the Federal Loan during such calendar year.

MWs shall mean megawatts.

Non-PPA Project Entity shall mean MEAG Power SPVM LLC, a limited liability company organized under the laws of the State of Georgia formed by the Authority for the sole purpose of owning and operating the Non-PPA Project Portion of the Authority's Interest in the Additional Units and that is a wholly-owned, direct subsidiary of the Authority, the business and activities of which shall be limited to the acquisition, construction, ownership and operation of the Non-PPA Project Portion of the Authority's Interest and such other lawful activities as are necessary, customary, convenient, or incident to the purposes specified above.

Non-PPA Project Portion shall mean a 33.870736 percent undivided interest in the Authority's Interest, which interest shall include 169.458 MWs of the capacity and output of the Additional Units, based upon the nominal ratings of the Additional Units as specified on Attachment A hereto.

Nuclear Managing Board Agreement shall mean the Second Amended and Restated Nuclear Managing Board Agreement dated as of April 21, 2006 among GPC, OPC, the Authority and Dalton, as such Agreement has been revised, restated, supplemented and/or amended and as it may be further revised, restated, supplemented and/or amended from time to time in accordance with its terms and as permitted by the terms of the Resolution, the Additional Units PPA-2 Project Resolution and the Additional Units Non-PPA Project Resolution.

OPC shall mean Oglethorpe Power Corporation (an Electric Membership Corporation).

Operating Agreement shall mean the Plant Alvin W. Vogtle Nuclear Units Amended and Restated Operating Agreement dated April 21, 2006 among GPC, OPC, the Authority and Dalton, as such Agreement has been revised, restated, supplemented and/or amended and as it may be further revised, restated, supplemented and/or amended from time to time in accordance with its terms and as permitted by the terms of the Resolution, the Additional Units PPA-2 Project Resolution and the Additional Units Non-PPA Project Resolution.

Operating Expenses shall mean the costs and expenses for operation and maintenance of the Additional Units PPA Project, including, without limitation, ordinary repairs, renewals and replacements to the PPA Project Entity's Ownership Interest and all costs of purchasing, producing and delivering electric power and energy from the PPA Project Entity's Ownership Interest and payments into reserves for items of Operating Expenses the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing: (a) amounts payable by the Authority to the PPA Project Entity pursuant to the PPA Project Power Purchase Agreement in respect of O&M Costs (as defined in the PPA Project Power Purchase Agreement); and (b) except to the extent included in O&M Costs under (and as defined in) the PPA Project Power Purchase Agreement, Fuel costs; rents; administrative and general expenses; engineering

expenses; legal, accounting and financial advisory expenses; payments to pension, retirement, health and hospitalization funds; insurance premiums; any taxes or payments in lieu of taxes and other governmental charges; and any other current expenses or obligations (i) required to be paid by the Authority under the provisions of the Resolution or by law or under or in connection with the performance of its obligations under the Additional Units PPA Project Power Contracts or (ii) required to be paid by the PPA Project Entity under or in connection with the performance of its obligations under the PPA Project Power Purchase Agreement or the Additional Units Project Agreements, all to the extent properly allocable to the Additional Units PPA Project; and the fees and expenses of the Fiduciaries. Operating Expenses shall not include any costs or expenses for new construction or any allowance for depreciation.

Opinion of Counsel shall mean an opinion signed by an attorney or firm of attorneys (who may be counsel to the Authority) selected by the Authority.

Option Bonds shall mean Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by the Authority prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Outstanding, when used with reference to Parity Reimbursement Obligations, shall mean Parity Reimbursement Obligations that have not been paid in full by the Authority unless otherwise defined in the agreement creating such Parity Reimbursement Obligations and, when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

(i) Bonds cancelled by the Trustee at or prior to such date;

(ii) Bonds (or portions thereof) the principal or Redemption Price, if applicable, of and interest on which have been paid in accordance with the terms thereof;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III or Section 406 or 1206; and

(iv) Bonds deemed to have been paid as provided in subsection 2 of Section 1301.

Ownership Agreement shall mean the Plant Alvin W. Vogtle Additional Units Ownership Participation Agreement dated April 21, 2006 among GPC, OPC, the Authority and Dalton, as such Agreement has been revised, restated, supplemented and/or amended and as it may be further revised, restated, supplemented and/or amended from time to time in accordance with its terms and as permitted by the terms of the Resolution, the Additional Units PPA-2 Project Resolution and the Additional Units Non-PPA Project Resolution.

Parity Commercial Paper Notes shall have the meaning provided in subsection 1 of Section 206.

Parity Hedging Contract Obligation shall have the meaning provided in subsection 8 of Section 205.

Parity Obligation shall mean any Parity Commercial Paper Notes, Parity Reimbursement Obligation or Parity Hedging Contract Obligation. For purposes of Section 803, any Parity Obligation shall specify, to the extent applicable, the interest and principal components of, or the scheduled payments corresponding to interest under, such Parity Obligation.

Parity Reimbursement Obligation shall have the meaning provided in subsection 4 of Section 205.

Paying Agent shall mean any Bank designated as paying agent for the Bonds of any Series, and its successor or successors hereafter appointed in the manner provided in the Resolution.

Plant Vogtle shall mean Plant Alvin W. Vogtle, an electric power generating facility located in Burke County, Georgia.

Plant Vogtle Additional Units PPA Project Annual Costs shall have the meaning assigned thereto in the Initial Power Purchase Agreement and in the Additional Units PPA Power Sales Contracts.

PPA Project Entity shall mean MEAG Power SPVJ LLC, a limited liability company organized under the laws of the State of Georgia formed by the Authority for the sole purpose of owning and operating the PPA Project Portion of the Authority's Interest in the Additional Units and that is a wholly-owned, direct subsidiary of the Authority, the business and activities of which shall be limited to the acquisition, construction, ownership and operation of the PPA Project Portion of the Authority's Interest and such other lawful activities as are necessary, customary, convenient, or incident to the purposes specified above.

PPA Project Entity's Ownership Interest shall mean a percentage undivided interest in the Authority's Interest in the Additional Units in an amount equal to the PPA Project Portion.

PPA Project Entity's Portion shall mean, as of any date of determination, a fraction the numerator of which is the aggregate principal amount of the Federal Loan outstanding as of such date and the denominator of which is the sum of (a) the aggregate principal amount of all Bonds Outstanding as of such date and (b) the aggregate principal amount of the Federal Loan outstanding as of such date.

PPA Project Entity's Reserve and Contingency Requirement shall mean an amount equal to the portion of the Reserve and Contingency Requirement specified as such in the definition of *Reserve and Contingency Requirement* contained in this Section 102.

PPA Project Portion shall mean a 41.174636 percent undivided interest in the Authority's Interest, which interest shall include 206.000 MWs of the capacity and output

of the Additional Units, based upon the nominal ratings of the Additional Units as specified on Attachment A hereto.

PPA Project Power Purchase Agreement shall mean the Wholesale Power Sales Agreement to be entered into between the PPA Project Entity and the Authority, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof and of the Resolution.

PPA Take-Out Bonds shall mean Bonds issued to refund Bond Anticipation Notes that (a) are designated by the Authority as such in the Supplemental Resolution authorizing such Bonds, (b) are intended to be amortized over a period not to exceed ten (10) years following the date of issuance thereof and (c) are not intended to be payable from, or secured by, amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund.

PPA-2 Project Entity shall mean MEAG Power SPVP LLC, a limited liability company organized under the laws of the State of Georgia formed by the Authority for the sole purpose of owning and operating the PPA-2 Project Portion of the Authority's Interest in the Additional Units and that is a wholly-owned, direct subsidiary of the Authority, the business and activities of which shall be limited to the acquisition, construction, ownership and operation of the PPA-2 Project Portion of the Authority's Interest and such other lawful activities as are necessary, customary, convenient, or incident to the purposes specified above.

PPA-2 Project Portion shall mean a 24.954628 percent undivided interest in the Authority's Interest, which interest shall include 124.850 MWs of the capacity and output of the Additional Units, based upon the nominal ratings of the Additional Units as specified on Attachment A hereto.

Pre-Commercial Generation shall mean the Output (as defined in the Initial Power Purchase Agreement) produced by each Additional Unit prior to such Additional Unit's Commercial Operation Date.

Principal Installment shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding or, in the case of clause (iv), so long as any Parity Reimbursement Obligation is Outstanding, (i) the principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in subsection 2 of Section 511) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, that would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any, or (iv) the principal amount of any Parity Reimbursement Obligation due on a certain future date.

Qualified Hedging Contract shall mean, to the extent from time to time permitted by law, any financial arrangement (i) which is entered into by the Authority with an entity that is a Qualified Hedging Contract Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; interest rate swap, including, without limitation, a forward rate or future rate swap; asset, index, price or market-linked-transaction or agreement; other exchange or rate protection transaction agreement; agreement for the future delivery or price management of Fuel or other commodities; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, executed by the Authority for the purpose of moderating interest rate or commodity price fluctuations or otherwise, and (iii) which has been designated in writing to the Trustee by an Authorized Officer of the Authority as a Qualified Hedging Contract (which writing shall specify, in the case of a Qualified Hedging Contract that is entered into in connection with any Bonds or any Advance under the Federal Loan, the Bonds or Advance, as applicable, with respect to which such Qualified Hedging Contract is entered into).

Qualified Hedging Contract Provider shall mean an entity whose senior unsecured long-term debt obligations, financial program rating, counterparty rating or claims-paying ability is rated, or whose payment obligations under a financial arrangement of the type referred in clause (ii) of the definition of Qualified Hedging Contract are guaranteed or insured by an entity whose senior unsecured long-term obligations, financial program rating, counterparty rating or claims-paying ability is rated, on the date a Qualified Hedging Contract is entered into, either (i) at least as high as the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Hedging Contract Provider, but in no event lower than any Rating Category designated by each such Rating Agency for the Bonds, or (ii) at any such lower Rating Categories which each such Rating Agency indicates in writing to the Authority and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Bonds that is in effect prior to entering into such Qualified Hedging Contract and which is an authorized counterparty pursuant to the Authority's investment policy as from time to time approved by the Board.

Rating Agency shall mean each nationally recognized securities rating agency then maintaining a rating on the Bonds at the request of the Authority.

Rating Category shall mean one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise; *provided, however*, that for purposes hereof any requirement that an obligation be rated in the highest short-term Rating Category shall be deemed to be satisfied if such obligation is rated A-1 or better by Standard & Poor's, VMIG-1 or better by Moody's Investors Service, Inc. or F-1 or better by Fitch Ratings.

Redemption Price shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

Refundable Principal Installment shall mean any Principal Installment for any Series of Bonds or any Parity Commercial Paper Notes which the Authority intends to pay with moneys which are not Revenues; *provided, however*, that (i) in the case of

Bonds, such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds and (ii) in the case of Parity Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Parity Commercial Paper Notes; and *provided, further*, that any such Principal Installment, other than Principal Installments for Parity Commercial Paper Notes, shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as the Authority no longer intends to pay such Principal Installment with moneys which are not Revenues and with respect to Parity Commercial Paper Notes, any Parity Commercial Paper Note shall cease to be a Refundable Principal Installment at such time, if any, as shall be provided in the Commercial Paper Payment Plan applicable thereto.

Refunding Bonds shall mean all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to Section 204, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 406 or Section 1206.

Reimbursement Obligation shall have the meaning provided in subsection 4 of Section 205.

Reserve and Contingency Fund shall mean the Reserve and Contingency Fund established in subsection 1 of Section 502.

Reserve and Contingency Requirement shall mean, as of any date, such amount as may be established by the Board and certified to the Trustee by an Authorized Officer of the Authority, but in no event less than $4,962,000 (hereinafter referred to in this definition as the "*Minimum Reserve and Contingency Requirement*"); _____ percent of such amount shall constitute the Authority's Reserve and Contingency Requirement (which, in the case of the Minimum Reserve and Contingency Requirement, shall be equal to $_____) and _____ percent of such amount shall constitute the PPA Project Entity's Reserve and Contingency Requirement (which, in the case of the Minimum Reserve and Contingency Requirement, shall be equal to $_____).

Resolution shall mean this Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms hereof, which, upon the Effective Date, amends and restates the Bond Resolution as in effect immediately prior to such date and which, by virtue of the acceptance by the Trustee of the Bond Resolution, constitutes a trust agreement.

Revenue Fund shall mean the Revenue Fund established in subsection 1 of Section 502.

Revenues shall mean (i) all revenues, income, rents and receipts received by the Authority from or attributable to the Additional Units PPA Project, including, without limitation, all revenues attributable to the Additional Units PPA Project or to the payment of the costs thereof and received by the Authority under the Additional Units PPA Project Power Contracts (including any amounts received as a result of the enforcement of such contracts) or under any other contract for the sale of power, energy or other service from

the PPA Project Entity's Ownership Interest or any part thereof or any contractual arrangement with respect to the use of the PPA Project Entity's Ownership Interest or any portion thereof or the services, output or capacity thereof, but shall not include (X) any such revenues, income, rents or receipts derived by the Authority from or attributable to the sale of any Pre-Commercial Generation and (Y) any amount payable by the Initial Power Purchaser under the Initial Power Purchase Agreement in respect of the Additional Compensation Obligation; (ii) the proceeds of any insurance covering business interruption loss relating to the PPA Project Entity's Ownership Interest or the Additional Units PPA Project and received by the Authority; (iii) the proceeds of any liquidated damages payable by a contractor for delay relating to the PPA Project Entity's Ownership Interest and received by the Authority; and (iv) interest accrued on any moneys or securities held pursuant to the Resolution and paid or required to be paid into the Revenue Fund; *provided, however*, that (a) during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, all Initial Power Purchaser Arrearages Payments and all Initial Power Purchaser Resale Revenues shall not constitute Revenues, and all such Payments and Resale Revenues shall be used and applied as provided in Section 512 hereof and (b) during the period from and including the Additional Units PPA Project Participants' Debt Service Commencement Date to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, all Additional Units PPA Project Participant Arrearages Payments and all Additional Units PPA Project Participant Resale Revenues shall not constitute Revenues, and all such Payments and Resale Revenues shall be used and applied as provided in Section 513 hereof. Without limiting the generality of the foregoing, all cash subsidy payments received by the Authority from the United States Treasury in respect of the interest payable on any Build America Bonds shall constitute Revenues for all purposes of the Resolution.

Series shall mean all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

Shared Trust Estate shall mean (i) the Revenues, other than any cash subsidy payments received by the Authority from the United States Treasury in respect of the interest payable on any Build America Bonds, (ii) the Initial Power Purchaser Arrearages Payments and the Initial Power Purchaser Resale Revenues, (iii) the Additional Units PPA Project Participant Arrearages Payments and the Additional Units PPA Project Participant Resale Revenues, (iv) the Revenue Fund, the Initial Power Purchaser Arrearages Fund and the Additional Units PPA Project Participant Arrearages Fund established by the Resolution, including the investments, if any, thereof and (v) except for the right to receive payment of the Additional Compensation Obligation, all of the Authority's rights under the Additional Units PPA Project Power Contracts, including, without limitation, (a) the right to receive and collect all of the payments from the Additional Units PPA Project Power Purchasers under the Additional Units PPA Project Power Contracts (other than the Additional Compensation Obligation), (b) the right to receive and collect any proceeds of any insurance maintained thereunder, (c) the right to

take all actions and give all consents under the Additional Units PPA Project Power Contracts and (d) the right to exercise such rights and remedies conferred on the Authority under the Additional Units PPA Project Power Contracts; *provided, however*, that, as to each Additional Units PPA Project Power Contract, the Trustee shall be entitled to exercise the rights described in the foregoing subclauses (c) and (d) only following the occurrence and continuance of a Bondholders' Event of Default or a Federal Loan Event of Default hereunder.

Sinking Fund Installment shall mean an amount so designated which is established pursuant to a Supplemental Resolution authorizing a Series of Bonds and is required to be paid into the Debt Service Account in the Debt Service Fund by a specified date for application (on or prior to the due date of such Sinking Fund Installment and pursuant to subsection 2 of Section 506) to the retirement by purchase, redemption or payment at maturity of a portion of the Bonds of a particular maturity or an interest rate within a maturity of such Series equal in principal amount to such Sinking Fund Installment.

Standstill Period shall have the meaning assigned to such term in the DOE Loan Guarantee Agreement; *provided, however*, that the Trustee shall not be deemed to have knowledge of the commencement of any Standstill Period, or of the termination thereof, until such time (if any) as the Trustee shall have received notice in writing to such effect from DOE or the DOE Collateral Agent in the manner provided in the DOE Loan Guarantee Agreement.

Subordinated Bond Fund shall mean the Subordinated Bond Fund established in subsection 1 of Section 502.

Subordinated Bond Fund Requirement shall mean, as of any date of determination, the sum of (i) the principal or redemption price of, and interest on, all Subordinated Bonds then outstanding that is due and unpaid, (ii) all amounts due and unpaid with respect to all Subordinated Obligations then outstanding and (iii) the amount required to be deposited to the Subordinated Bond Fund during the then current month pursuant to clause (3) of subsection 2 of Section 505.

Subordinated Bonds shall mean any bonds, notes or other evidences of indebtedness referred to in, and complying with the provisions of, Section 515.

Subordinated Commercial Paper Notes shall have the meaning provided in subsection 1 of Section 206.

Subordinated Hedging Contract Obligation shall have the meaning provided in subsection 8 of Section 205.

Subordinated Obligation shall mean any payment obligation (which does not constitute Bonds, a Parity Obligation or Subordinated Bonds) (a) that is a Subordinated Reimbursement Obligation, (b) that is a Subordinated Hedging Contract Obligation, (c) that is a Subordinated Commercial Paper Note or (d) that arises under any other contract, agreement or other obligation authorized by resolution of the Authority and is designated as a "Subordinated Obligation" in a certificate of an Authorized Officer of the Authority

delivered to the Trustee. Each Subordinated Obligation shall be payable from and secured by a pledge of the Subordinated Bond Fund which pledge shall be subordinate in all respects to the pledges of the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues, moneys, securities and funds created by the Resolution in favor of the Bonds, the Parity Obligations and the Federal Loan Debt Service Payments.

Subordinated Reimbursement Obligation shall have the meaning provided in subsection 4 of Section 205.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution, adopted by the Authority in accordance with Article XI.

Trustee shall mean the trustee appointed pursuant to Article X, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

Variable Rate Bonds shall mean, as of any date of determination, any Bond on which the interest rate borne thereby may vary during any part of its remaining term.

Working Capital and *Working Capital Requirement* shall have the respective meanings provided in Section 708.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations.

103. ***Authority for this Resolution.*** This Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with the provisions of Article X of the Bond Resolution. By virtue of the acceptance by the Trustee of the Bond Resolution, this Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution constitutes a trust agreement pursuant to the provisions of the Act.

104. ***Resolution to Constitute Contract.*** 1. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the Bonds; and the pledges and assignments made in the Resolution with respect to the Bonds and the covenants and agreements therein set forth with respect thereto to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by the Resolution.

2. In consideration of the making of the Federal Loan, the Resolution shall be deemed to be and shall constitute a contract between the Authority and the DOE Secured Parties; and the pledge and assignment made in the Resolution with respect to the Federal Loan Debt

Service Payments and the covenants and agreements therein set forth with respect thereto to be performed on behalf of the Authority shall be for the benefit, protection and security of the DOE Secured Parties.

ARTICLE II

AUTHORIZATION OF ADDITIONAL UNITS PPA PROJECT AND AUTHORIZATION AND ISSUANCE OF BONDS

201. ***Authorization of Additional Units PPA Project and Authorization of Bonds to be Issued Therefor.*** 1. The undertaking by the Authority pursuant to the Resolution of the Additional Units PPA Project in accordance with the Act is hereby ratified, confirmed and approved, and the Authority is hereby authorized to do and perform all acts and things required to be done or performed by the Authority to carry out such undertaking.

2. The Resolution authorizes Bonds of the Authority to be designated as "Plant Vogtle Units 3&4 Project J Bonds." The aggregate principal amount of the Bonds that may be executed, authenticated and delivered under the Resolution is not limited except as may be hereinafter provided or as may be limited by the Act, including, without limitation, the provisions therein contained with respect to validation of bonds.

3. The Bonds may, if and when authorized by the Authority pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name "Plant Vogtle Units 3&4 Project J Bonds" (or, in the case of any Series of Bonds issued as Bond Anticipation Notes, "Plant Vogtle Units 3&4 Project J Bond Anticipation Notes"), shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

4. Nothing in the Resolution shall be deemed to preclude or prevent the consolidation into a single Series for purposes of issuance and sale of Bonds otherwise permitted by the Resolution to be issued at the same time in two or more separate Series; *provided, however*, that solely for the purpose of satisfying the conditions to issuance of such Bonds contained in the Resolution, the Bonds otherwise permitted by the Resolution to be issued as a separate Series shall be considered separately as if such Bonds were in effect to be issued as a separate Series. In the event that separate Series are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution notwithstanding any other provision of the Resolution.

202. ***General Provisions for Issuance of Bonds.*** 1. All (but not less than all) the Bonds of each Series shall be executed by the Authority for issuance under the Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

(1) An Opinion of Counsel of an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds to the effect that (i) the Authority has the right and power under the Act as amended to the date of such Opinion to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority in

accordance with its terms, and no other authorization for the Resolution is required; (ii) the Resolution creates the valid pledges which it purports to create of the Shared Trust Estate and the Bondholders' Trust Estate, subject to provisions of the Resolution permitting the application thereof to the purposes and on the terms and conditions permitted by the Resolution; and (iii) the Bonds of such Series are valid, binding and direct obligations of the Authority as provided in the Resolution, have been validated in accordance with the Act and are entitled to the benefits of the Resolution and of the Act as amended to the date of such Opinion, and such Bonds have been duly and validly authorized and issued in accordance with law, including, without limitation, the Act as amended to the date of such Opinion, and in accordance with the Resolution; *provided, however*, that any such Opinion of Counsel may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' remedies generally and may state that no opinion is being rendered as to the availability of any particular remedy;

(2) A written order as to the delivery of such Bonds, signed by an Authorized Officer of the Authority;

(3) A copy of the Supplemental Resolution authorizing such Bonds, certified by an Authorized Officer of the Authority, which shall specify such terms and conditions relating to the Bonds of such Series, and such matters relative thereto, as the Authority may determine;

(4) The amount, if any, specified in such Supplemental Resolution for deposit in the Debt Service Account in the Debt Service Fund for the payment of interest on Bonds and, except in the case of Bond Anticipation Notes or PPA Take-Out Bonds, the amount, if any, necessary for deposit in the Debt Service Reserve Account in the Debt Service Fund so that the amount on deposit in such Account shall equal the Debt Service Reserve Requirement calculated immediately after the authentication and delivery of such Series of Bonds;

(5) Except in the case of Refunding Bonds, a certificate of an Authorized Officer of the Authority stating that either (a) no Bondholders' Event of Default or Federal Loan Event of Default has occurred and is continuing under the Resolution or (b) the application of the proceeds of the sale of such Series of Bonds as required by the Supplemental Resolution authorizing such Series of Bonds will cure any such Bondholders' Event of Default or Federal Loan Event of Default;

(6) An Opinion or Opinions of Counsel to the effect that the Initial Power Purchase Agreement and each of the Additional Units PPA Power Sales Contracts, in either such case, to the extent that such Agreement and any such Contract is then in force, have been duly authorized, executed and delivered by the Authority and by the Initial Power Purchaser and the Additional Units PPA Project Participants, respectively, that are parties thereto and constitute valid and binding obligations of the Authority, the Initial Power Purchaser and the Additional Units PPA Project Participants in accordance with their respective terms; *provided, however*, that (a) any such Opinion of Counsel may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' remedies generally and may state that no opinion is being rendered as to the availability of any particular remedy; and

(b) once an Opinion of Counsel covering any of the matters referred to above has been received by the Trustee, no new Opinion of Counsel covering such matter need be furnished to the Trustee unless the Additional Units PPA Project Power Contract to which the matter relates has been amended, modified or supplemented subsequent to the date of the prior Opinion of Counsel furnished with respect thereto;

(7) If so required by the Supplemental Resolution authorizing such Bonds, a Credit Facility in respect of any or all Bonds of such Series and, in the case of Variable Rate Bonds that are subject to tender at the option of the Holder or upon the occurrence of certain events, if so required by the Supplemental Resolution authorizing such Bonds, a Liquidity Facility in respect of all such Bonds;

(8) In the case of each Series of Bonds any portion of the proceeds of which is to be deposited in the Debt Service Account in the Debt Service Fund (other than any accrued interest that is to be applied to the payment of interest on Bonds on the interest payment date next following the date of issuance of such Bonds), a certificate of an Authorized Officer of the Authority setting forth the then estimated application of such proceeds so deposited for the payment of interest on any particular Series of Bonds, whether or not such Series of Bonds is then Outstanding, or then being issued, or to be issued thereafter;

(9) For deposit in the Construction Fund all amounts not deposited in other funds created under the Resolution; and

(10) Such further documents, moneys and securities as may be required hereby or by any Supplemental Resolution adopted pursuant to Article XI.

203. ***Bonds Other than Refunding Bonds.*** 1. One or more Series of Bonds may be issued at any time for the purpose of paying all or a portion of the Costs of Acquisition and Construction of the PPA Project Entity's Ownership Interest and the Financing Costs of the Additional Units PPA Project. Bonds of each such Series shall be authenticated and delivered by the Trustee only upon compliance with the terms and conditions set forth in Section 202.

2. The proceeds, including accrued interest (if any), of each Series of Bonds authorized under this Section 203 shall be applied simultaneously with the delivery of such Bonds as shall be provided in the Supplemental Resolution authorizing such Series.

204. ***Refunding Bonds.*** 1. One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all or any portion of any Outstanding Bonds or all or any portion of any outstanding Subordinated Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds, to pay costs of issuing the Refunding Bonds and related costs, such as premiums and termination payments under Qualified Hedging Contracts and/or investment agreements.

2. The proceeds, including accrued interest (if any), of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Bonds for the purposes of making deposits in such Funds and Accounts under the Resolution as shall be provided in the

Supplemental Resolution authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

205. ***Provisions Concerning Credit Facilities; Liquidity Facilities; Qualified Hedging Contracts.*** 1. The Authority may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Bonds secured by a Credit Facility or supported by a Liquidity Facility as the Authority deems appropriate, and no such provisions shall be deemed to constitute an amendment to the Resolution requiring action under Section 1102 or 1103, including, without limitation:

(a) So long as a Credit Facility is in full force and effect, and payment on the Credit Facility is not in default, then, in all such events, the issuer of the Credit Facility shall be deemed to be the sole Holder of the Outstanding Bonds the payment of which such Credit Facility secures when the approval, consent or action of the Holders of such Bonds is required or may be exercised under the Resolution, or, in the alternative, that the approval, consent or action of the issuer of the Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Holders of the Outstanding Bonds under the Resolution, including, without limitation, Section 1203, and following the occurrence of a Bondholders' Event of Default or a Federal Loan Event of Default; and

(b) In the event that the principal or Redemption Price, if applicable, and interest due on any Outstanding Bonds shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Authority to the Holders of such Bonds shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Holders in accordance with the terms of such Credit Facility.

2. In addition, such Supplemental Resolution may establish such provisions as are reasonably necessary in order to induce the Credit Provider or Liquidity Provider, or both, to issue or deliver a Credit Facility or Liquidity Facility in support of the Bonds authorized by such Supplemental Resolution.

3. In connection therewith, the Authority may enter into such agreements with the issuer of such Credit Facility or such Liquidity Facility providing for, *inter alia*: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility or such Liquidity Facility, (ii) the terms and conditions of such Credit Facility or such Liquidity Facility and the Bonds affected thereby and (iii) the security, if any, to be provided for the issuance of such Credit Facility or such Liquidity Facility.

4. The Authority may secure such Credit Facility or such Liquidity Facility by an agreement providing for the purchase of the Bonds supported thereby with such adjustments to the rate of interest, method of determining interest, maturity or redemption provisions as specified by the Authority in the applicable Supplemental Resolution. The Authority may also in an agreement with the issuer of such Credit Facility or Liquidity Facility agree to reimburse directly such issuer for amounts paid under the terms of such Credit Facility or Liquidity Facility (together with interest thereon, the *Reimbursement Obligation*); *provided, however*, that no Reimbursement Obligation shall be created, for purposes of this Resolution, until amounts are paid under such Credit Facility or Liquidity Facility. Any such Reimbursement Obligation,

which may include interest calculated at a rate higher than the interest rate on the related Bond, shall be secured by a pledge of, and a lien on, the Shared Trust Estate and the Bondholders' Trust Estate on a parity with the pledges and liens created by Section 501 to secure the Bonds (a *Parity Reimbursement Obligation*), but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration, or may be secured by a pledge of, and a lien on, the Subordinated Bond Fund which pledge and lien shall be subordinate in all respects to the pledges of the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues, moneys, securities and funds created by the Resolution in favor of the Bonds, the Parity Obligations and the Federal Loan Debt Service Payments but on a parity with the pledge and lien securing Subordinated Bonds and Subordinated Obligations (a *Subordinated Reimbursement Obligation*), as determined by the Authority. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds, which payments shall be Subordinated Reimbursement Obligations.

5. Any such Credit Facility shall be for the benefit of and secure such Bonds or portion thereof as specified in the applicable Supplemental Resolution.

6. Except as otherwise provided in a Supplemental Resolution authorizing Parity Reimbursement Obligations, for the purposes of (i) receiving payment of a Parity Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Bonds is declared immediately due and payable following the occurrence of a Bondholders' Event of Default, as provided in Section 801 of the Resolution, or (ii) computing the principal amount of Bonds held by the Holder of a Parity Reimbursement Obligation in giving to the Authority or the Trustee any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Parity Reimbursement Obligation shall be deemed to be the actual principal amount that the Authority shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, the Authority in connection with the Bonds to which such Parity Reimbursement Obligation relates, less any prior repayments thereof.

7. Except as otherwise provided in a Supplemental Resolution and notwithstanding anything to the contrary provided in Section 1301, Bonds paid or deemed paid with moneys drawn under or pursuant to a Credit Facility shall be deemed to be Outstanding until the Authority has reimbursed the Credit Facility Provider in full for all amounts so drawn and has paid or reimbursed the Credit Facility Provider for interest thereon and for any other amounts and Reimbursement Obligations then due and payable.

8. The Authority may, to the extent from time to time permitted pursuant to law, enter into Qualified Hedging Contracts. The Authority's obligation to pay any amount under any Qualified Hedging Contract may be secured by a pledge of, and a lien on, the Shared Trust Estate and the Bondholders' Trust Estate on a parity with the pledges and liens created by Section 501 to secure the Bonds (a *Parity Hedging Contract Obligation*), or may be secured by a pledge of, and a lien on, the Subordinated Bond Fund which pledge and lien shall be subordinate in all respects to the pledges of the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages

Payments, Additional Units PPA Project Participant Resale Revenues, moneys, securities and funds created by the Resolution in favor of the Bonds, the Parity Obligations and the Federal Loan Debt Service Payments but on a parity with the pledge and lien securing Subordinated Bonds and Subordinated Obligations (a *Subordinated Hedging Contract Obligation*), as determined by the Authority. Notwithstanding the foregoing, Parity Hedging Contract Obligations shall not include any payments of any termination payments owed to a counterparty to a Qualified Hedging Contract, which payments shall be Subordinated Hedging Contract Obligations.

206. ***Commercial Paper Notes.*** 1. Commercial Paper Notes may be issued from time to time secured by a pledge of, and a lien on, the Shared Trust Estate and the Bondholders' Trust Estate on a parity with the pledges and liens created by Section 501 to secure the Bonds (*Parity Commercial Paper Notes*). Commercial Paper Notes may also be issued from time to time secured by a pledge of, and a lien on, the Subordinated Bond Fund which pledge shall be subordinate in all respects to the pledges of the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues, moneys, securities and funds created by the Resolution in favor of the Bonds, the Parity Obligations and the Federal Loan Debt Service Payments but on a parity with the pledge and lien securing Subordinated Bonds and Subordinated Obligations (*Subordinated Commercial Paper Notes*). The Trustee shall authenticate and deliver Commercial Paper Notes to the Authority or upon its order, but only upon satisfaction of the conditions specified in Section 202 and in the Supplemental Resolution authorizing such Commercial Paper Notes and upon satisfaction of the following conditions:

(a) If so required by the Supplemental Resolution the Trustee shall have received a Credit Facility with respect to such Commercial Paper Notes or a Liquidity Facility with respect to such Commercial Paper Notes containing such terms and conditions, including with respect to reimbursement, as shall be approved by the Board; and

(b) The Trustee shall have received a certificate of an Authorized Officer of the Authority setting forth the Commercial Paper Payment Plan with respect to such Commercial Paper Notes. Such certificate shall be amended from time to time by a new certificate of an Authorized Officer of the Authority to reflect changes, if any, in the expectations of the Authority with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes.

2. The Trustee shall have received, prior to the initial issuance of Commercial Paper Notes of a Series, the items referred to in clauses (1), (2), (3), (5), (6) and (8) of Section 202, modified to refer to the Commercial Paper Notes rather than Bonds.

3. The Authority may appoint a fiscal agent to perform such duties of the Trustee hereunder as the Authority shall specify in the Supplemental Resolution authorizing such Commercial Paper Notes. Any such fiscal agent shall meet the minimum qualifications applicable to a successor Trustee set forth in Section 1009.

4. The proceeds, including accrued interest (if any), of Commercial Paper Notes shall be applied simultaneously with the delivery of such Commercial Paper Notes as shall be provided in the Supplemental Resolution authorizing such Commercial Paper Notes.

207. ***Special Provisions Relating to Capital Appreciation Bonds.*** 1. The principal and interest portions of the Accreted Value of Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service, Aggregate Debt Service and Adjusted Aggregate Debt Service only from and after the date (the *Calculation Date*) that is one year prior to the date on which such Accreted Value becomes due, and the principal and interest portions of such Accreted Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date (calculated, unless otherwise specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds, on the basis of a 360-day year consisting of twelve (12) thirty (30)-day months).

2. For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following the occurrence of a Bondholders' Event of Default, as provided in Section 801 of the Resolution or (iii) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Authority or the Trustee any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then-current Accreted Value.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

301. ***Medium of Payment; Form and Date; Letters and Numbers.*** 1. The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

2. Except as may otherwise be provided in any Supplemental Resolution authorizing particular Bonds, Bonds shall be issued in the form of fully registered Bonds without coupons. Bonds, the certificate of authentication, if any, and the form of assignment shall be in substantially the form specified in the Supplemental Resolution authorizing such Bonds with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or thereby or are required by law, and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officers executing such Bonds, as evidenced by their execution of the Bonds. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Bonds, or as multiple pages (with or without such reference). Bonds may be typewritten, printed, engraved, lithographed or otherwise reproduced.

3. Bonds shall be dated, and shall bear or not bear interest, as provided in the Supplemental Resolution authorizing such Bonds.

302. ***Legends.*** The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Authority prior to the authentication and delivery thereof.

303. ***Execution and Authentication.*** 1. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary-Treasurer of the Authority, or in such other manner as may be required or permitted by law. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Authority by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper office in the Authority, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

2. The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Resolution authorizing such Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits of the Resolution. As required or permitted by law, the Bonds of each Series shall bear a validation certificate in such form as shall be appropriate; *provided, however,* that no validation certificate appearing on any Bond shall be given effect and such certificate shall be a mere nullity even though it may bear the signature and seal of the Clerk of the Superior Court of Fulton County, Georgia, until such time as said Bond shall be authenticated by the Trustee.

304. ***Interchangeability of Bonds.*** Bonds, upon surrender thereof at the principal corporate trust office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Holder or his duly authorized attorney, may, at the option of the Holder thereof, and upon payment by such Holder of any charges which the Bond Registrar may make as provided in Section 306, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other authorized denominations.

305. ***Negotiability, Transfer and Registry.*** 1. Except as may be otherwise provided in a Supplemental Resolution authorizing Bonds in book-entry-only form, each Bond shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the principal corporate trust office of the Bond Registrar, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond the Authority shall issue in the name of the

transferee a new Bond or Bonds of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Bond.

2. Except as provided in subsection 1 of Section 205, the Authority and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Authority as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary. The Authority agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under the Resolution, in so treating such Holder.

306. ***Regulations With Respect to Exchanges and Transfers.*** In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Trustee and cancelled or retained by the Trustee. For every such exchange or transfer of Bonds, the Authority or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Unless otherwise provided in the Supplemental Resolution authorizing the Bonds of a Series, neither the Authority nor the Bond Registrar shall be required to transfer or exchange Bonds of any Series for a period of 20 days immediately preceding an interest payment date on the Bonds of such Series or immediately preceding the mailing of any notice of redemption for the Bonds of such Series.

307. ***Bonds Mutilated, Lost, Stolen or Destroyed.*** If any Bond becomes mutilated or is lost, stolen or destroyed, the Authority may execute and the Trustee shall authenticate and deliver a new Bond of like Series, maturity date, principal amount and interest rate as the Bond so mutilated, lost, stolen or destroyed; *provided, however*, that (i) in the case of such mutilated Bond, such Bond is first surrendered to the Authority, (ii) in the case of any such lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to an Authorized Officer of the Authority together with indemnity satisfactory to an Authorized Officer of the Authority, (iii) all other reasonable requirements of the Authority are complied with, and (iv) expenses in connection with such transaction are paid by the Holder. Any Bond so surrendered for exchange shall be cancelled. The Authority shall be authorized to print the new Bond with the validation certificate bearing the facsimile signature of the clerk of the Superior Court of Fulton County then in office and such certificate shall have the same force and effect as in the first instance. All responsibility with respect to the issuance of any such new Bonds shall be on the Authority and not on said clerk, and said clerk shall have no liability in the event an over-issuance occurs. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be lost, stolen or destroyed shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be lost, stolen or destroyed be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under the Resolution, in any moneys or securities held by the Authority or any Fiduciary for the benefit of the Bondholders. If any

such Bond lost, stolen or destroyed shall have matured or be about to mature, instead of issuing a new Bond pursuant to this Section, an Authorized Officer of the Authority may cause the same to be paid, upon being indemnified as aforesaid, without surrender thereof.

308. ***Book-Entry-Only System.*** Notwithstanding any other provision of the Resolution, the Authority may employ a book-entry-only system of registration with respect to any Bonds, and the procedures regarding such registration shall be set forth in the Supplemental Resolution authorizing such Bonds. Any provision of the Resolution inconsistent with book-entry-only Bonds shall not be applicable to such book-entry-only Bonds.

ARTICLE IV

REDEMPTION OF BONDS

401. ***Privilege of Redemption and Redemption Price.*** Bonds subject to redemption prior to maturity pursuant to a Supplemental Resolution shall be redeemable, upon written notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in the Supplemental Resolution authorizing such Bonds.

402. ***Redemption at the Election or Direction of the Authority.*** In the case of any redemption of Bonds at the election or direction of the Authority, the Authority shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series and of the Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rate and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution). Such notice shall be given at least 40 days prior to the date fixed for redemption or such shorter period as may be provided in the Supplemental Resolution authorizing the Bonds to be redeemed or as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, and unless such notice shall have been rescinded or shall cease to be in effect in accordance with terms thereof, there shall be paid on or prior to the date fixed for redemption to the appropriate Paying Agents an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the date fixed for redemption at the Redemption Price thereof, plus interest accrued and unpaid to the date fixed for redemption, all of the Bonds to be redeemed. The Authority shall promptly notify the Trustee in writing of all such payments by it to a Paying Agent.

403. ***Redemption Otherwise Than at Authority's Election or Direction.*** Whenever by the terms of the Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Authority, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the date fixed for redemption, to the appropriate Paying Agents in accordance with the terms of this Article IV and, to the extent applicable, Section 506.

404. ***Selection of Bonds to be Redeemed.*** If less than all of the Bonds of like maturity or interest rate within a maturity of any Series shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee in such manner as

the Trustee may determine fair and appropriate; *provided, however*, that any Bonds held by a Credit Provider or Liquidity Provider pursuant to the Credit Facility or Liquidity Facility issued by it shall be redeemed prior to other such Bonds of the same Series; and *provided, further*, that the portion of any Bond of a denomination of more than the minimum authorized denomination of the Bonds of the Series to be redeemed shall be in the principal amount of such minimum authorized denomination or a multiple thereof, and that, in selecting portions of such Bonds for redemption, each such Bond shall be treated as representing that number of Bonds of such minimum authorized denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by such minimum denomination, and all of the Bonds of that Series that will remain Outstanding shall be in authorized denominations. For purposes of this Section 404, Bonds or portions thereof which have theretofore been selected for redemption shall not be deemed to be Outstanding.

405. ***Notice of Redemption.*** When the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 402, and when redemption of Bonds is authorized or required pursuant to Section 403, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series and maturities and, if any maturity shall include Bonds bearing different interest rates and some but not all such Bonds are being redeemed, the interest rate of the Bonds to be redeemed, the date fixed for redemption and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed and, if applicable, that such notice is conditional and the conditions that must be satisfied. Such notice shall further state that on such date, unless such notice has been rescinded or has ceased to be in effect in accordance with the terms thereof, there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by first class mail, postage prepaid, not fewer than 25 days, or such other period as may be specified in a Supplemental Resolution authorizing a particular Series, before the date fixed for redemption, to the Holders of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books. Failure so to mail any such notice to any particular Holder shall not affect the validity of the proceedings for the redemption of any other Bonds not owned by such Holder and failure of any Holder to receive such notice shall not affect the validity of the proposed redemption of Bonds.

Any notice of optional redemption given pursuant to this Section may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Holders of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such event.

Notice of redemption of Bonds of any Series shall also be sent by the Trustee to such additional persons as may be specified in the Supplemental Resolution authorizing such Series.

406. ***Payment of Redeemed Bonds.*** Notice having been given in the manner provided in Section 405, unless such notice has been rescinded or has ceased to be in effect in accordance with the terms thereof, the Bonds or portions thereof so called for redemption shall become due and payable on the date fixed for redemption at the Redemption Price, plus interest accrued and unpaid to the date fixed for redemption, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the date fixed for redemption. If there shall be drawn for redemption less than all of a Bond, upon surrender of such Bond, there shall be executed by the Authority, authenticated by the Trustee, and delivered by the Paying Agent to the Holder of such Bond, without charge to and at the option of such Holder, Bonds of like Series, interest rate and maturity in any of the authorized denominations for the unredeemed balance of the principal amount of the Bonds so surrendered. If, on the date fixed for redemption, moneys for the redemption of all the Bonds or portions thereof of any like Series, interest rate and maturity to be redeemed, together with interest to the date fixed for redemption, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, and has not been rescinded or ceased to be in effect, then, from and after the date fixed for redemption interest on the Bonds or portions thereof of such Series, interest rate and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the date fixed for redemption, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

501. ***The Pledges Effected by the Resolution.*** 1. The Bonds shall be direct and special obligations of the Authority. The Authority hereby pledges and assigns to the Trustee and to its successors and assigns, and grants to the Trustee and to its successors and assigns a security interest in, the Shared Trust Estate and the Bondholders' Trust Estate for the payment of the principal and Redemption Price of and interest on the Bonds and, on a parity therewith, the Parity Obligations, in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application of the Shared Trust Estate and the Bondholders' Trust Estate for the purposes and on the terms and conditions set forth in the Resolution, including, but not limited to, application of funds pursuant to this Article V; *provided, however*, that such pledge and assignment of the Shared Trust Estate shall be on a parity with the pledge and assignment thereof created pursuant to subsection 2 of this Section 501 as security for the payment of the Federal Loan Debt Service Payments. Notwithstanding the foregoing or any other provision of the Resolution, amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund are not pledged to secure, and shall not be applied to the payment of, (i) the principal or Redemption Price of and interest on any Bond Anticipation Notes, (ii) the principal or Redemption Price of and interest on any PPA Take-Out Bonds, (iii) the principal or redemption price of and interest on any Parity Obligations or (iv) the Federal Loan Debt Service Payments.

2. The Authority hereby pledges and assigns to the Trustee and to its successors and assigns, and grants to the Trustee and to its successors and assigns a security interest in, the Shared Trust Estate for the payment of the Federal Loan Debt Service Payments and, on a parity therewith, (a) the principal and Redemption Price of and interest on the Bonds and (b) the Parity Obligations, in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application of the Shared Trust Estate for the purposes and on the terms and conditions set forth in the Resolution, including, but not limited to, application of funds pursuant to this Article V.

3. The Shared Trust Estate and the Bondholders' Trust Estate hereby pledged and assigned shall immediately be subject to the liens of those pledges without any physical delivery thereof or further act, and the liens of those pledges shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof.

4. The Bonds shall not constitute a debt of, a loan by, or a pledge of the faith and credit of the State of Georgia or of any political subdivision thereof, or of any Additional Units PPA Project Power Purchaser. Rather, the Bonds shall be payable from the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues and other funds of the Authority as provided in the Resolution. The issuance of any Bonds shall not obligate the State of Georgia or any political subdivision thereof, or any Additional Units PPA Project Power Purchaser, to levy or pledge any form of taxation whatever for the payment thereof. No Bondholder, and no receiver or trustee in connection therewith, shall have the right to enforce the payment of such Bond against any property of the State of Georgia or any political subdivision thereof, or of any Additional Units PPA Project Power Purchaser, nor shall any Bond constitute a charge, lien or encumbrance, whether legal or equitable, upon any such property. In addition, and without limiting the foregoing provisions of this subsection 4, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, each Bondholder shall be deemed to have agreed that (a) the Bonds shall not be payable from or charged upon any funds other than the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues and other funds of the Authority pledged and assigned to the payment thereof as provided in the Resolution, nor shall the Authority be subject to any pecuniary liability thereon and (b) no Bondholder shall ever have the right to compel any exercise of the taxing power, if any, of the Authority to pay the Bonds or the interest thereon, nor to enforce payment thereof against any property of the Authority; nor shall any Bond constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Authority.

5. Nothing contained in the Resolution shall be construed to prevent the Authority from acquiring, constructing or financing through the issuance of its bonds, notes or other evidences of indebtedness any facilities (including, without limitation, the Additional Units PPA-2 Project and the Additional Units Non-PPA Project) that do not constitute a part of the PPA Project Entity's Ownership Interest for the purposes of the Resolution or from securing such bonds, notes or other evidences of indebtedness by a mortgage of the facilities so financed or by a pledge of, or other security interest in, the revenues therefrom or any lease or other agreement with respect

thereto or any revenues derived from such lease or other agreement; *provided, however*, that such bonds, notes or other evidences of indebtedness shall not be payable out of or secured by the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues or any Fund held under the Resolution and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues or any such Fund.

502. ***Establishment of Funds.*** 1. ***In General.*** The following Funds are hereby established:

(1) Construction Fund, to be held by the Trustee,

(2) Revenue Fund, to be held by (a) during the Initial Term, the Trustee and (b) after the Initial Term, the Authority,

(3) Debt Service Fund, to be held by the Trustee, consisting of a Debt Service Account, a Debt Service Reserve Account and a Bond Retirement Account,

(4) Subordinated Bond Fund, to be held by the Trustee, and

(5) Reserve and Contingency Fund, to be held by the Authority.

2. ***Establishment of Initial Power Purchaser Arrearages Fund.*** By not later than the Initial Power Purchaser Arrearages Fund Establishment Date, there shall be established an Initial Power Purchaser Arrearages Fund, to be held by the Trustee, which shall consist of (a) an Initial Power Purchaser Resale Revenue Account, into which all Initial Power Purchaser Resale Revenues shall be deposited and (b) an Initial Power Purchaser Arrearages Payment Account, into which all Initial Power Purchaser Arrearages Payments shall be deposited. Amounts on deposit in the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund shall be applied as provided in subsection 2 of Section 512 hereof, and amounts on deposit in the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund shall be applied as provided in subsection 3 of Section 512 hereof.

Notwithstanding any other provision of the Resolution, if, following the Initial Power Purchaser Arrearages Fund Establishment Date, the Initial Power Purchaser shall have cured all previous failures to pay in full when due any payment under the Initial Power Purchase Agreement in respect of Plant Vogtle Additional Units PPA Project Annual Costs (including amounts necessary (a) to replenish all amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Bond Fund or the Reserve and Contingency Fund that, as a result of such failure, were applied to cure a deficiency in the Debt Service Account in said Debt Service Fund or in the DOE Debt Service Payment Account pursuant to subsection 1 of Section 507 hereof, subsection 2 of Section 509 hereof or subsection 4 of Section 510 hereof, respectively, (b) to pay the principal or Redemption Price of, or interest on, any Bond that, as a result of such failure, was due and unpaid, (c) to replenish all amounts on deposit in the DOE Debt Service Reserve Account or the DOE Reserve & Contingency Account that, as a result of such failure, were applied to cure a deficiency in the DOE Debt Service Payment Account, and

(d) to pay the principal of, or interest or prepayment premiums, if any, on, or any other amounts due with respect to, the Federal Loan that, as a result of such failure, were due and unpaid), then no further deposits to the Initial Power Purchaser Resale Revenue Account or the Initial Power Purchaser Arrearages Payment Account shall be required until such time thereafter (if any) as the Initial Power Purchaser shall again fail to pay in full when due any payment under the Initial Power Purchase Agreement in respect of Plant Vogtle Additional Units PPA Project Annual Costs.

3. ***Establishment of Additional Units PPA Project Participant Arrearages Fund.*** On the first date (if any) on or after the Additional Units PPA Project Participants' Debt Service Commencement Date on which any of (a) amounts on deposit in the Debt Service Reserve Account in the Debt Service Fund, the Subordinated Bond Fund or the Reserve and Contingency Fund shall be applied to cure a deficiency in the Debt Service Account in said Debt Service Fund or in the DOE Debt Service Payment Account pursuant to subsection 1 of Section 507 hereof, subsection 2 of Section 509 hereof or subsection 4 of Section 510 hereof, respectively, (b) the principal or Redemption Price of, or interest on, any Bond shall be due and unpaid, (c) amounts on deposit in the DOE Debt Service Reserve Account or the DOE Reserve & Contingency Account shall be applied to cure a deficiency in the DOE Debt Service Payment Account, (d) the principal of, or interest or prepayment premiums, if any, on, or any other amounts due with respect to, the Federal Loan shall be due and unpaid or (e) there shall not be on deposit in the Revenue Fund amounts sufficient to make the transfers provided for in clause (4) of subsection 2 of Section 505 hereof at the time required thereby shall have occurred as a result of a default by any Additional Units PPA Project Participant in the making of any payment due under its Additional Units PPA Power Sales Contract (or on such earlier date as an Authorized Officer of the Authority shall determine), there shall be established an Additional Units PPA Project Participant Arrearages Fund, to be held by the Trustee, into which all Additional Units PPA Project Participant Arrearages Payments and all Additional Units PPA Project Participant Resale Revenues shall be deposited and from which, among other things, (1) amounts owed by the Authority to the PPA Project Entity under the PPA Project Power Purchase Agreement in respect of Debt Service (as defined in the PPA Project Power Purchase Agreement) and (2) unpaid principal or Redemption Price of, or interest on, the Bonds shall be paid, as more fully provided in Section 513 hereof.

4. ***Establishment of Further Accounts and Subaccounts.*** There may be established within any Fund or Account established hereunder such further accounts or subaccounts as an Authorized Officer of the Authority may determine (including, without limitation, separate accounts in the Construction Fund relating to each of the Additional Units).

503. ***Construction Fund.*** 1. There shall be paid into the Construction Fund (a) the amounts required to be so paid by the provisions of the Resolution and any Supplemental Resolution and (b) all revenues, income, rents and receipts derived by the Authority from or attributable to the sale of any Pre-Commercial Generation, and there may be paid into the Construction Fund, at the option of the Authority, any moneys received for or in connection with the Additional Units PPA Project by the Authority from any other source, unless required to be otherwise applied as provided by the Resolution. Amounts in the Construction Fund shall be applied (a) to the Costs of Acquisition and Construction of the PPA Project Entity's Ownership Interest and the Financing Costs of the Additional Units PPA Project and (b) to the payment of

the costs of the production of Pre-Commercial Generation, in each such case, in the manner provided in this Section.

2. The proceeds of insurance maintained pursuant to the Resolution against physical loss of or damage to the PPA Project Entity's Ownership Interest, or of contractors' performance bonds or of liquidated damages payable by any contractor with respect thereto, pertaining to the period of construction thereof and received by the Authority, shall be paid into the Construction Fund, unless required to be applied otherwise pursuant to the provisions of any Additional Units Project Agreement or the PPA Project Power Purchase Agreement.

3. The Trustee shall make payments from the Construction Fund, except payments and withdrawals pursuant to subsections 4, 6 and 7 of this Section 503, in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this subsection. Before any such payment shall be made, the Authority shall file with the Trustee its requisition therefor, signed by an Authorized Officer of the Authority, stating in respect of each payment to be made (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid, (c) the particular item of the Costs of Acquisition and Construction or the Financing Costs with respect thereto to be paid and (d) that the cost or the obligation in the stated amount is a proper charge against the Construction Fund and is a proper item of the Costs of Acquisition and Construction of the PPA Project Entity's Ownership Interest or the Financing Costs of the Additional Units PPA Project, as applicable, and has not been paid. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method arrange to make the payment(s) required by such requisition and promptly provide the Authority with written evidence thereof. In making any such payment, the Trustee may rely upon such requisitions and accompanying certificates.

4. The Trustee shall, during construction of the Additional Units, pay from the Construction Fund to the Authority, upon its requisitions therefor signed by an Authorized Officer of the Authority, at one time or from time to time, a sum or sums aggregating not more than $10,000,000 or such larger amount as an Authorized Officer of the Authority shall certify to the Trustee as necessary to allow for the expeditious payment of the Costs of Acquisition and Construction and the Financing Costs, such sums to be used by the Authority as a revolving fund for the purpose of paying the Costs of Acquisition and Construction of the PPA Project Entity's Ownership Interest and the Financing Costs of the Additional Units PPA Project. So long as the amount in such revolving fund shall at any time be less than $10,000,000 (or such larger amount as shall be certified as aforesaid), such revolving fund shall be reimbursed by the Trustee from time to time for such costs so paid, by payments from the Construction Fund upon requisitions signed by an Authorized Officer of the Authority specifying (a) the name and address of the person, firm or corporation to whom payment from such revolving fund was made for which such reimbursement is requested, (b) the amount so paid, (c) the particular item of the Costs of Acquisition and Construction or the Financing Costs with respect thereto that was so paid and (d) that the cost or the obligation in the stated amount is a proper charge against the Construction Fund and is a proper item of the Costs of Acquisition and Construction of the PPA Project Entity's Ownership Interest or the Financing Costs of the Additional Units PPA Project, as applicable, and had not theretofore been paid. In making such reimbursement, the Trustee may rely upon such requisitions and accompanying certificates.

5. Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on Bonds and Parity Obligations when due.

6. Amounts credited to the Construction Fund which the Authority at any time determines to be in excess of the amounts required for the purposes thereof shall be transferred to the Debt Service Reserve Account in the Debt Service Fund, if and to the extent necessary to make the amount therein equal to the Debt Service Reserve Requirement, and any balance of such excess shall, at the request of the Authority, be transferred to the Bond Retirement Account in the Debt Service Fund or, if so determined by an Authorized Officer of the Authority, be transferred to the Revenue Fund (or, as applicable, paid to the Authority for credit to the Revenue Fund); *provided, however*, that the amount of any such credit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Resolution.

7. The Trustee shall, prior to the Commercial Operation Date of the second Additional Unit, pay from the Construction Fund to the Authority, upon its requisitions therefor signed by an Authorized Officer of the Authority, at one time or from time to time, a sum or sums aggregating not more than $10,000,000 or such larger amount as an Authorized Officer of the Authority shall certify to the Trustee as necessary to allow for the expeditious payment of the costs of the production of Pre-Commercial Generation, such sums to be used by the Authority as a revolving fund for the purpose of paying such costs. So long as the amount in such revolving fund shall at any time be less than $10,000,000 (or such larger amount as shall be certified as aforesaid), such revolving fund shall be reimbursed by the Trustee from time to time for such costs so paid, by payments from the Construction Fund upon requisitions signed by an Authorized Officer of the Authority specifying the payee and the amount and particular purpose of each payment from such revolving fund for which such reimbursement is requested and certifying that each such amount so paid was necessary for the payment of an item of the costs of the production of Pre-Commercial Generation. In making such reimbursement, the Trustee may rely upon such requisitions and accompanying certificates.

504. ***Revenues and Revenue Fund.*** As soon as practicable after the receipt thereof, all Revenues shall be deposited by the Trustee or the Authority, as applicable, in the Revenue Fund.

505. ***Application of Funds in Revenue Fund.*** 1. Amounts in the Revenue Fund shall be paid out from time to time by the Trustee, at the direction of an Authorized Officer of the Authority, or by the Authority, as applicable, for reasonable and necessary Operating Expenses. In the case of that portion of the Operating Expenses payable in each month that constitutes "Seller's O&M Costs" under (and as defined in) the PPA Project Power Purchase Agreement, the Trustee, at the direction of an Authorized Officer of the Authority, or the Authority, as applicable, shall, on or prior to the last Business Day of such month, transfer to the DOE Revenue Account the amount budgeted for such Seller's O&M Costs for the next succeeding month and, in the case of that portion of the Operating Expenses payable in each month that constitutes "Purchaser's O&M Costs" under (and as defined in) the PPA Project Power Purchase Agreement, the Trustee, at the direction of an Authorized Officer of the Authority, or the Authority, as applicable, shall, on or prior to the last Business Day of such month, pay or cause to be paid such Operating Expenses; *provided, however*, that from and after the Initial Power Purchaser Arrearages Fund Establishment Date, amounts in respect of Operating Expenses that, but for a default by the Initial Power Purchaser in the making of any payment under the Initial Power Purchase Agreement when due, would have been payable from amounts paid by the Initial Power

Purchaser under the Initial Power Purchase Agreement, shall not be paid from the Revenue Fund unless and until (a) the entire balance of the Initial Power Purchaser Resale Revenues on deposit in the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund has been applied pursuant to subsection 2 of Section 512 and (b) the entire balance of the Initial Power Purchaser Arrearages Payments on deposit in the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund has been applied pursuant to subsection 3 of Section 512.

2. No later than the last Business Day of each month, the Trustee or the Authority, as applicable, shall withdraw from the amounts in the Revenue Fund for application in the following order of priority the respective amounts set forth below; *provided, however*, that if the amounts in the Revenue Fund shall not be sufficient to make all of the transfers required to be made pursuant to any of the following clauses, then such amounts in the Revenue Fund shall be applied ratably, in proportion to the amount specified for each such transfer in such clause:

(1) On a parity basis, (i) for transfer to the Debt Service Account in the Debt Service Fund (or, as applicable, for transfer to the Trustee for credit to said Debt Service Account), the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service plus, to the extent not theretofore deposited therein as Debt Service, the amount coming due in such month on Parity Obligations (other than Parity Reimbursement Obligations); *provided, however*, that, for the purposes of computing the amount on deposit in said Account, there shall be excluded the amount, if any, set aside in said Account from the proceeds of Bonds, Subordinated Bonds or other evidences of indebtedness less that amount of such proceeds to be applied in accordance with the Resolution to interest accrued and unpaid and to accrue on Bonds to the last day of the then current calendar month; and *provided, further*, that notwithstanding any other provision of the Resolution, (a) during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, the amount to be so transferred to the Debt Service Account shall not include (I) the principal or Redemption Price of, or interest on, any Bonds and (II) the amounts due on any Parity Obligations, in either such case, that is (or are) due and unpaid as a result of a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (b) during the period from and including the Additional Units PPA Project Participants' Debt Service Commencement Date to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, the amount to be so transferred to the Debt Service Account shall not include (I) the principal or Redemption Price of, or interest on, any Bonds and (II) the amounts due on any Parity Obligations, in either such case, that is (or are) due and unpaid as a result of a default by any Additional Units PPA Project Participant in the making of any payment due under its Additional Units PPA Power Sales Contract; and (ii) for transfer to the DOE Revenue Account, for further transfer to the DOE Debt Service Payment Account, the amount, if any, in respect of the principal of, and interest and prepayment premiums, if any, on, and any other amounts due with respect to, the Federal Loan required to be so transferred during such month pursuant to the DOE Loan Guarantee Agreement and the DOE Accounts Agreement; *provided, however*, that notwithstanding any other provision of the Resolution, (a) during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt

Service Payment Obligation Satisfaction Date, the amount to be so transferred to the DOE Debt Service Payment Account shall not include the principal of, and interest and prepayment premiums, if any, on, and any other amounts due with respect to, the Federal Loan that is (or are) due and unpaid as a result of a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (b) during the period from and including the Additional Units PPA Project Participants' Debt Service Commencement Date to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, the amount to be so transferred to the DOE Debt Service Payment Account shall not include the principal of, and interest and prepayment premiums, if any, on, and any other amounts due with respect to, the Federal Loan that is (or are) due and unpaid as a result of a default by any Additional Units PPA Project Participant in the making of any payment due under its Additional Units PPA Power Sales Contract;

(2) On a parity basis, (i) subject to the second, third and fourth provisos below, for transfer to the Trustee for credit to the Debt Service Reserve Account in the Debt Service Fund, the amount, if any, required so that the balance in said Account shall equal the Debt Service Reserve Requirement including, without limitation, any amount required to reimburse the issuer of a Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty; *provided, however*, that so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds and Parity Obligations in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Debt Service Fund; and *provided, further*, that any deficiency in such Account attributable to a withdrawal of amounts therefrom pursuant to subsection 1 of Section 507 shall be cured by depositing into such Account each month during the next succeeding six months an amount equal to one-sixth (1/6th) of the amount of the withdrawal; and *provided, further*, that, except as provided in the following proviso, any other deficiency in such Account shall be cured by depositing into such Account each month during the next succeeding twelve months an amount equal to one-twelfth (1/12th) of the amount of the deficiency, except that, if a new valuation of Investment Securities held in such account is made pursuant to Section 604 during the period that such deposits are required, then the obligation of the Authority to make deposits during the balance of such period on the basis of the preceding valuation shall be discharged and the deposits, if any, required to be made for the balance of such period shall be determined under this proviso on the basis of the new valuation; and *provided, further*, that (x) during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, no such deposit shall be required in respect of any withdrawal from such Account made as a result of a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (y) during the period from and including the Additional Units PPA Project Participants' Debt Service Commencement Date to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, no such deposit shall be required from payments made to the Authority by the Initial Power Purchaser pursuant to the Initial Power Purchase Agreement in respect of any withdrawal from such Account made as a result of a default by any Additional Units PPA Project Participant in the making of any payment due under its Additional Units PPA Power Sales Contract; and

(ii) for transfer to the DOE Revenue Account, for further transfer to the DOE Debt Service Reserve Account, the amount, if any, required so that the amount on deposit in or credited to the DOE Debt Service Reserve Account shall equal the DOE Debt Service Reserve Requirement;

(3) For transfer to the Trustee for credit to the Subordinated Bond Fund, such amounts as shall be required (i) to pay principal or sinking fund installments of and interest on each issue of Subordinated Bonds coming due in such month and reserves therefor, as required by the Supplemental Resolution authorizing such issue of Subordinated Bonds, and (ii) to pay amounts coming due in such month on Subordinated Obligations; *provided, however*, that notwithstanding any other provision of the Resolution, (a) during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, the amount to be so transferred to the Subordinated Bond Fund shall not include (I) the principal or sinking fund installments of and interest on any Subordinated Bonds, and reserves therefor, and (II) the amounts due on any Subordinated Obligations, in either such case, that is (or are) due and unpaid as a result of a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (b) during the period from and including the Additional Units PPA Project Participants' Debt Service Commencement Date to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, the amount to be so transferred to the Subordinated Bond Fund shall not include (I) the principal or sinking fund installments of and interest on any Subordinated Bonds, and reserves therefor, and (II) the amounts due on any Subordinated Obligations, in either such case, that is (or are) due and unpaid as a result of a default by any Additional Units PPA Project Participant in the making of any payment due under its Additional Units PPA Power Sales Contract; and

(4) On a parity basis, (i) for transfer to the Trustee for credit to the Reserve and Contingency Fund, an amount equal to the Authority's Portion of the Monthly Reserve and Contingency Deposit; and (ii) for transfer to the DOE Revenue Account, for further transfer to the DOE Reserve & Contingency Account, an amount equal to the PPA Project Entity's Portion of the Monthly Reserve and Contingency Deposit; *provided, however*, that no such deposits shall be required to be made until the month following the month in which the Commercial Operation Date of the first Additional Unit occurs.

3. For the purpose of the avoidance of doubt, it is hereby recited that all transfers to the DOE Project Accounts provided for in subsections 1 and 2 of this Section 505 are made pursuant to, and in satisfaction of, the Authority's payment obligations under the PPA Project Power Purchase Agreement.

4. During any period during which the Accrued Aggregate Debt Service shall be calculated in the manner provided in the final proviso of the definition thereof set forth in Section 102 hereof, no later than each interest payment date for any Build America Bonds then Outstanding, (a) on or prior to the Commercial Operation Date of the second Additional Unit, the Trustee shall withdraw from the Construction Fund and transfer to the Debt Service Account in the Debt Service Fund and (b) after the Commercial Operation Date of the second Additional Unit, the Trustee shall withdraw from the Revenue Fund or the Authority shall withdraw from the Revenue Fund and transfer to the Trustee, as applicable, in any such case, for deposit to the

Debt Service Account in the Debt Service Fund, an amount equal to the amount of the cash subsidy payment payable to the Authority by the United States Treasury in respect of the interest payable on such Build America Bonds on such interest payment date.

5. Subject to the provisions of Section 708, amounts in the Revenue Fund not required for any of the purposes set forth in subsections 1 and 2 of this Section 505 may be applied in accordance with Section 511. Application of amounts in the Revenue Fund pursuant to this subsection 5 shall include, without limitation, payment to an issuer of a Financial Guaranty of interest on amounts advanced under such Financial Guaranty.

6. Notwithstanding anything to the contrary in this Section 505, on the Initial Power Purchaser Arrearages Fund Establishment Date, all amounts in the Revenue Fund shall be transferred to the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund and, thereafter, applied in accordance with subsection 3 of Section 512.

506. ***Debt Service Fund – Debt Service Account.*** 1. The Trustee shall pay out of the Debt Service Account in the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement and, at the direction of an Authorized Officer of the Authority, on or before the due date thereof, from the Debt Service Account amounts due in respect of any Parity Obligation.

2. Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) may and, if so directed by the Authority, shall be applied by the Trustee, on or prior to the 40th day preceding the due date of such Sinking Fund Installment, to (i) the purchase of Bonds of the Series and maturity and interest rate within each maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price, pursuant to Article IV, of such Bonds, if then redeemable by their terms. All purchases of any Bonds pursuant to this subsection 2 shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed by the Authority. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment due date, for the purpose of calculating the amount of such Account. As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 405, on such due date Bonds of the Series and maturity and interest rate within each maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Debt Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for

redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the Trustee, at the direction of an Authorized Officer of the Authority, or by Authority, as applicable, from the Revenue Fund.

3. The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds shall be set aside in such Account and applied to the payment of interest on Bonds in accordance with certificates of Authorized Officers of the Authority delivered to the Trustee pursuant to paragraph (8) of subsection 1 of Section 202 or, in the event that the Authority shall modify or amend any such certificate by a subsequent certificate signed by an Authorized Officer of the Authority and filed with the Trustee, then in accordance with the most recent such certificates or amended certificates.

4. In the event of the refunding or defeasance of any Bonds, the Trustee shall, upon the direction of an Authorized Officer of the Authority, withdraw from the Debt Service Account in the Debt Service Fund all or any portion of the amounts accumulated therein and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to subsection 2 of Section 1301, and (b) the amount remaining in the Debt Service Account in the Debt Service Fund, after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the requirement of such Account pursuant to subclause (i) of clause (1) of subsection 2 of Section 505. In the event of such refunding or defeasance, an Authorized Officer of the Authority may also direct the Trustee to withdraw from the Debt Service Account in the Debt Service Fund all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Resolution; *provided, however*, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied.

507. ***Debt Service Fund – Debt Service Reserve Account.*** 1. If on any day on which the principal or sinking fund Redemption Price of or interest on Bonds other than Bond Anticipation Notes and PPA Take-Out Bonds shall be due the amount on deposit in the Debt Service Account shall be less than the amount required to be in such Account pursuant to subclause (i) of clause (1) of subsection 2 of Section 505, the Trustee shall apply amounts from the Debt Service Reserve Account to make good the deficiency; *provided, however*, that the amounts so applied shall not be applied to the payment of the principal or sinking fund Redemption Price of or interest on any Bond Anticipation Notes or PPA Take-Out Bonds. If a Financial Guaranty has been deposited in the Debt Service Reserve Account, amounts deposited therein not required to make good such deficiency shall be applied, first, to reimburse the issuer of the Financial Guaranty for any unreimbursed drawings thereunder and then to fund the Debt Service Reserve Account to satisfy the Debt Service Reserve Requirement.

2. If on the last day of any calendar year the balance of moneys and securities on deposit in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement, after giving effect to any Financial Guaranty that may be credited to such Account in accordance with the provisions of subsection 5 of this Section 507, such excess shall be transferred to the Revenue Fund.

3. Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Bonds and Parity Obligations in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Any provision of the Resolution to the contrary notwithstanding, so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds and Parity Obligations in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Debt Service Reserve Account.

4. In the event of the refunding or defeasance of any Bonds other than Bond Anticipation Notes and PPA Take-Out Bonds, the Trustee shall, upon the direction of an Authorized Officer of the Authority, withdraw from the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to subsection 2 of Section 1301, and (b) the amount remaining in the Debt Service Reserve Account, after giving effect to any Financial Guaranty that may be credited thereto in accordance with the provisions of subsection 5 of this Section 507, and after giving effect to the issuance of any obligations being issued to refund such Bonds and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement. In the event of such refunding or defeasance, the Authority may also direct the Trustee to withdraw from the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Resolution; *provided, however*, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied.

5. In lieu of depositing moneys in the Debt Service Reserve Account, or in substitution for moneys previously deposited in the Debt Service Reserve Account, the Authority may provide the Trustee with a Financial Guaranty for deposit into the Debt Service Reserve Account. Any such Financial Guaranty shall, together with the moneys and Investment Securities, if any, held in the Debt Service Reserve Account, be in an amount equal to the Debt Service Reserve Requirement and shall be payable or available to be drawn upon, as the case may be (upon the giving of notice of at least one Business Day pursuant to a demand for payment by the Trustee as required thereunder), on any date on which moneys will be required to be withdrawn from the Debt Service Reserve Account pursuant to the provisions of the Resolution. Any such Financial Guaranty shall have a term not less than the final maturity date of any Series of Bonds then Outstanding under the terms of the Resolution or shall provide that it may be drawn upon if, prior to the termination thereof, a substitute Financial Guaranty is not delivered to the Trustee pursuant to this Section 507. Following a drawing under a Financial Guaranty, the Authority shall be obligated to reimburse the issuer of such Financial Guaranty in order to reinstate the maximum limits of such Financial Guaranty, such reimbursement to be made from amounts to be deposited in the Debt Service Reserve Account pursuant to subclause (i) of clause (2) of subsection 2 of Section 505.

The financial strength of the issuer of any Financial Guaranty shall be rated on the date of deposit of such Financial Guaranty in the Debt Service Reserve Account not lower than two of

the following three ratings levels: (i) "Aa2" by Moody's Investors Service, (ii) "AA" by Standard & Poor's and (iii) "AA" by Fitch Ratings. In the event that the rating of the financial strength of the issuer of a Financial Guaranty shall be reduced below the ratings levels set forth in the preceding sentence by two of the three Rating Agencies set forth therein, the Authority shall, within five (5) years of the date of such reduction, replace the Financial Guaranty with (a) a substitute Financial Guaranty satisfying the criteria set forth below or (b) cash. In the event that the rating of the financial strength of the issuer of a Financial Guaranty shall be reduced below two of the three ratings levels set forth in the next following sentence, the Authority shall, within one (1) year of the date of such reduction, replace the Financial Guaranty with (a) a substitute Financial Guaranty satisfying the criteria set forth below or (b) cash. The ratings levels for purposes of the preceding sentence shall be (i) "A2" by Moody's Investors Service, (ii) "A" by Standard & Poor's and (iii) "A" by Fitch Ratings. Any such substitute Financial Guaranty shall be issued by an issuer whose financial strength is rated in the highest rating category which can be obtained by the Authority, using the Authority's best efforts, at commercially reasonable rates (but in no event less than the ratings described in clauses (i), (ii) and (iii) of the first sentence of this paragraph).

Prior to providing the Trustee with a Financial Guaranty for deposit into the Debt Service Reserve Account, there shall be filed with the Authority an opinion of tax counsel to the Authority to the effect that such deposit will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Outstanding Bonds the interest on which, at the time of the original issuance of such Bonds, was so excluded.

In connection with furnishing a Financial Guaranty to the Trustee, the Authority shall also furnish to the Trustee (i) an opinion of counsel to the issuer of such Financial Guaranty, satisfactory to the Trustee, to the effect that such Financial Guaranty is a valid and binding obligation of the issuer thereof, enforceable in accordance with its terms, subject to usual bankruptcy exceptions, and (ii) a certificate of an Authorized Officer of the Authority to the effect that there has not occurred any Bondholders' Event of Default or any event which, with the giving of notice or the passage of time or both, would constitute a Bondholders' Event of Default. Upon receipt of such Financial Guaranty and the other items required by this Section 507, the Trustee shall, to the extent that amounts held in the Debt Service Reserve Account, taking into account any Financial Guaranty on deposit in the Debt Service Reserve Account, are in excess of the Debt Service Reserve Requirement, transfer such moneys (or any investments held therein) to or upon the order of the Authority, as the Authority shall direct in writing.

The Trustee shall maintain adequate records, verified with the issuer of any Financial Guaranty, as to: the amounts available to be drawn under such Financial Guaranty at any given time, the amounts drawn by the Trustee thereunder and the amounts paid by the Trustee to such issuer with respect to any such drawings; *provided, however*, the Trustee shall not be responsible for maintaining records of any other amounts paid and owing by the Authority to the issuer of any such Financial Guaranty with respect to any reimbursement agreement between such parties except for drawings under such Financial Guaranty. In the event that (i) cash and (ii) a Financial Guaranty are on deposit in the Debt Service Reserve Account, the Trustee shall first use such cash to make any required deposit to the Debt Service Account prior to drawing on such Financial Guaranty.

In the event more than one Financial Guaranty is on deposit in the Debt Service Reserve Account, any drawings thereunder and payments made in reinstatement thereof shall be on a *pro rata* basis.

Notwithstanding anything in the Resolution to the contrary, there shall be no optional redemption of Bonds other than Bond Anticipation Notes and PPA Take-Out Bonds by the Authority unless all amounts owed to the issuer of any Financial Guaranty have been paid in full.

For purposes of determining the amount on deposit in the Debt Service Reserve Account, the amount available to be drawn under any Financial Guaranty shall be deemed to be on deposit therein.

508. ***Debt Service Fund – Bond Retirement Account.*** Amounts accumulated in the Bond Retirement Account shall be applied by the Trustee to the retirement, by purchase or redemption, of such Bonds or Subordinated Bonds as shall be specified by an Authorized Officer of the Authority, at such times, in such amounts and in such manner as such Authorized Officer shall specify.

509. ***Subordinated Bond Fund.*** 1. Subject to subsection 2 hereof, the Trustee shall apply amounts in the Subordinated Bond Fund to the payment of (i) the principal or sinking fund installments of and interest on each issue of Subordinated Bonds and reserves therefor in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the Supplemental Resolution authorizing each issue of such Subordinated Bonds and (ii) Subordinated Obligations.

2. If at any time either (a) the amount in the Debt Service Account in the Debt Service Fund shall be less than the requirement of such Account pursuant to subclause (i) of clause (1) of subsection 2 of Section 505, or the amount in the Debt Service Reserve Account in the Debt Service Fund shall be less than the Debt Service Reserve Requirement, and there shall not be on deposit in the Revenue Fund or the Reserve and Contingency Fund available moneys sufficient to cure either such deficiency or (b) the amount in the DOE Debt Service Payment Account shall be less than the requirement of such Account pursuant to the DOE Accounts Agreement, or the amount in the DOE Debt Service Reserve Account shall be less than the DOE Debt Service Reserve Requirement, and there shall not be on deposit in the Revenue Fund or the DOE Reserve & Contingency Account available moneys sufficient to cure either such deficiency, then the Trustee shall withdraw from the Subordinated Bond Fund and (x) deposit in the Debt Service Account and/or the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency or deficiencies therein and (y) transfer to the DOE Debt Service Payment Account and/or the DOE Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency or deficiencies therein; *provided, however*, that if the amount in the Subordinated Bond Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account, the Debt Service Reserve Account, the DOE Debt Service Payment Account and the DOE Debt Service Reserve Account, then the amount in the Subordinated Bond Fund shall be applied first to make up the deficiencies in the Debt Service Account and the DOE Debt Service Payment Account, ratably, in proportion to the amount of each such deficiency, and any balance remaining shall be applied to make up the deficiencies with respect to the Debt Service Reserve Account and the DOE Debt Service Reserve Account, ratably, in proportion to the amount of each such deficiency.

510. ***Reserve and Contingency Fund.*** 1. Amounts in the Reserve and Contingency Fund shall be applied to (a) the costs of (i) any major renewals, replacements, repairs, additions, betterments and improvements with respect to the PPA Project Entity's Ownership Interest necessary, in the opinion of an Authorized Officer of the Authority, to keep the same in good operating condition or to prevent a loss of revenues therefrom, and (ii) any major additions, improvements, repairs and modifications with respect to the PPA Project Entity's Ownership Interest and any disposals of the PPA Project Entity's Ownership Interest required by any governmental authority having jurisdiction over the PPA Project Entity's Ownership Interest or any part thereof, or for which the PPA Project Entity shall be responsible by virtue of any obligation of the PPA Project Entity arising out of any contract to which the PPA Project Entity may be a party relating to ownership of the PPA Project Entity's Ownership Interest or any part thereof and (b) the payment of operation and maintenance costs, and contingencies, including payments with respect to the prevention or correction of any unusual loss or damage in connection with the Additional Units PPA Project or to prevent a loss of revenues therefrom, all to the extent not provided for in the then current Additional Units PPA Project Annual Budget or by reserves held under the Resolution and the DOE Accounts Agreement (other than the DOE Reserve & Contingency Account, except to the extent provided in the following proviso) or from the proceeds of Bonds, Subordinated Bonds or other evidences of indebtedness of the Authority or the proceeds of Advances under the Federal Loan; provided, however, that all such costs and payments shall be funded from amounts on deposit in both the Reserve and Contingency Fund and the DOE Reserve & Contingency Account, ratably in proportion to the respective amounts on deposit therein.

2. If and to the extent provided in a Supplemental Resolution authorizing Bonds of a Series, amounts from the proceeds of such Bonds may be deposited in the Reserve and Contingency Fund and set aside therein for any purpose of such Fund.

3. No payments shall be made from the Reserve and Contingency Fund if and to the extent that the proceeds of insurance or other moneys recoverable as the result of damage, if any, are available at the time required to pay such cost.

4. If at any time the amount in the Debt Service Account in the Debt Service Fund shall be less than the requirement of such Account pursuant to subclause (i) of clause (1) of subsection 2 of Section 505, or the amount in the Debt Service Reserve Account in the Debt Service Fund shall be less than the Debt Service Reserve Requirement, then the Authority, upon requisition by the Trustee, shall transfer from the Reserve and Contingency Fund to the Trustee for deposit in the Debt Service Account or the Debt Service Reserve Account, as the case may be, the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency (or, if the amount in the Reserve and Contingency Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and the Debt Service Reserve Account, then the amount in the Reserve and Contingency Fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied to make up the deficiency with respect to the Debt Service Reserve Account); *provided, however*, that (x) during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, amounts deposited to the Reserve and Contingency Fund from payments made to the Authority by the Additional Units PPA Project Participants pursuant to subclause (i) of clause (4) of subsection 2 of Section 505 hereof shall not be so withdrawn if the

purpose for such withdrawal is to make up any such deficiency that resulted from a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (y) during the period from and including the Additional Units PPA Project Participants' Debt Service Commencement Date to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, amounts deposited to the Reserve and Contingency Fund from payments made to the Authority by the Initial Power Purchaser pursuant to subclause (i) of clause (4) of subsection 2 of Section 505 hereof shall not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by any Additional Units PPA Project Participant in the making of any payment due under its Additional Units PPA Power Sales Contract. No transfers will be made pursuant to this subsection 4 in any calendar month until all amounts required to be transferred pursuant to subsection 1 of this Section 510 in such calendar month have been so transferred, except to the extent that any such transfer is necessary in order to avoid a default in the payment of the principal or Redemption Price of, or interest on, the Bonds or the principal of, or interest or prepayment premiums, if any, on, or other amounts due with respect to, the Federal Loan when due.

5. If on the last day of any calendar year the balance of moneys and securities in the Reserve and Contingency Fund shall exceed the Authority's Reserve and Contingency Requirement, all or a portion of the amount of such excess shall be transferred to the Trustee for deposit in the Debt Service Account or the Debt Service Reserve Account, as the case may be, in the Debt Service Fund if and to the extent such amount is required to make up any deficiency in either such Account; *provided, however*, that (x) during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, amounts deposited to the Reserve and Contingency Fund from payments made to the Authority by the Additional Units PPA Project Participants pursuant to subclause (i) of clause (4) of subsection 2 of Section 505 hereof shall not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (y) during the period from and including the Additional Units PPA Project Participants' Debt Service Commencement Date to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, amounts deposited to the Reserve and Contingency Fund from payments made to the Authority by the Initial Power Purchaser pursuant to subclause (i) of clause (4) of subsection 2 of Section 505 hereof shall not be so withdrawn if the purpose for such withdrawal is to make up any such deficiency that resulted from a default by any Additional Units PPA Project Participant in the making of any payment due under its Additional Units PPA Power Sales Contract; and the balance, if any, of such excess shall be transferred to the Revenue Fund (or, as applicable, transferred to the Authority for deposit to the Revenue Fund).

511. ***Further Transfers from Revenue Fund.*** 1. Amounts in the Revenue Fund not required for the purposes set forth in Section 505 may, upon determination of the Authority and subject to the provisions of Section 708 relating to the Working Capital Requirement, be applied to or set aside for any one or more of the following:

(a) the purchase or redemption of any Bonds, Subordinated Bonds and/or Parity Obligations, on the one hand, and the prepayment of the Federal Loan, on the other hand, and expenses in connection therewith or any reserves which the Authority determines

shall be required for such purposes, on a parity basis in proportion to the respective principal amounts then outstanding;

(b) payments into the Construction Fund for application to the purposes of such Fund;

(c) improvements, extensions, betterments, renewals and replacements of any properties of the PPA Project Entity's Ownership Interest;

(d) to reduce the cost of Additional Units PPA Project power and energy to the Additional Units PPA Project Power Purchasers under the Additional Units PPA Project Power Contracts;

(e) to fund such reserves for the Additional Units PPA Project as the Authority shall determine are necessary or appropriate; *provided, however*, that the aggregate amount of such reserves shall be held in funds or accounts established under the Resolution, on the one hand, and in accounts established under the DOE Accounts Agreement, on the other hand, in proportion to the respective principal amounts of the Bonds, Subordinated Bonds and Parity Obligations and the Federal Loan then outstanding, respectively; and

(f) any other lawful purpose of the Authority related to the Additional Units PPA Project, including, without limitation, to the extent permitted by applicable law, the withdrawal of amounts from the Revenue Fund for the purpose of pledging or assigning such amounts to or on behalf of any person or persons in order to secure the Authority's obligations under any contract or agreement entered into by the Authority in connection with the Additional Units PPA Project, subject to the consent of DOE or the DOE Collateral Agent;

provided, however, that

(i) any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the PPA Project Entity's Ownership Interest deposited in the Revenue Fund pursuant to subsection 1 of Section 714 shall be used only for the purposes specified in paragraphs (a) and (b) of this subsection 1;

(ii) prior to the end of the term of the Initial Power Purchase Agreement, any amounts applied or set aside pursuant to this Section 511 shall be used only for the purposes specified in paragraphs (b), (c), (d), (e) and (f) of this subsection 1;

(iii) commencing with the first full calendar year following the end of the term of the Initial Power Purchase Agreement, any such amounts shall be used only for the purposes specified in paragraphs (b), (c), (d), (e) and (f) of this subsection 1 unless the Board, in its sole discretion, determines that such amounts shall be transferred (A) to the Trustee for deposit to the Bond Retirement Account in the Debt Service Fund and (B) to the DOE Collateral Agent for application to the prepayment of the Federal Loan and such determination is approved by Additional Units PPA Project Participants whose total Obligation Shares (as defined in the Additional Units PPA Power Sales Contracts) in the Additional Units PPA Project exceed 66 2/3 percent, in which case, (X) the Authority's

Portion of such amounts shall be transferred to the Trustee for deposit to said Bond Retirement Account and applied to the purposes for which amounts in said Account may be applied as provided in Section 508 and (Y) the PPA Project Entity's Portion of such amounts shall be transferred to the DOE Collateral Agent and applied to the prepayment of the Federal Loan in accordance with the provisions of the DOE Loan Guarantee Agreement; and

(iv) subject to the provisions of Section 505, amounts deposited in the Revenue Fund and required by the Resolution to be applied to the purchase or redemption of Bonds and/or the prepayment of the Federal Loan shall be applied to such purpose(s).

2. Upon any purchase or redemption of Bonds of any Series, maturity and interest rate for which Sinking Fund Installments shall have been established, other than any such purchase or redemption pursuant to subsection 2 of Section 506, there shall be credited toward such Sinking Fund Installment or Sinking Fund Installments thereafter to become due as the Authority shall select in its sole discretion the total principal amount of such Bonds so purchased or redeemed. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

512. ***Initial Power Purchaser Arrearages Fund.*** 1. During the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, (a) all Initial Power Purchaser Resale Revenues shall be deposited to the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund and (b) all Initial Power Purchaser Arrearages Payments shall be deposited to the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund. On the Initial Power Purchaser Arrearages Fund Establishment Date, all amounts in the Revenue Fund will be transferred to the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund.

2. Unless otherwise required pursuant to subsection 2 of Section 803 hereof following the occurrence of a Bondholders' Event of Default or a Federal Loan Event of Default, amounts on deposit in the Initial Power Purchaser Resale Revenue Account shall be applied as specified in this subsection 2 and the DOE Accounts Agreement. No later than the last Business Day of each month, the Trustee shall transfer amounts on deposit in the Initial Power Purchaser Resale Revenue Account as follows and in the following order of priority (in each case, to the extent of available funds on deposit therein):

(a) *first*, in the case of that portion of the Operating Expenses payable in such month that constitutes "Seller's O&M Costs" under (and as defined in) the PPA Project Power Purchase Agreement, the Trustee shall transfer to the DOE Revenue Account an amount equal to such Seller's O&M Costs and, on a parity basis, in the case of that portion of the Operating Expenses payable in such month that constitutes "Purchaser's O&M Costs" under (and as defined in) the PPA Project Power Purchase Agreement, the Trustee shall pay or cause to be paid such Operating Expenses;

(b) *second*, the Trustee shall transfer to the DOE Debt Service Payment Account the amount required to be deposited into such Account during such month (or during any previous month to the extent such deposits were not made) in accordance with the DOE Accounts Agreement;

(c) *third*, the Trustee shall transfer to the Debt Service Account in the Debt Service Fund the amount required to be deposited into such Account during such month pursuant to subclause (i) of clause (1) of subsection 2 of Section 505; and

(d) *fourth*, the Trustee shall transfer any amount remaining in the Initial Power Purchaser Resale Revenue Account either (i) to the appropriate DOE Project Account or (ii) to the appropriate Fund or Account under the Resolution (or to the Authority for deposit in such Fund or Account, if applicable), in each such case, in the respective amounts and in the order of priority set forth in the DOE Accounts Agreement.

3. Unless otherwise required pursuant to subsection 2 of Section 803 hereof following the occurrence of a Bondholders' Event of Default or a Federal Loan Event of Default, amounts on deposit in the Initial Power Purchaser Arrearages Payment Account shall be applied as specified in this subsection 3 and the DOE Accounts Agreement. No later than the last Business Day of each month, the Trustee shall transfer amounts on deposit in the Initial Power Purchaser Arrearages Payment Account as follows and in the following order of priority (in each case, to the extent of available funds on deposit therein):

(a) *first*, in the case of that portion of the Operating Expenses payable in such month that constitutes "Seller's O&M Costs" under (and as defined in) the PPA Project Power Purchase Agreement, the Trustee shall transfer to the DOE Revenue Account an amount equal to such Seller's O&M Costs and, on a parity basis, in the case of that portion of the Operating Expenses payable in such month that constitutes "Purchaser's O&M Costs" under (and as defined in) the PPA Project Power Purchase Agreement, the Trustee shall pay or cause to be paid such Operating Expenses, in each such case, after giving effect to the transfers made during such month pursuant to clause (a) of subsection 2 of this Section 512;

(b) *second*, the Trustee shall transfer to the DOE Debt Service Payment Account the amount required to be deposited into such Account during such month (or during any previous month to the extent such deposits were not made) in accordance with the DOE Accounts Agreement and, on a parity basis, (i) pay the principal or Redemption Price of, and interest on, any Bonds that is due and unpaid as a result of a default by the Initial Power Purchaser in the making of any payment due under the Initial Power Purchase Agreement and (ii) transfer to the Debt Service Account in the Debt Service Fund the amount required to be deposited into such Account during such month pursuant to subclause (i) of clause (1) of subsection 2 of Section 505, in each such case, after giving effect to the transfers made during such month pursuant to clauses (b) and (c) of subsection 2 of this Section 512; and

(c) *third*, the Trustee shall transfer any amount remaining in the Initial Power Purchaser Arrearages Payment Account either (i) to the appropriate DOE Project Account or (ii) to the appropriate Fund or Account under the Resolution

(or to the Authority for deposit in such Fund or Account, if applicable), in each such case, in the respective amounts and in the order of priority set forth in the DOE Accounts Agreement, after giving effect to the transfer made during such month pursuant to clause (d) of subsection 2 of this Section 512.

4. On the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, the Initial Power Purchaser Arrearages Fund shall be terminated, and any amount remaining on deposit in either account therein shall be transferred by the Trustee to the Revenue Fund (or, as applicable, transferred by the Trustee to the Authority, for deposit to the Revenue Fund).

513. ***Additional Units PPA Project Participant Arrearages Fund.*** 1. During the period from and including the date (if any) on which the Additional Units PPA Project Participant Arrearages Fund shall be established as provided in subsection 3 of Section 502 hereof to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, all Additional Units PPA Project Participant Arrearages Payments and all Additional Units PPA Project Participant Resale Revenues shall be deposited to the Additional Units PPA Project Participant Arrearages Fund.

2. Unless otherwise required pursuant to subsection 2 of Section 803 hereof following the occurrence of a Bondholders' Event of Default or a Federal Loan Event of Default, amounts on deposit in the Additional Units PPA Project Participant Arrearages Fund shall be applied by the Trustee as follows and in the following order:

(a) such amount as an Authorized Officer of the Authority shall advise the Trustee in writing is necessary for the payment of reasonable and necessary Operating Expenses that are due and have not been paid with amounts on deposit in the Revenue Fund shall be transferred to the Authority and applied to the payment of such Operating Expenses, *pro rata* with amounts on deposit in (i) the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund and transferred to the Authority pursuant to clause (a) of subsection 2 of Section 512 and (ii) the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund and transferred to the Authority pursuant to clause (a) of subsection 3 of Section 512, in proportion to the amounts on deposit in the Additional Units PPA Project Participant Arrearages Fund, on the one hand, and the Initial Power Purchaser Resale Revenue Account and the Initial Power Purchaser Arrearages Payment Account, on the other hand;

(b) to the payment of the principal or Redemption Price of, and interest on, any Bonds, the principal and interest components of any Parity Obligations and the principal of, and interest and prepayment premiums, if any, on, and other amounts due with respect to, the Federal Loan, in each such case, that is due and unpaid, as follows:

First: *Interest* – To the payment, on a parity basis, in proportion to the respective amounts then due, (X) to the persons entitled thereto of all installments of interest then due on the Bonds, together with accrued and unpaid interest on the Bonds theretofore called for redemption, (Y) to the persons entitled thereto of all installments of the interest component of Parity Obligations then due and (Z) to the DOE Collateral Agent of all installments of interest then due on the Federal Loan, together with accrued and unpaid interest on any portion of the principal amount of the Federal Loan that theretofore has become subject to prepayment

(including any default or penalty interest); *provided, however*, that in the case of each of the foregoing clauses (X), (Y) and (Z), if the amount available therefor shall not be sufficient to pay in full all such installments of interest, then such amount to be so applied shall be applied in the order of the due dates of such installments and if any such installment or installments shall have become due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference; and

Second: *Principal or Redemption Price and Prepayment Premiums* – To the payment, on a parity basis, in proportion to the respective amounts then due, (X) to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds, (Y) to the persons entitled thereto of the principal component of Parity Obligations which shall have become due and (Z) to the DOE Collateral Agent of the unpaid principal of and prepayment premiums, if any, on, and other amounts due with respect to, the Federal Loan which shall have become due, in each such case, whether at maturity or by call for redemption or upon becoming subject to prepayment, as applicable; *provided, however*, that in the case of each of the foregoing clauses (X), (Y) and (Z), if the amount available therefor shall not be sufficient to pay in full all the Bonds, the principal component of Parity Obligations or the unpaid principal of and prepayment premiums, if any, on, and other amounts due with respect to, the Federal Loan, respectively, then due, then such amount to be so applied shall be applied in the order of the due dates of such Bonds, such principal component of Parity Obligations or such unpaid principal of and prepayment premiums, if any, on, or other amounts due with respect to, the Federal Loan, as the case may be, and, if any such Bonds, principal component of Parity Obligations or unpaid principal of and prepayment premiums, if any, on, or other amounts due with respect to, the Federal Loan, as the case may be, shall have become due on the same date, then to the payment thereof ratably, according to the respective amounts due thereon, without any discrimination or preference;

(c) if either (i) the amount on deposit in the Debt Service Reserve Account in the Debt Service Fund shall be less than the Debt Service Reserve Requirement or (ii) the amount on deposit in the DOE Debt Service Reserve Account shall be less than the DOE Debt Service Reserve Requirement, the Trustee shall transfer from the Additional Units PPA Project Participant Arrearages Fund, on a parity basis, (1) to the Debt Service Reserve Account the amount necessary to make up such deficiency and (2) to the DOE Debt Service Reserve Account the amount necessary to make up such deficiency; *provided, however*, that if the amount in the Additional Units PPA Project Participant Arrearages Fund shall not be sufficient to make up both such deficiencies, then the amount in the Additional Units PPA Project Participant Arrearages Fund shall be applied ratably, in proportion to the amount of each such deficiency;

(d) if the amount on deposit in the Subordinated Bond Fund shall be less than the sum of (i) the principal or redemption price of, and interest on, all Subordinated Bonds then outstanding that is due and unpaid, (ii) all amounts due and unpaid with respect to all Subordinated Obligations then outstanding and (iii) the amount required to be deposited to the Subordinated Bond Fund during the then current month pursuant to clause (3) of subsection 2 of Section 505, the Trustee shall transfer from the Additional

Units PPA Project Participant Arrearages Fund to the Subordinated Bond Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency; and

(e) if either (i) the amount on deposit in the Reserve and Contingency Fund shall be less than the amount that would have been on deposit therein on such date had no Additional Units PPA Project Participant defaulted in the making of any payment owed under its Additional Units PPA Project Power Sales Contract or (ii) the amount on deposit in the DOE Reserve & Contingency Account shall be less than the amount that would have been on deposit therein on such date had no Additional Units PPA Project Participant defaulted in the making of any payment owed under its Additional Units PPA Project Power Sales Contract, the Trustee shall transfer from the Additional Units PPA Project Participant Arrearages Fund, on a parity basis, (1) to the Reserve and Contingency Fund the amount necessary to make up such difference and (2) to the DOE Reserve & Contingency Account the amount necessary to make up such difference; *provided, however*, that if the amount in the Additional Units PPA Project Participant Arrearages Fund shall not be sufficient to make up both such differences, then the amount in the Additional Units PPA Project Participant Arrearages Fund shall be applied ratably, in proportion to the amount of each such difference.

3. On the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, the Additional Units PPA Project Participant Arrearages Fund shall be terminated, and any amount remaining on deposit therein shall be transferred by the Trustee to the Revenue Fund (or, as applicable, transferred by the Trustee to the Authority, for deposit to the Revenue Fund).

514. ***Cancellation and Destruction of Bonds.*** Except as otherwise may be provided with respect to Option Bonds in the Supplemental Resolution providing for the issuance thereof, all Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Trustee.

515. ***Subordinated Bonds.*** The Authority may, at any time, or from time to time, issue Subordinated Bonds for any lawful purpose related to the Additional Units PPA Project, which shall be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Bond Fund as may from time to time be available for the purpose of payment thereof as provided in Section 509; *provided, however*, that such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledges of (a) the Shared Trust Estate created by the Resolution as security for the Bonds and the Federal Loan Debt Service Payments and (b) the Bondholders' Trust Estate created by the Resolution as security for the Bonds.

516. ***Purchases of Bonds.*** Any purchase of Bonds (or portions thereof) by or at the direction of the Authority pursuant to the Resolution may be made with or without tenders of Bonds and at either public or private sale, in such manner as an Authorized Officer of the Authority may determine.

ARTICLE VI

DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

601. ***Depositaries.*** 1. All moneys held by the Trustee or the Authority under the provisions of the Resolution shall constitute trust funds for which the Trustee or the Authority, respectively, shall be responsible as a trustee, and the Trustee or the Authority may deposit such moneys with one or more Depositaries. All moneys deposited under the provisions of the Resolution shall be held in trust by the Trustee or the Authority and applied only in accordance with the provisions of the Resolution, and each of the Funds established by the Resolution shall be a trust fund for the purposes thereof.

2. Each Depositary shall be a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Resolution.

3. Moneys and securities credited to any Fund or Account held by the Authority may be commingled with moneys and securities credited to other Funds or Accounts held by the Authority for purposes of establishing checking or other bank accounts, for purposes of investing funds or otherwise; *provided, however*, that the Authority shall at all times maintain or cause to be maintained accurate books and records reflecting the amounts credited to each Fund and Account held by the Authority. All withdrawals from any commingled moneys shall be charged against the proper Fund or Account and no moneys shall be withdrawn from commingled moneys if there is not on credit to the Fund or Account to be charged sufficient funds to cover such withdrawal.

602. ***Deposits.*** 1. All Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues and other moneys held by any Depositary under the Resolution may be placed on demand or time deposit, if and as directed by the Authority; *provided, however*, that such deposits shall permit the moneys so held to be available for use at the time when needed. The Authority shall not be liable for any loss or depreciation in value resulting from any investment made pursuant to the Resolution. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand deposit or, if and to the extent directed by the Authority and acceptable to such Fiduciary, on time deposit; *provided, however*, that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

2. All moneys held under the Resolution by the Trustee or any Depositary shall be either (a) (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by lodging with the Trustee, as custodian, as collateral security, Investment Securities having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (b) held in such other manner as may then be required by applicable Federal and State of Georgia laws and regulations and applicable state laws and regulations of

the state in which the Trustee or such Depositary (as the case may be) is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; *provided, however*, that it shall not be necessary for the Fiduciaries to give security under this subsection 2 for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee or any Depositary to give security for any moneys which shall be represented by Investment Securities purchased as an investment of such moneys.

3. All moneys deposited with the Trustee and each Depositary shall be credited to the particular Fund or Account to which such moneys belong.

603. ***Investment of Certain Funds.*** Moneys held in the Funds and Accounts established hereunder shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds and Accounts. The Trustee shall make all such investments of moneys held by it in accordance with instructions received from any Authorized Officer of the Authority.

Interest earned on any moneys or investments in any Fund or Account (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) shall be paid into the Revenue Fund except that such net interest (determined as aforesaid) earned on any moneys or investments in (a) the Construction Fund (or any separate account or subaccount therein) shall be held in such Fund (or such separate account or subaccount, as applicable) for the purposes thereof or, upon the determination of an Authorized Officer of the Authority, may be transferred to any other separate account or subaccount in the Construction Fund; (b) the Debt Service Reserve Account in the Debt Service Fund shall be held in such Account until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy the Debt Service Reserve Requirement and the balance shall be applied as set forth in subsection 2 of Section 507; *provided, however*, that prior to the Commercial Operation Date of the second Additional Unit, on April 1 and October 1 of each year and on the Commercial Operation Date of the second Additional Unit, such net interest shall be retained therein to the extent necessary to satisfy the Debt Service Reserve Requirement and the balance shall be transferred to the Construction Fund (or any separate account or subaccount therein as the Trustee shall be directed by an Authorized Officer of the Authority); (c) the Reserve and Contingency Fund shall be held in such Fund until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy the Authority's Reserve and Contingency Requirement and the balance shall be applied as set forth in subsection 5 of Section 510; (d) the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund shall be held in such Account until expended in accordance with subsection 2 of Section 512; (e) the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund shall be held in such Account until expended in accordance with subsection 3 of Section 512; and (f) the Additional Units PPA Project Participant Arrearages Fund shall be held in such Fund until expended in accordance with subsection 2 of Section 513.

Nothing in the Resolution shall prevent any Investment Securities acquired as investments of funds held under the Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

604. ***Valuation and Sale of Investments.*** Obligations purchased as an investment of moneys in any Fund created under the provisions of the Resolution shall be deemed at all times to be a part of such Fund.

In computing the amount in any Fund created under the provisions of the Resolution for any purpose provided in the Resolution, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations, inclusive of accrued interest. Such computation shall be determined as of January 1 in each year.

Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be requested in writing by an Authorized Officer of the Authority so to do or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund held by it. The Trustee shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

ARTICLE VII

PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Trustee and the Bondholders and, with respect to Sections 704, 705, and 706, subsection 1 of Section 707, Sections 711 and 712, subsections 1, 3 and 5 of Section 715 and Section 716, the DOE Secured Parties as follows:

701. ***Payment of Bonds.*** The Authority shall duly and punctually pay or cause to be paid, but solely from the Revenues, the proceeds of the Bonds pledged therefor by the Resolution, the Initial Power Purchaser Arrearages Payments, the Initial Power Purchaser Resale Revenues, the Additional Units PPA Project Participant Arrearages Payments, the Additional Units PPA Project Participant Resale Revenues and other funds of the Authority legally available therefor, the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof.

702. ***Extension of Payment of Bonds.*** The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues or Funds established by the Resolution, including the investments, if any, thereof, pledged under the Resolution or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue Option Bonds or Refunding Bonds and neither such issuance nor the exercise by the Holder of any Option Bond of any of the rights

appertaining to such Option Bond shall be deemed to constitute an extension of maturity of Bonds.

703. ***Offices for Servicing Bonds.*** Except as may otherwise be provided in any Supplemental Resolution with respect to any Series of Bonds, the Authority shall at all times maintain one or more agencies in each of the cities of New York, New York, and Atlanta, Georgia, where Bonds may be presented for payment and shall at all times maintain one or more agencies in the City of New York, New York, and may maintain such an agency in the City of Atlanta, Georgia, where Bonds may be presented for transfer or exchange, and where notices, demands and other documents may be served upon the Authority in respect of the Bonds or of the Resolution. The Authority hereby appoints the Trustee as the Bond Registrar to maintain an agency for the transfer or exchange of Bonds, and for the service upon the Authority of such notices, demands and other documents and the Trustee shall continuously maintain or make arrangements to provide such services. The Authority hereby appoints the Paying Agents in such cities as its agents for the payment or redemption of Bonds.

704. ***Further Assurance.*** At any and all times the Authority shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee or any DOE Secured Party to pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues and other moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the Authority may become bound to pledge or assign.

705. ***Power to Issue Bonds and Pledge Revenues and Other Funds and Amounts.*** The Authority is duly authorized under all applicable laws to create and issue the Bonds and to adopt the Resolution and to pledge and assign the Shared Trust Estate and the Bondholders' Trust Estate in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Resolution, the Shared Trust Estate and the Bondholders' Trust Estate are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledges created by the Resolution with respect thereto, and all corporate or other action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledges and assignments of the Shared Trust Estate and the Bondholders' Trust Estate and all the rights of the Bondholders and the DOE Secured Parties under the Resolution against all claims and demands of all persons whomsoever.

706. ***Power to Fix and Collect Rates, Fees and Charges.*** The Authority has, and will have as long as any Bonds are Outstanding, the Federal Loan is outstanding or the DOE Loan Guarantee Agreement is in effect, good right and lawful power to fix and collect rates, fees and charges with respect to the sale of power and energy from or associated with the Additional Units PPA Project or transmission services thereof subject to the terms of the Additional Units PPA Project Power Contracts, the PPA Project Power Purchase Agreement or other contracts relating thereto.

707. ***Creation of Liens, Sale and Lease of Property.*** 1. The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge of the Shared Trust Estate or the Bondholders' Trust Estate and, except to the extent provided in or permitted by the Resolution, shall not create or cause to be created any lien or charge thereon; *provided, however*, that nothing contained in the Resolution shall (a) prevent the Authority from issuing, if and to the extent permitted by the Act (i) bond anticipation notes (as such term is defined in the Act), (ii) evidences of indebtedness (A) payable out of moneys in the Construction Fund as part of the Costs of Acquisition and Construction of the PPA Project Entity's Ownership Interest or (B) payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in the Resolution in favor of the Bonds and the Federal Loan Debt Service Payments shall be discharged and satisfied as provided in Section 1301, (iii) Subordinated Bonds as provided in Section 515, or (iv) Parity Obligations or Subordinated Obligations as provided in Sections 205 and 206 or (b) prevent the PPA Project Entity from obtaining Advances under the Federal Loan in the manner provided in, and subject to the terms and provisions of, the DOE Loan Guarantee Agreement.

2. The Authority shall not cause or permit any part of the PPA Project Entity's Ownership Interest to be sold, leased, mortgaged or otherwise disposed of, except as follows:

(1) The PPA Project Entity may grant a security title and a security interest in the PPA Project Entity's Ownership Interest in the manner provided in, and subject to the terms and conditions of (including, without limitation, the exercise of all rights and remedies under), the DOE Loan Guarantee Agreement and the other Federal Loan Documents. In the event of any sale of the PPA Project Entity's Ownership Interest following the exercise by or on behalf of DOE of any remedy of foreclosure thereof following a default with respect to the Federal Loan, any proceeds received by the PPA Project Entity from such sale that are in excess of the amount needed to pay the Federal Loan and that are not required to be used to satisfy the PPA Project Entity's obligations to any other person shall be applied to the retirement, by purchase, redemption or defeasance, of the Bonds in such manner as an Authorized Officer of the Authority shall determine, subject to any limitations or other requirements with respect thereto set forth in the Additional Units PPA Project Power Contracts;

(2) The PPA-2 Project Entity may sell or exchange at any time and from time to time any property or facilities constituting part of the PPA Project Entity's Ownership Interest if the Authority shall determine that such sale or exchange of such property or facilities (a) will not impair the ability of the Authority to comply during the current or any future year with the provisions of Section 711 and (b) is in the best interests of the Authority and the Additional Units PPA Project Power Purchasers. The proceeds of any such sale or exchange that are paid over to the Authority may be applied for any lawful purpose of the Authority relating to the Additional Units PPA Project including, but not limited to, the acquisition or construction of other property necessary or desirable for the operation of the PPA Project Entity's Ownership Interest or the retirement of (x) Bonds, Subordinated Bonds or Parity Obligations and (y) the Federal Loan, *pro rata* in proportion to the amount of the Bonds, Subordinated Bonds and Parity Obligations and the Federal Loan, respectively, then outstanding and unpaid; and

(3) In addition to the Additional Units Project Agreements, the PPA Project Entity may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the PPA Project Entity's Ownership Interest; *provided, however*, that any such lease, contract, license, arrangement, easement or right (a) does not impede the operation by the PPA Project Entity or its agent of the PPA Project Entity's Ownership Interest and (b) does not in any manner impair or adversely affect the rights or security of the Bondholders or the DOE Secured Parties under the Resolution. Any payments received by the Authority under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the PPA Project Entity's Ownership Interest or any part thereof may be applied for any lawful purpose of the Authority relating to the Additional Units PPA Project including, but not limited to, the acquisition or construction of other property necessary or desirable for the operation of the PPA Project Entity's Ownership Interest or the retirement of (x) Bonds, Subordinated Bonds or Parity Obligations and (y) the Federal Loan, *pro rata* in proportion to the amount of the Bonds, Subordinated Bonds and Parity Obligations and the Federal Loan, respectively, then outstanding and unpaid.

708. ***Working Capital Requirement.*** The Authority shall maintain working capital for the Additional Units PPA Project (*Working Capital*) in an aggregate amount equal to or greater than the Working Capital Requirement, which Working Capital shall be held by the Authority in the form of either (a) amounts on deposit in the Revenue Fund and all accounts and subaccounts established therein or (b) current assets of the Additional Units PPA Project (other than the amounts on deposit in (1) the Revenue Fund, (2) the Debt Service Fund, (3) the Subordinated Bond Fund, (4) the Reserve and Contingency Fund, (5) the Construction Fund, (6) the Initial Power Purchaser Arrearages Fund and (7) the Additional Units PPA Project Participant Arrearages Fund, and all accounts and subaccounts established in the aforementioned funds) in excess of the current liabilities of the Additional Units PPA Project (other than current liabilities payable from amounts on deposit in the Funds specified in clauses (2) through (7) above and all accounts and subaccounts established therein), or any combination of (a) or (b). As used herein, the term *Working Capital Requirement* means the sum of such dollar amounts as the Authority shall establish with respect to the PPA Project Portion of each of the Additional Units, which amounts shall be established initially on or prior to the Commercial Operation Date of each Additional Unit and may be changed from time to time thereafter in the sole discretion of the Authority.

709. ***Additional Units PPA Project Annual Budget.*** Not less than 30 days prior to the beginning of each calendar year, the Authority shall prepare and file with the Trustee an Additional Units PPA Project Annual Budget for the ensuing calendar year which shall set forth in reasonable detail the estimated Revenues and Operating Expenses and other expenditures of the Additional Units PPA Project for such year and which shall include appropriations for the estimated Operating Expenses for such year, including, without limitation, provisions for adequate Fuel reserves and any general reserve for Operating Expenses, and the estimated amount to be deposited during such year in the Reserve and Contingency Fund and the requirements, if any, for and the amounts estimated to be expended from each Fund and Account established under the Resolution. Such Additional Units PPA Project Annual Budget also shall set forth such detail with respect to such Revenues, Operating Expenses and other expenditures and such deposits, as shall be necessary or appropriate so as to comply with the Additional Units

PPA Project Power Contracts and the PPA Project Power Purchase Agreement and may set forth such additional material as the Authority may determine. Whenever necessary, the Authority shall review its estimates set forth in the Additional Units PPA Project Annual Budget for such calendar year, and in the event such estimates do not substantially correspond with actual Revenues, Operating Expenses or other requirements, or if there are at any time during any such calendar year extraordinary receipts or payments of unusual costs, the Authority shall prepare an amended Additional Units PPA Project Annual Budget for the remainder of such calendar year. The Authority also may at any time adopt an amended Additional Units PPA Project Annual Budget for the remainder of the then current calendar year. Each such amended Additional Units PPA Project Annual Budget shall be filed promptly with the Trustee.

710. ***Limitations on Operating Expenses and Other Costs.*** The Authority shall not incur or permit to be incurred Operating Expenses or other costs payable from the Reserve and Contingency Fund in any year in excess of the reasonable and necessary amount of such Expenses or costs, respectively.

711. ***Rates, Fees and Charges.*** 1. The Authority shall at all times charge and collect rates, fees and other charges for the sale of the output, capacity, use or service of the Additional Units PPA Project as shall be required to provide Revenues at least sufficient in each calendar year, together with other available funds, for the payment of the sum of:

(a) Operating Expenses during such calendar year;

(b) An amount equal to the Aggregate Debt Service for such calendar year; *provided, however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of this clause (b) but only to the extent that the Authority intends to pay such Principal Installment from sources other than Revenues;

(c) The amount, if any, to be paid during such calendar year into the Debt Service Reserve Account in the Debt Service Fund;

(d) The amount to be paid during such calendar year into the Reserve and Contingency Fund; and

(e) All other charges or liens whatsoever payable out of Revenues during such calendar year, including, without limitation, to the extent not otherwise provided for, all amounts payable by the Authority to the PPA Project Entity pursuant to the PPA Project Power Purchase Agreement (which include, without limitation, amounts necessary to enable the PPA Project Entity to pay all amounts owed by it, and fund all accounts or reserves required to be funded by it, pursuant to the DOE Loan Guarantee Agreement and all other Federal Loan Documents) during such calendar year and all amounts payable on Subordinated Bonds and Subordinated Obligations during such calendar year.

2. The Authority will not furnish or supply any of the output, capacity, use or service of the Additional Units PPA Project free of charge to any person, firm or corporation, public or private.

3. In the event of any failure of any Additional Units PPA Project Power Purchaser to make any payment to the Authority under its Additional Units PPA Project Power Contract when due, the Authority may, in its sole discretion, enforce such payment in the manner provided in such Additional Units PPA Project Power Contract.

4. The Authority may, in its sole discretion, enforce the payment of any and all other accounts owing to the Authority in connection with the Additional Units PPA Project in the manner provided in the respective agreements pursuant to which such other accounts shall be payable to the Authority.

712. ***Additional Units PPA Project Power Contracts, Additional Units Project Agreements and PPA Project Power Purchase Agreement; Amendment.*** 1. The Authority shall collect or cause to be collected and forthwith deposit or cause to be deposited in the Revenue Fund all amounts payable to it pursuant to Article III of the Additional Units PPA Project Power Contracts together with all amounts payable in accordance with or pursuant to any other provision of the Additional Units PPA Project Power Contracts (other than the Additional Compensation Obligation) and attributable to the Additional Units PPA Project or to Plant Vogtle Additional Units PPA Project Annual Costs or payable to it pursuant to any other contract for the sale of power, energy or other service from the Additional Units PPA Project or any part thereof; *provided, however*, that (x) during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, (i) all Initial Power Purchaser Resale Revenues shall be deposited to the Initial Power Purchaser Resale Revenue Account in the Initial Power Purchaser Arrearages Fund and (ii) all Initial Power Purchaser Arrearages Payments shall be deposited to the Initial Power Purchaser Arrearages Payment Account in the Initial Power Purchaser Arrearages Fund and (y) during the period from and including the date (if any) on which the Additional Units PPA Project Participants Arrearages Fund shall be established as provided in subsection 3 of Section 502 hereof to and including the Initial Power Purchaser Debt Service Payment Obligation Scheduled End Date, all Additional Units PPA Project Participant Arrearages Payments and all Additional Units PPA Project Participant Resale Revenues shall be deposited to the Additional Units PPA Project Participant Arrearages Fund. The Authority shall enforce the provisions of the Additional Units PPA Project Power Contracts and duly perform its covenants and agreements thereunder. The Authority shall not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with any Additional Units PPA Project Power Contract that will reduce the payments required thereunder or that will in any manner impair or adversely affect the rights of the Authority thereunder or the rights or security of the Bondholders or the DOE Secured Parties under the Resolution (determined without regard to any Credit Facility provided with respect to any Bonds), and any action by the Authority in violation of this covenant shall be null and void as to the Authority and any other party to an Additional Units PPA Project Power Contract. The extension of the term of any Additional Units PPA Project Power Contract shall not constitute such an amendment. A copy of each Additional Units PPA Project Power Contract certified by an Authorized Officer of the Authority shall be filed with the Trustee, and prior to execution by the Authority of any such amendment thereof, a copy of such amendment certified by an Authorized Officer of the Authority shall be filed with the Trustee.

2. The Authority shall enforce or cause to be enforced the provisions of the Additional Units Project Agreements and shall cause the PPA Project Entity to duly perform its covenants

and agreements thereunder. The Authority will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with any Additional Units Project Agreement which will in any manner impair or adversely affect the rights of the PPA Project Entity thereunder or the rights or security of the Bondholders or the DOE Secured Parties under the Resolution, and any action by the Authority in violation of this covenant shall be null and void as to the Authority and any other party to an Additional Units Project Agreement. The extension of the term of any Additional Units Project Agreement shall not constitute such an amendment. A copy of each such Additional Units Project Agreement certified by an Authorized Officer of the Authority shall be filed with the Trustee, and prior to execution by the PPA Project Entity of any such amendment thereof, a copy of such amendment certified by an Authorized Officer of the Authority shall be filed with the Trustee.

3. The Authority shall not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the PPA Project Power Purchase Agreement that will in any manner impair or adversely affect the rights of the Authority thereunder, and any action by the Authority in violation of this covenant shall be null and void as to the Authority and the PPA Project Entity. The extension of the term of the PPA Project Power Purchase Agreement shall not constitute such an amendment. A copy of the PPA Project Power Purchase Agreement certified by an Authorized Officer of the Authority shall be filed with the Trustee, and prior to execution by the Authority of any such amendment thereof, a copy of such amendment certified by an Authorized Officer of the Authority shall be filed with the Trustee.

713. ***Maintenance of Insurance.*** 1. The Authority shall at all times keep or cause to be kept the properties of the PPA Project Entity's Ownership Interest which are of an insurable nature and of the character usually insured by those operating properties similar to the PPA Project Entity's Ownership Interest insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. The Authority shall at all times maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the PPA Project Entity's Ownership Interest. Whenever in the judgment of the Authority insurance against business interruption loss on account of the failure of part of the PPA Project Entity's Ownership Interest to operate or the suspension, interruption, interference, reduction or curtailment of the output, capacity, use or service of any part of the PPA Project Entity's Ownership Interest is obtainable at commercially reasonable rates, the Authority shall obtain and maintain such insurance. Insurance maintained pursuant to the Additional Units Project Agreements shall be deemed in compliance with this subsection 1 if such insurance otherwise complies with the requirements of this Section. Notwithstanding anything to the contrary contained herein, the Authority may comply with the provisions of this subsection by causing the PPA Project Entity to maintain in effect all or any portion of the insurance referred to in this subsection.

2. The Authority shall also maintain any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Bondholders.

3. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the Authority (or, in the event that the Authority shall cause the PPA Project Entity to maintain insurance as provided in the final sentence of subsection 1 of this Section, such insurance shall be payable to the PPA Project Entity or as otherwise required under the DOE Loan Guarantee Agreement).

714. ***Reconstruction; Application of Insurance Proceeds.*** 1. If any useful portion of the PPA Project Entity's Ownership Interest shall be damaged or destroyed, the Authority shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless there shall be filed with the Trustee a resolution of the Board, certified by an Authorized Officer of the Authority, to the effect that such reconstruction and replacement is not in the interest of the Authority and the Bondholders or unless it is determined under the provisions of the Additional Units Project Agreements that such reconstruction and replacement are not to be undertaken. The proceeds of any insurance paid on account of such damage or destruction, other than business interruption loss insurance, unless held and applied under the Additional Units Project Agreements, shall be held by the Authority or the PPA Project Entity, as applicable, in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested by the Authority or the PPA Project Entity, as applicable, in Investment Securities that mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement or may be invested as otherwise provided for under the Additional Units Project Agreements. Interest earned on any such investments held by the Authority (net of (a) that which represents a return of accrued interest paid in connection with the purchase of any investment and (b) profit or loss realized from the liquidation of any investment) shall be deposited in the Revenue Fund (or, as applicable, transferred to the Trustee for deposit in the Revenue Fund). The proceeds of any insurance not applied within 36 months after receipt thereof by the Authority to repairing or replacing damaged or destroyed property, or in respect of which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged or destroyed shall not have been given to the Trustee by the Authority within such 36 months, or which the Authority shall at any time notify the Trustee are not to be so applied, shall be deposited in the Revenue Fund (or, as applicable, transferred to the Trustee for deposit in the Revenue Fund) unless otherwise applied or to be applied in accordance with the Additional Units Project Agreements or the DOE Loan Guarantee Agreement. Notwithstanding the foregoing, in the event that payments are made from the Reserve and Contingency Fund or from the DOE Reserve & Contingency Account for any such repairing or replacing of property damaged or destroyed prior to the availability of insurance proceeds therefor, such insurance proceeds when received shall be deposited in the Reserve and Contingency Fund and the DOE Reserve & Contingency Account to the extent of such payments therefrom. Notwithstanding anything to the contrary contained herein, the Authority may comply with the provisions of this subsection by causing the PPA Project Entity to comply with such provisions.

2. If the proceeds of insurance authorized by this Section to be applied to the reconstruction or replacement of any portion of the PPA Project Entity's Ownership Interest are insufficient for such purpose, the deficiency may be supplied out of moneys in the Reserve and Contingency Fund and the DOE Reserve & Contingency Account, ratably in proportion to the respective amounts on deposit therein, to the extent not needed to be reserved for the purposes provided therefor.

3. The proceeds of business interruption loss insurance, if any, received by the Authority shall be paid into the Revenue Fund (or, as applicable, transferred to the Trustee for deposit in the Revenue Fund) unless otherwise required by the Additional Units Project Agreements.

715. ***Accounts and Reports.*** 1. The Authority shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Additional Units PPA Project and each Fund and Account established under the Resolution and relating to its costs and charges under the Additional Units PPA Project Power Contracts and the PPA Project Power Purchase Agreement, and which, together with all Additional Units PPA Project Power Contracts and the PPA Project Power Purchase Agreement and all other books and papers of the Authority, including, without limitation, insurance policies, relating to the Additional Units PPA Project, shall at all times be subject to the inspection of the Trustee, the Holders of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding, DOE and the DOE Collateral Agent or their respective representatives duly authorized in writing.

2. The Trustee shall advise the Authority promptly after the end of each month of its transactions during such month relating to each Fund and Account held by it under the Resolution.

3. The Authority shall annually, within 150 days after the close of each calendar year (the first such report to be filed with respect to the year in which the first Bonds are issued), file with the Trustee, DOE and the DOE Collateral Agent, and otherwise as provided by law, a copy of an annual report for such year, accompanied by a certificate of an independent certified public accountant, relating to the Additional Units PPA Project and including the following statements in reasonable detail: a statement of assets and liabilities as of the end of such year, to the extent relating to the Additional Units PPA Project; a statement of Revenues and Operating Expenses for such year; and a summary with respect to each Fund and Account established under the Resolution of the receipts therein and disbursements therefrom during such year and the amount held therein at the end of such year.

4. The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Resolution shall be available for the inspection of Bondholders at the office of the Trustee and shall be mailed to each Bondholder who shall file a written request therefor with the Authority.

5. The Authority shall file with the Trustee, DOE and the DOE Collateral Agent (a) forthwith upon becoming aware of any Bondholders' Event of Default, Federal Loan Event of Default or default in the performance by the Authority of any covenant, agreement or condition contained in the Resolution, a certificate signed by an appropriate Authorized Officer of the Authority and specifying such Bondholders' Event of Default, Federal Loan Event of Default or default and (b) within 120 days after the end of each year, commencing with the year in which the first Bonds are issued, a certificate signed by an appropriate Authorized Officer of the Authority stating that, to the best of his knowledge and belief, the Authority has kept, observed, performed and fulfilled each and every one of its covenants and obligations contained in the Resolution and there does not exist at the date of such certificate (i) any default by the Authority under the Resolution, (ii) any Bondholders' Event of Default or other event which, with the lapse of time specified in Section 801 would become a Bondholders' Event of Default or (iii) any Federal Loan Event of Default or other event which, with the lapse of time specified in Section 901 would become a Federal Loan Event of Default, or, if any such default, Bondholders' Event of Default or other event or Federal Loan Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

716. ***Payment of Taxes and Charges.*** The Authority will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the Authority or upon the rights, revenues, income, receipts, and other moneys, securities and funds of the Authority when the same shall become due (including, without limitation, all rights, moneys and other property transferred, assigned or pledged under the Resolution), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Authority shall in good faith contest by proper legal proceedings if the Authority shall in all such cases have set aside on its books reserves deemed adequate with respect thereto.

717. ***General.*** 1. The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Resolution.

2. Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Authority, shall comply in all respects with the applicable laws of the State of Georgia.

ARTICLE VIII

REMEDIES OF BONDHOLDERS

801. ***Bondholders' Events of Default.*** If one or more of the following Bondholders' Events of Default shall happen, that is to say:

(a) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor, when and as such interest installment or Sinking Fund Installment shall become due and payable;

(c) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than 25% in principal amount of the Bonds Outstanding; *provided, however*, that if such default shall be such that it can be corrected but cannot be corrected within such 60-day period, it shall not constitute a Bondholders' Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected;

(d) if a final judgment for the payment of money shall be rendered against the Authority with respect to the Additional Units PPA Project requiring the Authority to pay in excess of 10% of Revenues for the most recently completed fiscal year, and any such

judgment shall remain undischarged and unstayed for a period of 90 days after the entry thereof, or the continuance of such judgment undischarged and unstayed for a period of 90 days after the termination of any stay entered within such first mentioned 90 days;

(e) if the Authority (1) files a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State of Georgia; (2) consents to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or of any substantial portion of its property; (3) makes any assignment for the benefit of creditors; (4) admits in writing its inability to pay its debts generally as they become due; or (5) takes action in furtherance of any of the foregoing; or

(f) if (1) a decree or order for relief is entered by a court having jurisdiction of the Authority adjudging the Authority bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Authority in an involuntary case under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State of Georgia; (2) a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or of any substantial portion of its property is appointed; or (3) the winding up or liquidation of the Authority's affairs is ordered and any such decree or order remains unstayed and in effect for a period of sixty (60) consecutive days;

then, and in each and every such case, so long as such Bondholders' Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Authority), or the Holders of not less than 25% in principal amount of the Bonds Outstanding (by notice in writing to the Authority and the Trustee), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee or of the Holders of not less than 25% in principal amount of the Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the Resolution (except the principal of, and interest accrued since the immediately preceding interest payment date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Holders of 25% in principal amount of the Bonds Outstanding, by written notice to the Authority and to the Trustee, may rescind such declaration and annul such default in its entirety or, if the Trustee shall have acted itself without direction of the Bondholders it may rescind such declaration and annul such default in its entirety or, if the Trustee shall have acted upon direction of the Holders of not less than 25% in principal amount of the Bonds Outstanding, unless there

shall have been delivered to the Trustee written direction to the contrary by the Holders of a majority in principal amount of the Bonds then Outstanding, the Trustee may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Notwithstanding the foregoing provisions of this Section 801, (a) neither the Trustee nor the Holders of the Bonds shall have the right to declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately during the continuance of any Standstill Period under the DOE Loan Guarantee Agreement and (b) upon any declaration of the principal of the Federal Loan then outstanding, and the interest accrued thereon, to be due and payable immediately, the principal of all the Bonds then Outstanding, and the interest accrued thereon, shall be and become due and payable immediately, without any further act by or on behalf of the Authority, the Trustee or the Holders of the Bonds, and neither the Holders of the Bonds nor the Trustee acting on their behalf shall have any right or power to rescind such acceleration until such time, if any, as (x) such declaration with respect to the Federal Loan shall have been rescinded or (y) the principal of the Federal Loan then outstanding, and the interest accrued thereon, shall have been repaid in full.

802. ***Accounting and Examination of Records After Default.*** 1. The Authority covenants that if a Bondholders' Event of Default or a Federal Loan Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority and all other records relating to the Additional Units PPA Project shall at all times be subject to the inspection and use of the Trustee, DOE and the DOE Collateral Agent and of their respective agents and attorneys.

2. The Authority covenants that if a Bondholders' Event of Default or a Federal Loan Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, DOE or the DOE Collateral Agent, will account, as if it were the trustee of an express trust, for all Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments, Additional Units PPA Project Participant Resale Revenues and other moneys, securities and funds pledged or held under the Resolution for such period as shall be stated in such demand.

803. ***Application of Revenues and Other Moneys After Default.*** 1. The Authority covenants that if a Bondholders' Event of Default or a Federal Loan Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Authority in any Fund under the Resolution and (ii) all Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments and Additional Units PPA Project Participant Resale Revenues as promptly as practicable after receipt thereof. In such event the Trustee shall hold such funds in trust for the benefit of both the Holders of the Bonds and the DOE Secured Parties.

2. During the continuance of a Bondholders' Event of Default or a Federal Loan Event of Default, the Trustee shall apply all moneys, securities, funds and Revenues, Initial Power Purchaser Arrearages Payments, Initial Power Purchaser Resale Revenues, Additional Units PPA Project Participant Arrearages Payments and Additional Units PPA Project Participant Resale Revenues received by the Trustee pursuant to any right given or action taken under the

provisions of this Article as follows and in the following order; *provided, however*, that, during the period from and including the Initial Power Purchaser Arrearages Fund Establishment Date to and including the Initial Power Purchaser Debt Service Payment Obligation Satisfaction Date, the Initial Power Purchaser Resale Revenues shall be applied as provided in subsection 2 of Section 512:

(i) *Expenses of Fiduciaries* – to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries, DOE and the DOE Collateral Agent; *provided, however*, that if the amount available shall not be sufficient to pay all such charges, expenses and liabilities, then such amount available shall be applied ratably, in proportion to the respective amounts due to the Fiduciaries, DOE and the DOE Collateral Agent;

(ii) *Operating Expenses and Capital Expenditures* – to the payment of the amounts required for (X) reasonable and necessary Operating Expenses and (Y) the costs of reasonable renewals, repairs, replacements, additions, betterments and improvements to the PPA Project Entity's Ownership Interest necessary in the judgment of the Trustee or DOE to prevent loss of Revenues or otherwise required to be paid for by the PPA Project Entity pursuant to the Additional Units Project Agreements. For this purpose the books of record and account of the Authority relating to the Additional Units PPA Project shall at all times be subject to the inspection of the Trustee, DOE and the DOE Collateral Agent and their respective representatives and agents during the continuance of such Bondholders' Event of Default or such Federal Loan Event of Default, and the Authority shall cause the books of record and account of the PPA Project Entity at all times to be subject to the inspection of the Trustee, DOE and the DOE Collateral Agent and their respective representatives and agents during the continuance of such Bondholders' Event of Default or such Federal Loan Event of Default;

(iii) *Principal or Redemption Price, Interest and Prepayment Premiums* – to the payment of the interest and principal or Redemption Price then due on the Bonds, the interest and principal components of Parity Obligations and the interest, principal and prepayment premiums, if any, then due on, and other amounts due with respect to, the Federal Loan, as follows:

(a) unless the principal of all of the Bonds and the Federal Loan shall have become or have been declared due and payable,

First: *Interest* – To the payment, on a parity basis, in proportion to the respective amounts then due, (X) to the persons entitled thereto of all installments of interest then due on the Bonds, together with accrued and unpaid interest on the Bonds theretofore called for redemption, (Y) to the persons entitled thereto of all installments of the interest component of Parity Obligations then due and (Z) to the DOE Collateral Agent of all installments of interest then due on the Federal Loan, together with accrued and unpaid interest on any portion of the principal amount of the Federal Loan that theretofore has become subject to prepayment (including any default or penalty interest); *provided, however*, that in the case of each of the foregoing clauses (X), (Y) and (Z), if the amount available therefor shall not be sufficient to pay in full all such installments

of interest, then such amount to be so applied shall be applied in the order of the due dates of such installments and if any such installment or installments shall have become due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference; and

Second: *Principal or Redemption Price and Prepayment Premiums* – To the payment, on a parity basis, in proportion to the respective amounts then due, (X) to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds, (Y) to the persons entitled thereto of the principal component of Parity Obligations which shall have become due and (Z) to the DOE Collateral Agent of the unpaid principal of and prepayment premiums, if any, on, and other amounts due with respect to, the Federal Loan which shall have become due, in each such case, whether at maturity or by call for redemption or upon becoming subject to prepayment, as applicable; *provided, however*, that in the case of each of the foregoing clauses (X), (Y) and (Z), if the amount available therefor shall not be sufficient to pay in full all the Bonds, the principal component of Parity Obligations or the unpaid principal of and prepayment premiums, if any, on, and other amounts due with respect to, the Federal Loan, respectively, then due, then such amount to be so applied shall be applied in the order of the due dates of such Bonds, such principal component of Parity Obligations or such unpaid principal of and prepayment premiums, if any, on, or other amounts due with respect to, the Federal Loan, as the case may be, and, if any such Bonds, principal component of Parity Obligations or unpaid principal of and prepayment premiums, if any, on, or other amounts due with respect to, the Federal Loan, as the case may be, shall have become due on the same date, then to the payment thereof ratably, according to the respective amounts due thereon, without any discrimination or preference; or

(b) if the principal of all of the Bonds and the Federal Loan shall have become or have been declared due and payable, on a parity basis, in proportion to the respective amounts then due, (X) to the payment to the persons entitled thereto of the principal and interest then due and unpaid upon the Bonds, (Y) to the persons entitled thereto of all installments of the principal and interest components of Parity Obligations then due and (Z) to the DOE Collateral Agent of the principal and interest and any other amounts, if any, then due and unpaid on the Federal Loan, in each such case, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond or Parity Obligation or the Federal Loan over any other Bond or Parity Obligation or the Federal Loan, ratably, according to the amounts due respectively for principal and interest and such other amounts, if any, then due and unpaid on the Federal Loan.

Notwithstanding the foregoing or any other provision of the Resolution, (x) so long as the Initial Power Purchaser is not in default in the payment of any amount due under the Initial Power Purchase Agreement, any amounts paid to the Authority pursuant to the Initial Power

Purchase Agreement and deposited in the Reserve and Contingency Fund pursuant to subclause (i) of clause (4) of subsection 2 of Section 505 may only be applied to the purposes set forth in the foregoing clauses (i) and (ii), and any portion of such amounts not so applied shall be remitted by the Trustee to the Initial Power Purchaser not less frequently than annually and (y) so long as no Additional Units PPA Project Participant is in default in the payment of any amount due under its Additional Units PPA Power Sales Contract, any amounts paid to the Authority pursuant to the Additional Units PPA Power Sales Contracts and deposited in the Reserve and Contingency Fund pursuant to subclause (i) of clause (4) of subsection 2 of Section 505 may only be applied to the purposes set forth in the foregoing clauses (i) and (ii), and any portion of such amounts not so applied shall be remitted by the Trustee to the Additional Units PPA Project Participants not less frequently than annually, *pro rata* in proportion to the respective amounts so paid by them to the Authority.

3. If and whenever (a) all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable by the Authority under the Resolution, including, without limitation, the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, (b) all Parity Obligations shall be paid and (c) all principal of and interest and other amounts, if any, then due on the Federal Loan shall be paid and all reserves required to be funded under the Federal Loan Documents have been fully funded in the respective amounts then required, the Trustee shall pay over to the Authority all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under the Resolution. No such payment over to the Authority by the Trustee nor such restoration of the Authority and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

804. ***Appointment of Receiver.*** Any Holders of Bonds or the Trustee shall have the right as provided in the Act to apply in an appropriate proceeding for the appointment of a receiver of the Additional Units PPA Project, but subject to any rights that the PPA Project Entity or DOE may have under the DOE Loan Guarantee Agreement. In the event of any such appointment of a receiver (whether by a Bondholder or by the Trustee), it is the intention of the Resolution that such receiver act in such a manner as is intended to maximize recovery of the Federal Loan and the Bonds.

805. ***Proceedings Brought by Trustee.*** 1. If a Bondholders' Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and, subject to the provisions of subsection 3 of Section 1003 hereof, upon written request of the Holders of not less than 25% in principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds and the DOE Secured Parties under the Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the

Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution, including, without limitation, enforcement of any rights of the Authority or the Trustee under the Additional Units PPA Project Power Contracts. In enforcing any such rights, the Trustee shall act in such a manner as is intended to maximize recovery of the Federal Loan and the Bonds.

2. All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

3. Subject to the provisions of subsection 3 of Section 1003 hereof, the Holders of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; *provided, however*, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction or to the DOE Secured Parties.

4. Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Resolution and provided to be exercised by the Trustee upon the occurrence of any Bondholders' Event of Default, including, without limitation, enforcement of any rights of the Authority or the Trustee under the Additional Units PPA Project Power Contracts.

5. Regardless of the happening of a Bondholders' Event of Default, the Trustee shall have power to, but, subject to the provisions of subsection 3 of Section 1003 hereof, unless requested in writing by the Holders of a majority in principal amount of the Bonds then Outstanding, DOE or the DOE Collateral Agent, and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Resolution by any acts which may be unlawful or in violation of the Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders and the DOE Secured Parties.

806. ***Restriction on Bondholder's Actions.*** 1. Except as otherwise provided in Section 804, no Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Holder shall have previously given to the Trustee written notice of the happening of a Bondholders' Event of Default, as provided in this Article, and the Holders of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Resolution or by the Act or by the laws of Georgia or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or

thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledges created by the Resolution in favor of the Bonds and the Federal Loan Debt Service Payments, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of the Outstanding Bonds and the DOE Secured Parties, subject only to the provisions of Section 702.

2. Nothing in the Resolution or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of (and premium, if any) and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

807. ***Remedies Not Exclusive.*** No remedy by the terms of the Resolution conferred upon or reserved to the Trustee, the Bondholders, DOE or the DOE Collateral Agent is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution.

808. ***Effect of Waiver and Other Circumstances.*** 1. No delay or omission of the Trustee, any Bondholder, DOE or the DOE Collateral Agent to exercise any right or power arising upon the happening of a Bondholders' Event of Default shall impair any right or power or shall be construed to be a waiver of any such Bondholders' Event of Default or be an acquiescence therein; and every power and remedy given by this Article to the Trustee, the Bondholders, DOE or the DOE Collateral Agent may be exercised from time to time and as often as may be deemed expedient by the Trustee, the Bondholders, DOE or the DOE Collateral Agent, as applicable.

2. Prior to the declaration of maturity of the Bonds as provided in Section 801, the Holders of not less than a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal of or premium (if any) on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

809. ***Notice of Default.*** The Trustee shall promptly mail to all Holders of Bonds, DOE and the DOE Collateral Agent written notice of the occurrence of any Bondholders' Event of Default.

ARTICLE IX

REMEDIES OF DOE COLLATERAL AGENT

901. ***Federal Loan Events of Default.*** If one or more of the following Federal Loan Events of Default shall happen, that is to say:

(a) if default shall be made in the due and punctual payment of any installment of the Federal Loan Debt Service Payments when and as the same shall become due and payable, whether as a result of a failure of an Additional Units PPA Project Power Purchaser to make any payment when due under its Additional Units PPA Project Power Contract or otherwise; or

(b) if default shall be made by the Authority in the performance or observance of any of the covenants, agreements or conditions on its part contained in Sections 501 through 513, inclusive, Article VI, Sections 704, 705 and 706, subsection 1 of Section 707, Sections 708, 711 and 712, subsections 1, 3 and 5 of Section 715 and Section 716 of the Resolution, and such default shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by DOE or the DOE Collateral Agent; *provided, however*, that if such default shall be such that it can be corrected but cannot be corrected within such 60-day period, it shall not constitute a Federal Loan Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected;

then, and in each and every such case, so long as such Federal Loan Event of Default shall not have been remedied, the DOE Collateral Agent shall be authorized to exercise any of the rights and remedies specified in this Article IX.

902. ***Appointment of Receiver.*** The DOE Collateral Agent or the Trustee shall have the right to apply in an appropriate proceeding for the appointment of a receiver of the Additional Units PPA-2 Project. In the event of any such appointment of a receiver, it is the intention of the Resolution that such receiver act in such a manner as is intended to maximize recovery of the Federal Loan and the Bonds.

903. ***Proceedings Brought by Trustee.*** 1. If a Federal Loan Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and, subject to the provisions of subsection 3 of Section 1003 hereof, upon written request of the DOE Collateral Agent shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds and the DOE Secured Parties under the Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution, including, without limitation, enforcement of any rights of the Authority or the Trustee under the Additional Units PPA Project Power Contracts. In enforcing any such rights, the Trustee shall act in such a manner as is intended to maximize recovery of the Federal Loan and the Bonds.

2. All rights of action under the Resolution may be enforced by the Trustee without the possession of any instrument evidencing the Federal Loan or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

3. If a Federal Loan Event of Default shall happen and shall not have been remedied, subject to the provisions of subsection 3 of Section 1003 hereof, the DOE Collateral Agent may

direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; *provided, however*, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

4. Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Resolution and provided to be exercised by the Trustee upon the occurrence of any Federal Loan Event of Default, including, without limitation, enforcement of any rights of the Authority or the Trustee under the Additional Units PPA Project Power Contracts.

5. Regardless of the happening of a Federal Loan Event of Default, the Trustee shall have power to, but, subject to the provisions of subsection 3 of Section 1003 hereof, unless requested in writing by the DOE Collateral Agent, and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Resolution by any acts which may be unlawful or in violation of the Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders and the DOE Secured Parties.

904. ***Restriction on DOE Collateral Agent's Actions.*** 1. Except as otherwise provided in Section 902, the DOE Collateral Agent shall not have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless the DOE Collateral Agent shall have previously given to the Trustee written notice of the happening of a Federal Loan Event of Default, as provided in this Article, and the DOE Collateral Agent shall have offered it reasonable opportunity, either to exercise the powers granted in the Resolution or by the laws of Georgia or to institute such action, suit or proceeding in its own name, and unless DOE or the DOE Collateral Agent shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that the DOE Collateral Agent shall not have any right in any manner whatever by its action to affect, disturb or prejudice the pledges created by the Resolution in favor of the Bonds and the Federal Loan Debt Service Payments, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of the Outstanding Bonds and the DOE Secured Parties, subject only to the provisions of Section 702.

2. Nothing in the Resolution contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay or cause to be paid the Federal Loan Debt Service Payments to the DOE Collateral Agent on the respective dates of payment thereof, or affect or impair the right of action, which is also absolute and unconditional, of the DOE Collateral Agent to enforce such payment of the Federal Loan Debt Service Payments.

905. ***Remedies Not Exclusive.*** No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the DOE Collateral Agent is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution.

906. ***Effect of Waiver and Other Circumstances.*** No delay or omission of the Trustee or the DOE Collateral Agent to exercise any right or power arising upon the happening of a Federal Loan Event of Default shall impair any right or power or shall be construed to be a waiver of such Federal Loan Event of Default or be an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the DOE Collateral Agent may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the DOE Collateral Agent.

907. ***Notice of Default.*** The Trustee shall promptly mail to DOE and the DOE Collateral Agent written notice of the occurrence of any Federal Loan Event of Default.

ARTICLE X

THE FIDUCIARIES

1001. ***Trustee; Appointment and Acceptance of Duties.*** Wells Fargo Bank, N.A. shall serve as the initial Trustee under the Resolution and, by virtue of said Bank's acceptance of the duties and obligations imposed upon it by the Resolution, the Resolution shall constitute a trust agreement.

1002. ***Paying Agents; Appointment and Acceptance of Duties.*** 1. The Authority shall appoint one or more Paying Agents for the Bonds of each Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 1013 for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

2. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

3. Unless otherwise provided, the principal corporate trust offices of the Paying Agents are designated as the respective offices or agencies of the Authority for the payment of the interest on and principal or Redemption Price of the Bonds.

1003. ***Responsibilities of Fiduciaries; Action by Trustee Following Receipt of Conflicting Directions.*** 1. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or as to the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Resolution to the Authority or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act

which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of subsection 2 of this Section 1003, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default.

2. The Trustee, prior to the occurrence of a Bondholders' Event of Default or a Federal Loan Event of Default and after the curing of all Bondholders' Events of Default and Federal Loan Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Resolution. In case a Bondholders' Event of Default or a Federal Loan Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of the Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 1003.

3. Notwithstanding anything to the contrary contained in the Resolution, if, in connection with the exercise of any rights or remedies under the Resolution, the Trustee shall receive, pursuant to any applicable provision of the Resolution, conflicting requests or instructions or directions with respect to exercise of rights or remedies from one or more Holders (or groups of Holders) of the Outstanding Bonds and/or DOE or the DOE Collateral Agent (other than any request or instruction or direction not to exercise rights or remedies), then the Trustee shall follow the request(s), instruction(s) or direction(s) of such Holders (or groups of Holders) or DOE or the DOE Collateral Agent, as applicable, as shall represent the greatest percentage of the sum of (a) the aggregate principal amount of all Bonds Outstanding as of the relevant date and (b) the aggregate principal amount of the Federal Loan outstanding as of such date. Any request or instruction or direction not to exercise remedies shall not be considered "conflicting requests or instructions or directions" and shall be disregarded for purposes of this subsection 3 of this Section 1003.

1004. ***Evidence on Which Fiduciaries May Act.*** 1. Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of the Resolution, shall examine such instrument to determine whether it conforms to the requirements of the Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Authority, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

3. Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Authority to any Fiduciary shall be sufficiently executed when the same is executed in the name of the Authority by an Authorized Officer of the Authority.

1005. ***Compensation.*** The Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Resolution and also all reasonable expenses, charges, counsel fees and other disbursements, including, without limitation, those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Resolution, and each Fiduciary shall have a lien therefor on any and all funds at any time held by it under the Resolution. Subject to the provisions of Section 1003, the Authority further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence, misconduct or default.

1006. ***Certain Permitted Acts.*** Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

1007. ***Resignation of Trustee.*** The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the Authority, the Holders of the Bonds, DOE and the DOE Collateral Agent and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Bondholders and DOE as provided in Section 1009, in which event such resignation shall take effect immediately on the appointment of such succcssor.

1008. ***Removal of Trustee.*** The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding (excluding any Bonds held by or for the account of the Authority), DOE and the DOE Collateral Agent or their respective attorneys-in-fact duly authorized. In addition, so long as no Bondholders' Event of Default or Federal Loan Event of Default, or event which with the passage of time or the giving of notice, or both, will become a Bondholders' Event of Default or a Federal Loan Event of Default, shall have occurred and be continuing hereunder, the Trustee may be removed by the Authority at any time, with or without cause, by a certificate of an Authorized Officer of the Authority filed with the Trustee, but subject to the approval of DOE or the DOE Collateral Agent.

1009. ***Appointment of Successor Trustee.*** 1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, then a successor may be appointed as hereinafter provided. If the Trustee shall have been removed by the Authority, then the Authority shall have the exclusive right to appoint such successor. In any other case, the Holders of a majority in principal amount of the Bonds then

Outstanding (excluding any Bonds held by or for the account of the Authority) and DOE may appoint such successor by an instrument or concurrent instruments in writing signed and acknowledged by such Holders and DOE or by their respective attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided, however*, that if no successor Trustee shall have been appointed by the Holders and DOE as aforesaid within 30 days of the date on which the Trustee (1) shall have mailed notice of its resignation or (2) shall have become incapable of acting, or shall have been adjudged bankrupt or insolvent, or a receiver, liquidator or conservator of the Trustee, or of its property, shall have been appointed, or any public officer shall have taken charge or control of the Trustee, or of its property or affairs, then the Authority, subject to the provisions of Section 1009(2) hereof, shall have the exclusive right to appoint such successor. The Authority shall mail written notice of any such appointment to the Holders of the Bonds, DOE and the DOE Collateral Agent as soon as possible but in any event within 20 days after such appointment.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Authority written notice as provided in Section 1007, the removal of the Trustee pursuant to Section 1008 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee, the Holder of any Bond or DOE may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a Bank doing business and having its principal office in the City and State of New York or the State of Georgia, and having capital stock and surplus aggregating at least $100,000,000, or, in the event there be no such Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution, then a Bank doing business and having its principal office in any other of the United States of America, and having capital stock and surplus aggregating at least $100,000,000 if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

1010. ***Transfer of Rights and Property to Successor Trustee.*** Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, DOE and the DOE Collateral Agent, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority and either DOE or the DOE Collateral Agent, or of the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, power and duties, any and all such deeds, conveyances and instruments in writing shall,

on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

1011. ***Merger or Consolidation.*** Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, *provided* such company shall be a Bank and shall be authorized by law to perform all the duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

1012. ***Adoption of Authentication.*** In case any of the Bonds contemplated to be issued under the Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in the Resolution provided that the certificate of the Trustee shall have.

1013. ***Resignation or Removal of Paying Agent and Appointment of Successor.*** 1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to the Authority, the Trustee and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Authority. Any successor Paying Agent shall be appointed by the Authority with the approval of the Trustee and shall be a Bank, having capital stock and surplus aggregating at least $50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE XI

SUPPLEMENTAL RESOLUTIONS

1101. ***Supplemental Resolutions Effective Upon Filing With the Trustee.*** 1. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Authority may be adopted, which, upon (a) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and (b) if required pursuant to Section 1204 hereof, the consent (or deemed consent) of DOE thereto made or given as provided in said Section 1204, shall be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;

(2) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(3) To add to the covenants and agreements of the Authority in the Resolution, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(4) To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(5) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Articles II, III and IV, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(6) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution, of the Shared Trust Estate or the Bondholders' Trust Estate pledged pursuant to the Resolution;

(7) To modify any of the provisions of the Resolution in any other respect whatever; *provided, however*, that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and the PPA Project Entity has satisfied all of its obligations under the DOE Loan Guarantee Agreement and the other Federal Loan Documents, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

(8) To authorize Subordinated Bonds or Parity Obligations or Subordinated Obligations and, in connection therewith, specify and determine any matters and things relative to such Subordinated Bonds or Parity Obligations or Subordinated Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind and such authorization, specification or determination at any time prior to the original issuance and delivery of such Subordinated Bonds or Parity Obligations or Subordinated Obligations; and

(9) To comply with such regulations and procedures as are from time to time in effect relating to establishing and maintaining a book-entry-only system.

2. Notwithstanding any other provision of the Resolution, at any time or from time to time, a Supplemental Resolution of the Authority may be adopted for the purpose of amending the Resolution in any respect determined by the Authority to be necessary or desirable in order to accommodate the Federal Loan Option. Such Supplemental Resolution shall be fully effective in accordance with its terms upon (a) the filing with the Trustee of a copy thereof certified by an

Authorized Officer of the Authority, (b) if required pursuant to Section 1204 hereof, the consent (or deemed consent) of DOE thereto made or given as provided in said Section 1204 and (c) the occurrence of each of the following:

(1) Receipt of "No-Adverse-Tax-Effect" Opinion: the Authority receives an opinion of tax counsel to the Authority to the effect that the actions referred to in this subsection 2 will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Bonds the interest on which, at the time of the original issuance of such Bonds, was so excluded; and

(2) Ratings Confirmation: each Rating Agency then maintaining a rating for the Bonds notifies the Authority in writing of the rating(s) that will apply to the Bonds following the actions referred to in this subsection 2, which rating(s), as a result of such actions, shall not be lower than such Rating Agency's rating(s) on the Outstanding Bonds then in effect (without regard to any third-party credit enhancement).

3. Notwithstanding any other provision of the Resolution, at any time or from time to time on or after the date on which either (a) the DOE Loan Guarantee Agreement and the other Federal Loan Documents are terminated prior to the making of any Advance under the Federal Loan or (b) DOE has confirmed in writing that the Federal Loan has been repaid in full and the PPA Project Entity has satisfied all of its obligations under the DOE Loan Guarantee Agreement and the other Federal Loan Documents, a Supplemental Resolution of the Authority may be adopted for the purpose of amending the Resolution in any respect determined by the Authority to be necessary or desirable in order to delete therefrom all provisions relating to the payment of the Federal Loan Debt Service Payments and other covenants and agreements that are for the exclusive benefit of the DOE Secured Parties. Such Supplemental Resolution shall be fully effective in accordance with its terms upon (a) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and (b) the occurrence of each of the following:

(1) Transfer to the Authority of the PPA Project Entity's Ownership Interest: the PPA Project Entity transfers to the Authority the PPA Project Entity's Ownership Interest;

(2) Assignment to the Authority of Applicable Rights and Obligations Under Additional Units Project Agreements: the PPA Project Entity assigns to the Authority all of the PPA Project Entity's rights and obligations under the Additional Units Project Agreements attributable to the PPA Project Entity's Ownership Interest;

(3) Termination of PPA Project Power Purchase Agreement: the Authority and the PPA Project Entity shall cause the PPA Project Power Purchase Agreement to be terminated;

(4) Amendments to Various Documents: the Resolution, the Additional Units Project Agreements and the Additional Units PPA Project Power Contracts are amended as determined by the Authority to be necessary or desirable in order to reflect the foregoing transactions, including, without limitation, an amendment to the definition of "Additional Units PPA Project" set forth in Section 102 hereof in order to reflect the transfer to the Authority of the PPA Project Entity's Ownership Interest and the

termination of the PPA Project Power Purchase Agreement; in the case of the Additional Units PPA Project Power Contracts, the amendments must obligate the Initial Power Purchaser and the Additional Units PPA Project Participants, respectively, to pay to the Authority, in the same manner and during the same periods of time as theretofore provided, amounts necessary to pay all the Authority's costs and expenses relating to the Additional Units PPA Project;

(5) Validation of Resolution and Contracts, as Amended: the Resolution, as amended by such Supplemental Resolution, and the Additional Units Project Agreements and the Additional Units PPA Project Power Contracts, as amended in accordance with this subsection 3, have been the subject of a judgment of validation rendered by the Superior Court of Fulton County, Georgia;

(6) Receipt of "No-Adverse-Tax-Effect" Opinion: the Authority receives an opinion of tax counsel to the Authority to the effect that the transfer, assignment, amendments and other actions referred to in this subsection 3 will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Bonds the interest on which, at the time of the original issuance of such Bonds, was so excluded; and

(7) Ratings Confirmation: each Rating Agency then maintaining a rating for the Bonds notifies the Authority in writing of the rating(s) that will apply to the Bonds following the transfer, assignment, amendments and other actions referred to in this subsection 3, which rating(s), as a result of such transfer, assignment, amendments and other actions, shall not be lower than such Rating Agency's rating(s) on the Outstanding Bonds then in effect (without regard to any third-party credit enhancement).

1102. ***Supplemental Resolutions Effective Upon Consent of Trustee.*** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Authority may be adopted, which, upon (a) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, (b) the filing with the Authority of an instrument in writing made by the Trustee consenting thereto and (c) if required pursuant to Section 1204 hereof, the consent (or deemed consent) of DOE thereto made or given as provided in said Section 1204, shall be fully effective in accordance with its terms:

(1) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and will not have a material adverse effect on the interests of the Bondholders or of the DOE Secured Parties; or

(2) To make any other modification or amendment of the Resolution which the Trustee shall in its sole discretion determine will not have a material adverse effect on the interests of the Bondholders or of the DOE Secured Parties.

1103. ***Supplemental Resolutions Effective With Consent of Bondholders and DOE.*** At any time or from time to time, a Supplemental Resolution of the Authority may be adopted for the purpose of modifying or amending the Resolution in any other respect, subject to consent by (a) affected Bondholders in accordance with and subject to the provisions of Section 1203 and (b) DOE in accordance with and subject to the provisions of Section 1204, which Supplemental Resolution, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized

Officer of the Authority, (ii) receipt of written consents thereto of Holders of the percentages of affected Outstanding Bonds specified in Section 1202 and (iii) the consent (or deemed consent) of DOE thereto made or given as provided in Section 1204 hereof, shall become fully effective in accordance with its terms.

1104. ***General Provisions.*** 1. The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article XI and Article XII. Nothing in this Article XI or Article XII contained shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 704 or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Resolution referred to and permitted or authorized by Sections 1101 and 1102 may be adopted by the Authority without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by an Opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Sections 1101, 1102 or 1103 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an Opinion of Counsel that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

4. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

ARTICLE XII

CONSENTS TO AMENDMENTS

1201. ***Mailing.*** Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each Holder of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Authority and (ii) to the Trustee.

1202. ***Powers of Amendment.*** In addition to the Supplemental Resolutions authorized pursuant to Section 1101 and 1102, any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds and the DOE Secured Parties, in any particular, may be made by a Supplemental Resolution, with the written consent (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given that are affected by such modification or amendment, such consent to be given as provided in Section 1203 (or, in case the modification or amendment changes the terms of any Sinking Fund Installment, with the written consent of the Holders of at least a majority in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund

Installment and Outstanding at the time such consent is given); *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section and (ii) of DOE, such consent to be made or given (or deemed to have been given) as provided in Section 1204. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, any Bond shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holder of such Bond. The Trustee may in its discretion determine whether or not any Bonds would be affected by any modification or amendment of the Resolution in accordance with the foregoing powers of amendment and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds. In making any such determination, the Trustee may rely conclusively upon (a) an opinion of counsel, as to legal matters and (b) certifications of (1) any banking or financial institution serving as a financial advisor to the Authority, as to financial and economic matters, (2) an engineer or engineering firm, as to matters within its field of expertise, (3) such other experts, as to matters within their respective fields of expertise, as it, in its reasonable judgment, determines necessary or appropriate and (4) such other proof (including, without limitation, certificates of Authorized Officers of the Authority) as the Trustee, in its reasonable judgment, determines necessary or appropriate. In addition, and notwithstanding any other provision of the Resolution, in determining whether the rights or interests of the Holders of Outstanding Bonds are affected by any modification or amendment of the Resolution, the Trustee shall consider the effect on the Holders of any Bonds for which a Credit Facility has been provided without regard to such Credit Facility. For the purpose of this Section and Section 1102, (a) a change in the terms of redemption of any Outstanding Bond shall be deemed only to affect such Bond, and shall be deemed not to affect any other Bond and (b) any modification or amendment that, in accordance with its terms, relates only to a specified Bond or Bonds shall be deemed not to affect any other Bonds. For the purpose of this Section, the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale. In any Supplemental Resolution setting forth proposed amendments that are subject to the consent of the Bondholders, the Authority may provide that the Holders of all Bonds issued after the adoption of such Supplemental Resolution shall be deemed to have irrevocably consented to such amendments for all purposes of the Resolution.

1203. ***Consent of Bondholders.*** The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1202 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to affected Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to affected Bondholders (but failure of any Holder of an affected Bond to receive such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall

not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents thereto of Holders of the percentages of affected Outstanding Bonds specified in Section 1202, (b) evidence of the consent thereto of DOE and (c) an Opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been given as hereinafter in this Section 1203 provided. It shall not be necessary that the consents of Holders of Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1302. A certificate or certificates executed by the Trustee and filed with the Authority stating that it has examined such proof and that such proof is sufficient in accordance with Section 1302 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the holder of the Bonds giving such consent and, anything in Section 1302 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1203 provided for is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Authority to the effect that no revocation thereof is on file with the Trustee. At any time after (i) the Holders of the required percentages of affected Bonds shall have filed their consents to the Supplemental Resolution and (ii) the Trustee shall have received evidence that DOE shall have consented (or have been deemed to have consented) to the Supplemental Resolution, the Trustee shall make and file with the Authority a written statement that the Holders of such required percentages of affected Bonds have filed such consents and that DOE has so consented (or has been deemed to have so consented). Such written statements shall be conclusive that such consents have been given (or deemed to have been given). At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of affected Bonds and DOE and will be effective as provided in this Section 1203, may be given to Bondholders and the DOE Secured Parties by the Authority by mailing such notice (but failure of any Holder of an affected Bond to receive such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1203 provided) not more than 90 days after the written statement of the Trustee hereinabove provided for is filed. The Authority shall file with the Trustee proof of the mailing of such notice. A record, consisting of the certificates or statements required or permitted by this Section 1203 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries, the Holders of all Bonds and the DOE Secured Parties at the expiration of 40 days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40-day period; *provided, however*, that any Fiduciary

and the Authority during such 40-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

1204. ***Consent of DOE.*** 1. The Authority shall not directly or indirectly agree to (i) any amendment, modification, termination, replacement, supplement or waiver, (ii) waive any right to consent to any amendment, modification, termination, replacement, supplement or waiver of any right with respect to, or (iii) assign any of the respective duties or obligations, in each case, under any provision of the Resolution; except that:

(1) the Authority may agree to an amendment, modification, replacement, supplement or waiver that does not have an adverse effect on, or diminish the rights of, the DOE Secured Parties or the Trustee with respect to remedies or enforcement if, as required pursuant to Section 3.03 of the Equity Funding and Undertaking Agreement to be entered into among the Authority, the PPA Project Entity and DOE, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof, (A) the Authority has given DOE prior notice of such amendment, modification, replacement, supplement or waiver that meets the requirements of such Section 3.03 of said Equity Funding and Undertaking Agreement and (B) DOE has consented to, or has not given the Authority notice of its objection to, such proposed amendment, modification, replacement, supplement or waiver within sixty (60) days of receipt of such notice (and, if DOE shall fail to give such notice of objection within such sixty (60)-day period, DOE shall be deemed to have consented to such proposed amendment, modification, replacement, supplement or waiver);

(2) the Authority may adopt a Supplemental Resolution that is adopted solely for the purpose of authorizing the issuance of Bonds of one or more Series, Subordinated Bonds, Parity Obligations or Subordinated Obligations; and

(3) the Authority may agree to an amendment, modification, replacement, supplement or waiver to the Resolution if the amendment, modification, replacement, supplement or waiver is adopted in connection with the issuance of Bonds, Subordinated Bonds, Parity Obligations or Subordinated Obligations and such amendment, modification, replacement, supplement or waiver (x) relates only to mechanical or structural issues that are required to be addressed in order to allow such Bonds, Subordinated Bonds, Parity Obligations or Subordinated Obligations, as applicable, to be issued on their proposed terms and the timing for such issuance does not allow for the sixty (60)-day notice and review period contemplated under paragraph (1) above and (y) does not adversely affect the application and flow of funds under the Resolution, the Shared Trust Estate, DOE's, the DOE Collateral Agent's or the Trustee's rights or any provisions included for their benefit, or any other voting rights or decision-making matters or provisions related to remedies or enforcement provided for in the Resolution.

2. Notwithstanding the provisions of subsection 1 of this Section 1204, without DOE's consent the Authority shall have the right to amend, modify, replace, supplement or waive any provision of the Resolution solely to correct minor or technical errors that do not change any person's rights or obligations; *provided, however*, that the Authority shall deliver a copy of any such amendment, modification, replacement, supplement or waiver to DOE not later than five (5)

Business Days after the adoption or execution, as applicable, of such amendment, modification, replacement, supplement or waiver.

1205. ***Modifications by Unanimous Consent.*** In addition to the Supplemental Resolutions authorized pursuant to Section 1101, 1102 and 1103, the terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds and the DOE Secured Parties may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Resolution and (a) the consent thereto of the Holders of all the affected Bonds then Outstanding, such consent to be given as provided in Section 1203 except that no notice to Bondholders by mailing shall be required and (b) the consent (or deemed consent) thereto of DOE, such consent to be made or given as provided in subsection 1 of Section 1204; *provided, however*, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders and the DOE Collateral Agent.

1206. ***Exclusion of Bonds.*** Bonds owned or held by or for the account of the Authority shall not be deemed to be Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article XII, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Officer of the Authority, upon which the Trustee may rely, describing all Bonds so to be excluded.

1207. ***Notation on Bonds.*** Bonds authenticated and delivered after the effective date of any action taken as in Article XI or this Article XII provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity and interest rate then Outstanding, upon surrender of such Bonds.

ARTICLE XIII

MISCELLANEOUS

1301. ***Defeasance.*** 1. If (a) the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution and (b) (i) the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the DOE Collateral Agent (for the benefit of the applicable DOE Secured Parties) the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the Federal Loan and (ii) the PPA Project Entity has satisfied

all of its obligations under the DOE Loan Guarantee Agreement (and no undisbursed commitments remain available thereunder), then the pledges of the Shared Trust Estate and the Bondholders' Trust Estate, respectively, and all covenants, agreements and other obligations of the Authority to the Bondholders and the DOE Secured Parties shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Authority all moneys or securities held by them pursuant to the Resolution which are not required for the payment of (x) principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption or (y) the Federal Loan or other obligations under the DOE Loan Guarantee Agreement. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds (or portions thereof) the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds (or portions thereof) shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the Authority to the Holders of such Bonds (or portions thereof) shall thereupon cease, terminate and become void and be discharged and satisfied. If (a) the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the DOE Collateral Agent (for the benefit of the applicable DOE Secured Parties) the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the Federal Loan, at the times and in the manner stipulated in the DOE Loan Guarantee Agreement and (b) the PPA Project Entity has satisfied all of its obligations under the DOE Loan Guarantee Agreement (and no undisbursed commitments remain available thereunder), the Federal Loan Debt Service Payments shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the Authority to the DOE Secured Parties shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Bonds (or portions thereof) or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section. All or any portion of any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section if (a) in case any of said Bonds (or portions thereof) are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee instructions to give written notice of redemption of such Bonds, or portions thereof (other than Bonds which have been purchased or otherwise acquired by the Authority as hereinafter provided prior to the giving of such notice of redemption), on said dates as provided in Article IV, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds (or portions thereof) on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds (or portions thereof) are not to

be redeemed or paid at maturity within the next succeeding 60 days, the Authority shall have given the Trustee instructions to give, as soon as practicable, by first class mail, postage prepaid a notice to the Holders of such Bonds (or portions thereof) that the deposit required by (b) above has been made with the Trustee and that said Bonds (or portions thereof) are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds, or portions thereof (other than Bonds which have been purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the giving of the notice of redemption referred to in clause (a) of this sentence). Any notice given pursuant to the preceding sentence with respect to Bonds (or portions thereof) which constitute less than all of the Outstanding Bonds of any maturity and interest rate within a Series shall specify the letter and number or other distinguishing mark of each such Bond. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 1301 to the retirement of said Bonds (or portions thereof) in amounts equal to the unsatisfied balances (determined as provided in subsection 2 of Section 511 hereof) of any Sinking Fund Installments with respect to such Bonds (or portions thereof), all in the manner provided in the Resolution. The Trustee shall, if so directed by the Authority (1) prior to the maturity date of Bonds (or portions thereof) deemed to have been paid in accordance with this Section 1301 which are not to be redeemed prior to their maturity date or (2) prior to the giving of the notice of redemption referred to in clause (a) of the second sentence of this subsection 2 with respect to any Bonds (or portions thereof) deemed to have been paid in accordance with this Section 1301 which are to be redeemed on any date prior to their maturity, apply moneys deposited with it in respect of such Bonds (or portions thereof) and redeem or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds (or portions thereof) and the Trustee shall immediately thereafter surrender all such Bonds so purchased to the Bond Registrar for cancellation; *provided, however*, that the moneys and Defeasance Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds (or portions thereof) shall be sufficient to pay when due the Principal Installments or Redemption Price, if applicable, and interest due or to become due on all Bonds (or portions thereof), in respect of which such moneys and Defeasance Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (1) prior to the maturity date of Bonds (or portions thereof) deemed to have been paid in accordance with this Section 1301 which are not to be redeemed prior to their maturity date or (2) prior to the giving of the notice of redemption referred to in clause (a) of the second sentence of this subsection 2 with respect to any Bonds (or portions thereof) deemed to have been paid in accordance with this Section 1301 which are to be redeemed on any date prior to their maturity, the Authority shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately surrender all such Bonds so delivered to the Bond Registrar for cancellation; such delivery of Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds (or portions thereof) deemed to have been paid in accordance with this Section 1301. The directions given by the Authority to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to pay Bonds (or portions thereof) deemed to have been paid in accordance with this Section 1301 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to redeem Bonds (or portions

thereof) deemed to have been paid in accordance with this Section 1301 on any date or dates prior to their maturity. If on any date as a result of any purchases, acquisitions and cancellations of Bonds as provided in this subsection 2 the total amount of moneys and Defeasance Securities remaining on deposit with the Trustee under this subsection 2 is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds (or portions thereof) in order to satisfy clause (b) of the second sentence of this subsection 2, then the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien or pledge. Except as otherwise provided in this subsection 2, neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds (or portions thereof); *provided, however*, that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (1) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge, and (2) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds (or portions thereof) on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge.

3. Option Bonds shall be deemed to have been paid in accordance with the second sentence of paragraph 2 of this Section 1301 only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided, however*, that if, at the time a deposit is made with the Trustee pursuant to paragraph 2 of this Section 1301, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph 3. If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien or pledge.

4. Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for twenty years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for twenty years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such Bonds; *provided, however*, that before being required to make any such payment to the Authority, the Fiduciary shall, at the expense of the Authority, cause to be published in an Authorized Newspaper, a notice

that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not fewer than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

1302. ***Evidence of Signatures of Bondholders and Ownership of Bonds.*** 1. Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds, shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: The fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a certificate, which need not be acknowledged or verified, of an officer of a Bank or of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

2. The ownership of Bonds and the amount, numbers and other identification, and the date of holding the same shall be proved by the registry books.

3. Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

1303. ***Moneys Held for Particular Bonds.*** The amounts held by any Fiduciary exclusively for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

1304. ***Preservation and Inspection of Documents.*** All documents received by any Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

1305. ***Parties Interested Herein.*** Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Authority, the Fiduciaries, each Credit Provider that has provided a Credit Facility, each Liquidity Provider that has provided a Liquidity Facility, each Qualified Hedging Contract Provider that has provided a Qualified Hedging Contract, the Holders of the Bonds and the DOE Secured Parties, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, each such Credit Provider, each such

Liquidity Provider, each such Qualified Hedging Contract Provider, the Holders of the Bonds and the DOE Secured Parties.

1306. ***No Recourse on the Bonds.*** No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on the Resolution against any member or officer of the Authority or any person executing the Bonds.

1307. ***Severability of Invalid Provisions.*** If any one or more of the covenants or agreements provided in the Resolution on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Resolution.

1308. ***Applicability of Provisions Relating to Federal Loan.*** Notwithstanding anything to the contrary contained in the Resolution, the terms and provisions of the Resolution relating to the Federal Loan (including, without limitation, provisions relating to the transfer of funds to the DOE Project Accounts and all provisions granting any rights or remedies to DOE or the DOE Secured Parties) shall, without further act, cease to be of any force or effect upon notice from DOE to the Trustee confirming the occurrence of the DOE Debt Termination Date. In furtherance of the foregoing, the Trustee shall be entitled to rely conclusively on notice in writing from DOE to the effect that the DOE Debt Termination Date shall have occurred.

1309. ***Notices to the Trustee.*** All notices and/or directions to the Trustee hereunder shall be given in writing and may be sent to the Trustee by first class mail postage prepaid, by facsimile or by electronic transmission.

ARTICLE XIV

VALIDATION OF BONDS, BOND FORMS AND EFFECTIVE DATE

1401. ***Validation of Bonds.*** Bonds authorized pursuant to the Resolution shall be validated in the manner provided by law.

1402. ***Forms of Bonds, Trustee's Certificate of Authentication and Validation Certificate.*** Subject to the provisions of the Resolution, the forms of the Bonds of each Series, the Trustee's Certificate of Authentication and the Validation Certificate shall be as set forth in the Supplemental Resolution authorizing such Series of Bonds.

1403. ***Effective Date.*** This Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution shall take effect immediately, except that the amendment and restatement of the Bond Resolution provided for herein shall not become effective until the Effective Date.

[remainder of page intentionally left blank]

Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution approved and adopted December __, 2014.

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

By_____
Chairman

SECRETARY-TREASURER'S CERTIFICATE

Now comes the undersigned Secretary-Treasurer of the Municipal Electric Authority of Georgia, keeper of the records and seal thereof, and certifies that the foregoing is a true and correct copy of the Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution approved and adopted by said Authority in a meeting properly and lawfully called and assembled on December __, 2014, the original of which Resolution has been entered in the official records of said Authority under my supervision and is in my official possession, custody and control.

[SEAL]

_____

Secretary-Treasurer

SCHEDULE A

ADDITIONAL UNITS PPA PROJECT PARTICIPANTS

Acworth
Adel
Albany
Barnesville
Blakely
Cairo
Calhoun
Camilla
Cartersville
College Park
Commerce
Covington
Crisp County
Douglas
Elberton
Ellaville
Fairburn
Fitzgerald
Forsyth
Fort Valley
Grantville
Griffin
Hogansville
Jackson
LaFayette
LaGrange
Lawrenceville
Marietta
Monroe
Moultrie
Newnan
Norcross
Palmetto
Sylvania
Sylvester
Thomaston
Thomasville
Washington
West Point

ATTACHMENT A

DESCRIPTION OF THE AUTHORITY'S INTEREST IN THE PLANT VOGTLE ADDITIONAL UNITS

I. The Authority's Interest.

The Authority's Interest in the Additional Units shall consist of the ownership (whether owned in whole or in part by the Authority or by any entity (including, without limitation, the PPA Project Entity) that is a wholly-owned subsidiary of the Authority (a "Project Entity")) of a twenty-two and seven-tenths percent (22.7%) undivided interest in the two additional nuclear units, each 1,102 megawatts nominally rated, to be located at Plant Vogtle, in Burke County, Georgia and consisting of (i) nuclear power reactors, the turbine-generators, the buildings housing the same, the associated auxiliaries and equipment, and the related transmission facilities (as more specifically described in the application, and amendments thereto, filed by GPC with the Nuclear Regulatory Commission for a Combined Construction and Operating License); (ii) inventories of materials, supplies, Fuel, tools and equipment for use in connection with the Additional Units to be constructed at Plant Vogtle; (iii) land adequate for the Additional Units or, alternatively, appropriate easements granting the right of use to land adequate for the Additional Units, and site preparation, foundations, fencing and fire protection; (iv) the right of use of the infrastructure and system supporting the existing units one and two at Plant Vogtle as well as existing services supporting such units; (v) all property and equipment for connecting the generating facilities to the transmission system at the point where said transmission system forms part of the Georgia Integrated Transmission System (as determined as of June 15, 2008, the dated date of the Additional Units PPA Power Sales Contracts), including, without limitation, the step-up transformers, high side bushing to the electrical transmission system, all related switching stations, remote terminal unit and connections to Supervisory Control and Data Acquisition System (SCADA); (vi) inventories of materials, supplies, tools and equipment; (vii) prepayment of initial supply of Fuel; and (viii) the additional facilities of the Additional Units as described in Part II of this Attachment A.

II. Additional Facilities.

The additional facilities of the Additional Units shall include (i) any major renewals, replacements, repairs, additions, betterments and improvements to the Additional Units necessary, in the opinion of the Authority, to keep the Additional Units in good operating

condition or to prevent a loss of revenues therefrom, and (ii) any major additions, improvements, repairs and modifications to the Additional Units and any disposals of the Additional Units required by any governmental authority having jurisdiction over the Additional Units, or for which the Authority (or a Project Entity) shall be responsible by virtue of any obligation of the Authority (or such Project Entity) arising out of any contract to which the Authority (or such Project Entity) may be a party relating to ownership of the Additional Units or any facility thereof.

EXHIBIT H

AMENDED AND RESTATED
PLANT VOGTLE ADDITIONAL UNITS PPA POWER SALES CONTRACT BETWEEN
MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
AND THE UNDERSIGNED ADDITIONAL UNITS PPA PARTICIPANT

EXECUTION VERSION

AMENDED AND RESTATED PLANT VOGTLE ADDITIONAL UNITS PPA POWER SALES CONTRACT BETWEEN MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA AND THE UNDERSIGNED ADDITIONAL UNITS PPA PARTICIPANT

FULTON COUNTY

STATE OF GEORGIA

This Amended and Restated Plant Vogtle Additional Units PPA Power Sales Contract is made and entered into as of _____, 2014 (the "Execution Date"), by and between the Municipal Electric Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia, hereinafter sometimes designated as the "Authority", created by the provisions of Georgia Law, Ga. L. 1975, p. 107, *et seq.*, codified at O.C.G.A. § 46-3-110, *et seq.*, as amended from time to time, and the undersigned political subdivision of the State of Georgia, hereinafter sometimes designated as the "Additional Units PPA Participant."

W I T N E S S E T H:

WHEREAS, the Authority owns an undivided ownership interest in two additional nuclear generating units under construction at Plant Vogtle in Burke County, Georgia, a portion of which ownership interest is known as the "Plant Vogtle Additional Units PPA Project," "Project J" or "PPA Project," a portion of which ownership interest is known as the "Plant Vogtle Additional Units PPA-2 Project" or "Project P" and the

remainder of which ownership interest is known as the "Plant Vogtle Additional Units Non-PPA Project" or "Project M"; and

WHEREAS, the Authority has entered into the Amended and Restated Power Purchase Agreement with JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida (the "Buyer"), dated _____, 2014 (the "PPA"), involving the sale by the Authority to the Buyer of the output and services of the PPA Project Entity's Ownership Interest (such term, and all other capitalized terms used in these recitals without definition, having the respective meanings assigned thereto in Section 103 hereof); and

WHEREAS, the term of the PPA (the "PPA Term") extends until midnight Eastern Prevailing Time on the twentieth anniversary of the Commercial Operation Date of the second of the Additional Units or until the Authority's and the Buyer's remaining obligations under the PPA have been fully performed and satisfied, whichever occurs later, but in no event shall such PPA Term extend beyond fifty (50) years from the date of execution of the PPA; and

WHEREAS, the Additional Units PPA Participant has need for an additional economical, reliable source of electric power and energy to meet the growing and future demands of its customers and has determined to purchase said electric power and energy from the PPA Project as provided herein; and

WHEREAS, the Authority has taken or caused to be taken or will take or cause to be taken all steps necessary to secure such governmental permits, licenses and approvals as are necessary for, and has proceeded or will then proceed as appropriate with final

design, financing and acquisition or construction of those facilities herein described and designated as the PPA Project for the supply of electric power and energy to the Additional Units PPA Participant and to all other political subdivisions contracting with the Authority therefor, and will sell the output and services of such facilities pursuant to this Contract and to contracts of similar subject matter (together with this Contract, the "Contracts") with such other political subdivisions (together with the Additional Units PPA Participant, the "Additional Units PPA Participants"); and

WHEREAS, in order to enable the Authority to issue its revenue PPA Bonds and the PPA Project Entity to obtain the DOE Guaranteed Loan to pay the costs of acquiring and constructing the Plant Vogtle Additional Units PPA Project, it is necessary (i) for the Authority to have a binding PPA with the Buyer and for the Authority to have binding Contracts with such political subdivisions of the State of Georgia as have determined, pursuant to the Act, to contract with the Authority, and (ii) that certain payments required to be made in accordance with the provisions of the PPA and in accordance with the provisions of Article III of such Contracts, including payments required to be made under Article III of this Contract, and certain other payments attributable to the Plant Vogtle Additional Units PPA Project or to the Plant Vogtle Additional Units PPA Project Annual Costs, to be made in accordance with or pursuant to the Contracts and PPA, be pledged as security for the payment of such PPA Bonds and the DOE Guaranteed Loan; and

WHEREAS, the Authority and the Additional Units PPA Participant entered into the Plant Vogtle Additional Units PPA Power Sales Contract dated as of June 15, 2008 (the "Original Contract") relating to the Plant Vogtle Additional Units PPA Project; and

WHEREAS, as an additional source of financing, the Authority may decide to obtain one or more loans to be made by FFB and guaranteed by DOE pursuant to Title XVII of the Energy Policy Act of 2005 (the "DOE Guaranteed Loan"); and

WHEREAS, in the event that the Authority does decide to obtain the DOE Guaranteed Loan, in order to obtain the DOE Guaranteed Loan, the Authority will transfer the portion of its undivided ownership interest in the Additional Units that currently constitutes a part of the Plant Vogtle Additional Units PPA Project to the PPA Project Entity; and

WHEREAS, the Authority will simultaneously with the execution and delivery of this Contract enter into the PPA Project Entity Power Purchase Agreement with the PPA Project Entity, for the purchase and sale of all of the output and services of the Additional Units PPA Project for resale to Buyer under the PPA and to the Additional Units PPA Participants under the Contracts during the respective terms of the PPA and the Contracts; and

WHEREAS, the Authority and the Additional Units PPA Participant desire to amend and restate the Original Contract on the terms and conditions hereof in connection with the foregoing.

NOW, THEREFORE:

For and in consideration of the premises and the mutual covenants hereinafter set forth, and in order to pay the Authority for its costs of providing to the Additional Units PPA Participant output and related services from the Plant Vogtle Additional Units PPA Project, it is agreed by and between the parties hereto as follows:

ARTICLE I
EFFECTIVENESS; TERM OF CONTRACT; AND DEFINITIONS

SECTION 101. EFFECTIVENESS.

Notwithstanding anything to the contrary herein, this Contract shall become fully binding and enforceable on the Execution Date; provided, that the obligations of the Authority and the Additional Units PPA Participant hereunder shall not commence, the terms and conditions hereof other than this Section 101 shall not be effective, and the Original Contract shall not be amended and restated by this Contract, in each case, until the occurrence of the "Effective Date." The Effective Date shall occur automatically, without any further action, consent or agreement of the Authority and the Additional Units PPA Participant, on the date of issuance of the "DOE Guarantee" (as defined in the DOE Loan Guarantee Agreement).

In the event, however, that (a) the Effective Date shall not occur on or before January 1, 2017 or (b) the DOE Loan Guarantee Agreement and the other DOE Loan Documents shall be terminated prior to the making of any Advance, then this Contract shall be null and void and without further force or effect, and the Original Contract shall continue in full force and effect, except as amended as set forth in Schedule I hereto.

SECTION 102. TERM.

The term of this Contract shall begin and, subject to Section 101, this Contract shall constitute a binding obligation of the parties hereto from and after its execution by the last party to execute the same. The term of this Contract shall continue in full force and effect until such time, not exceeding fifty (50) years from the Execution Date, as all of the Authority's PPA Bonds or notes issued in anticipation of the issuance of PPA Bonds and the interest thereon, all of the Advances and the interest thereon and all other

Debt Service have been paid or provision for payment shall have been made in accordance with the provisions thereof and all obligations of the PPA Project Entity under the DOE Loan Documents have been satisfied and all lending commitments thereunder have been terminated or until such time as the Plant Vogtle Additional Units PPA Project shall be retired from service or disposed of or decommissioned by the Authority or the PPA Project Entity, as applicable, whichever is later; provided, however, that any decision by the Authority to dispose of the Plant Vogtle Additional Units PPA Project must be consistent with Prudent Utility Practice and the Authority's purpose as stated in the Act, and must also be consistent with the goal of advancing the collective interests of the Additional Units PPA Participants.

SECTION 103. DEFINITIONS AND EXPLANATIONS OF TERMS.

As used herein:

"Act" shall mean that certain Act of the 1975 session of the General Assembly of the State of Georgia, compiled and published in Georgia Law 1975, p. 107, *et seq.*, codified at O.C.G.A. Section 46-3-110 through 155, as the same has been heretofore or may be hereafter amended.

"Additional Units" shall mean the two 1102 megawatts Nominally Rated additional nuclear units being constructed at Plant Vogtle, in Burke County, Georgia, pursuant to the Development Agreement.

"Additional Units PPA Participant" shall mean a Participant that is a party to a Contract and any other party as assignee of such Contract pursuant to Section 702 thereof. "Additional Units PPA Participants" shall mean all Participants that are parties to the Plant Vogtle Additional Units PPA Power Sales Contracts. The term "an Additional Units PPA Participant" or "each Additional Units PPA Participant" shall

mean any one of the Additional Units PPA Participants or each of the Additional Units PPA Participants, as the case may be.

"Advance" shall mean an advance or borrowing of the DOE Guaranteed Loan made pursuant to the DOE Loan Documents from FFB.

"Authority's Interest" shall have the meaning set forth in Attachment A hereto.

"Build America Bonds" shall mean any PPA Bonds with respect to which the Authority has irrevocably elected, pursuant to Section 54AA(g) of the Internal Revenue Code of 1986, as amended, or any other similar federal program creating subsidies for municipal borrowers for which the Authority qualifies, to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on such PPA Bonds.

"Buyer" shall have the meaning given to such term in the recitals hereto.

"Commercial Operation" shall mean achieving "Commercial Operation" within the meaning of the Operating Agreement.

"Commercial Operation Date" shall mean, with respect to each of the Additional Units, the date on which such Additional Unit achieves Commercial Operation.

"Contract" shall mean this Plant Vogtle Additional Units PPA Power Sales Contract, by and between the Authority and the Additional Units PPA Participant, as the same may be amended from time to time. "Contracts" shall mean, respectively, this Contract with the Additional Units PPA Participant and all the other contracts of similar subject matter with other Additional Units PPA Participants, as the same may be amended from time to time.

"Costs of Acquisition and Construction" shall mean, to the extent not included in the Plant Vogtle Additional Units PPA Project Annual Costs, all costs and expenses incurred by or for the account of the Authority or the PPA Project Entity for planning, designing, acquiring, constructing, and installing the PPA Project Entity's Ownership Interest, including, without limitation, any major renewals, replacements, repairs, additions, betterments or improvements necessary, in the opinion of the Authority or the PPA Project Entity, to keep the PPA Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, placing the PPA Project Entity's Ownership Interest in operation, disposing of the PPA Project Entity's Ownership Interest, and obtaining governmental approvals, certificates, permits and licenses with respect thereto heretofore or hereafter paid or incurred by, or for the account of, the Authority or the PPA Project Entity, as applicable, including, without limitation, the following:

(1) working capital reserves in such reasonable amounts as may be established by the Authority or the PPA Project Entity for the PPA Project Entity's Ownership Interest (including working capital reserves held in (a) funds or accounts established under the PPA Bond Resolution and (b) accounts established under the DOE Accounts Agreement);

(2) acquisition of initial inventories or prepayment of Fuel for the PPA Project Entity's Ownership Interest and working capital and reserves therefor and working capital and reserves for additional inventories or prepayment of Fuel for the PPA Project Entity's Ownership

Interest held by, or for the account of, either the Authority or the PPA Project Entity;

(3) charges related to processing, design, fabrication, transportation, disposal and storage of Fuel for the PPA Project Entity's Ownership Interest, including, without limitation, the following: (a) Fuel storage facilities, including spent fuel storage facilities; and (b) working capital and reserves related to acquisition, processing, design, fabrication, transportation, disposal and storage of Fuel for the PPA Project Entity's Ownership Interest;

(4) reserves for renewals and replacements, retirement from service, or disposal of any facility of the PPA Project Entity's Ownership Interest and contingencies held by, or for the account of, either the Authority or the PPA Project Entity;

(5) training and testing costs incurred by the Authority or the PPA Project Entity attributable to the PPA Project Entity's Ownership Interest;

(6) preliminary investigation and development costs, engineering fees, contractors' fees, costs of labor, materials, equipment, utility services and supplies and legal costs attributable to the PPA Project Entity's Ownership Interest and the PPA Project;

(7) all costs of insurance applicable to the period of construction of the PPA Project Entity's Ownership Interest; and

(8) amounts necessary to provide funds for contribution to the PPA Project Entity to repay Advances when due (whether at the maturity of principal or upon prepayment) on the DOE Guaranteed Loan and to reacquire from the PPA Project Entity the PPA Project Entity's Ownership Interest at such time as (a) the principal of, and interest and prepayment premiums, if any, due or to become due on, and all other amounts due with respect to, the DOE Guaranteed Loan shall have been paid, at the times and in the manner stipulated in the DOE Loan Guarantee Agreement and the other DOE Loan Documents, as applicable and (b) the PPA Project Entity shall have satisfied all of its obligations under the DOE Loan Guarantee Agreement and the other DOE Loan Documents, as applicable (and no undisbursed commitments remain available thereunder).

Costs of Acquisition and Construction shall also include all other costs, except Financing Costs, incurred by the Authority or the PPA Project Entity and properly allocable to planning, designing, acquiring, constructing and installing the PPA Project Entity's Ownership Interest and the establishment of the Plant Vogtle Additional Units PPA Project including, without limitation, (i) all costs associated with the transfer to the PPA Project Entity of the PPA Project Entity's Ownership Interest and the entry by the PPA Project Entity into the DOE Loan Guarantee Agreement and the other DOE Loan Documents, (ii) the Additional Costs as described and defined in Section 2.2 of the

Development Agreement attributable to the PPA Project Entity's Ownership Interest, (iii) amounts required to reimburse the Buyer and the Additional Units PPA Participants for amounts paid by them in respect of the principal of maturing PPA BANs and PPA Take-Out Bonds (as such terms are defined in the PPA), and (iv) amounts required to be repaid, reimbursed or otherwise paid by the Authority to Buyer pursuant to any provision of the PPA at the end of the PPA Term.

"Debt Service" shall mean, with respect to any period, the aggregate of the amounts required by the PPA Bond Resolution and the DOE Loan Documents to be paid by the Authority or the PPA Project Entity, as applicable, during said period into any fund or funds created by the PPA Bond Resolution or any account or accounts required by the DOE Loan Documents, as applicable, for the sole purpose of paying (i) the principal (including the sinking fund or equivalent payment installments) of, and premium, if any, and interest on, PPA Bonds or the DOE Guaranteed Loan, as applicable, and all other amounts due with respect to the DOE Guaranteed Loan and (ii) any payments on Qualified Hedging Contracts, including any swap premium or swap termination payment, or Reimbursement Obligations, relating to PPA Bonds or the DOE Guaranteed Loan from time to time outstanding as the same shall become due; provided, however, that Debt Service shall not include any acceleration of the maturity of the PPA Bonds or the DOE Guaranteed Loan.

"Development Agreement" shall mean the Plant Vogtle Owners' Agreement Authorizing Development, Construction, Licensing and Operation of Additional Generating Units dated as of May 13, 2005, as heretofore amended and as it may, from time to time hereafter, be further amended.

"DOE" shall mean the United States Department of Energy, as guarantor of the DOE Guaranteed Loan, and any successor in that capacity.

"DOE Accounts Agreement" shall mean the Collateral Agency and Accounts Agreement to be entered into among DOE, the DOE Collateral Agent and the PPA Project Entity as it may, from time to time, be amended.

"DOE Collateral Agent" shall mean PNC Bank, National Association, doing business as Midland Loan Services, a division of PNC Bank, National Association, or any successor thereto, in its capacity as Collateral Agent for DOE.

"DOE Event of Default" shall have the meaning assigned to the term "Event of Default" in the DOE Loan Guarantee Agreement.

"DOE Guaranteed Loan" shall have the meaning given to such term in the recitals hereto.

"DOE Loan Documents" shall have the meaning assigned to the term "Loan Documents" in the DOE Loan Guarantee Agreement.

"DOE Loan Guarantee Agreement" shall mean the Loan Guarantee Agreement to be entered into between the PPA Project Entity and DOE, as it may, from time to time, be amended.

"DOE Secured Obligations" shall have the meaning assigned to the term "Secured Obligations" in the DOE Loan Guarantee Agreement.

"DOE Secured Parties" shall mean DOE and the DOE Collateral Agent, as their respective interests may appear.

"Effective Date" shall have the meaning assigned to such term in Section 101 hereof.

"Engineering, Procurement and Construction Agreement" means the Engineering, Procurement and Construction Agreement between Georgia Power Company, for itself and as Agent for Oglethorpe Power Corporation, the Authority and the City of Dalton, Georgia, acting by and through its Board of Water, Light and Sinking Fund Commissioners, as Owners, and a consortium consisting of Westinghouse Electric Company LLC and Stone & Webster, Inc., as Contractor for Units 3 and 4 at the Vogtle Electrical Generating Plant Site in Waynesboro, Georgia, dated as of April 8, 2008, as heretofore amended and as it may, from time to time hereafter, be further amended.

"Execution Date" shall have the meaning assigned to such term in the preamble to this Contract.

"Federal Financing Bank" or "FFB" shall mean the Federal Financing Bank, a body corporate and instrumentality of the United States of America.

"Final Term" shall mean the time period commencing at 12:01 AM, Eastern Prevailing Time, on the day after the twentieth anniversary of the Commercial Operation Date of the second of the Additional Units and shall continue in full force and effect until such time, not exceeding fifty (50) years (commencing as of the Execution Date of this Contract), as all of the Authority's PPA Bonds or notes issued in anticipation of the issuance of PPA Bonds and the interest thereon, all of the Advances and the interest thereon and all other Debt Service have been paid or provision for payment shall have been made in accordance with the provisions thereof and all obligations of the PPA Project Entity under the DOE Loan Documents have been satisfied and all lending commitments thereunder have been terminated or until such time as the Plant Vogtle

Additional Units PPA Project shall be retired from service or disposed of or decommissioned by the Authority, whichever is later.

"Financing Costs" shall mean all financing costs related to the Plant Vogtle Additional Units PPA Project that may be financed from the proceeds of PPA Bonds or the DOE Guaranteed Loan (to the extent permitted under the DOE Loan Documents), including, but without limitation, the following:

(i) costs of issuance, including, without limitation, underwriting fees, bank commitment and letter of credit fees, legal and financial advisory fees, bond insurance and indemnity fees, and any payments on Qualified Hedging Contracts including, without limitation, (a) any periodic "net" payments accruing in whole or in part prior to and during construction and for such additional period as the Authority may reasonably determine to be necessary in connection with the placing of the PPA Project Entity's Ownership Interest in operation and (b) any swap premium or swap termination payment;

(ii) interest accruing in whole or in part on PPA Bonds or the DOE Guaranteed Loan prior to and during construction (or, in the case of PPA Bonds issued or Advances made to finance Fuel, interest accruing in whole or in part on such PPA Bonds or such Advances prior to the loading of such Fuel in the reactor) and for such additional period as the Authority may reasonably determine to be necessary in connection with the placing of the PPA Project Entity's Ownership Interest in operation in accordance with the provisions of the PPA Bond Resolution, including, without

limitation, any major renewals, replacements, repairs, additions, betterments or improvements or modifications with respect to the PPA Project Entity's Ownership Interest of a particular Additional Unit undertaken following the Commercial Operation Date of such Additional Unit;

(iii) the deposit or deposits from the proceeds of PPA Bonds issued, or Advances made, to finance such costs in any fund or account established pursuant to the PPA Bond Resolution or the DOE Loan Documents to meet Debt Service reserve requirements for PPA Bonds or the DOE Guaranteed Loan, or replenishment of such funds if drawn down; and

(iv) any other fees, costs and expenses of financing for the PPA Bonds or the DOE Guaranteed Loan.

"Fixed Costs" shall mean, with respect to any period, all fixed costs related to the Plant Vogtle Additional Units PPA Project attributed to such period, as defined by and provided in Section 306(b)(1) of this Contract.

"Fuel" shall mean the nuclear materials required for the operation of the Additional Units, including the initial nuclear fuel cores.

"Fuel Costs" shall mean all costs incurred by the Authority or the PPA Project Entity during any Power Supply Year that are allocable to the acquisition, processing, design, fabrication, transportation, delivering, reprocessing, storage and disposal of Fuel for the PPA Project Entity's Ownership Interest, including, without limitation, hedging

transactions entered into in connection therewith, the initial nuclear fuel cores, and further including prepayments of such costs or transfers to reserves established for such costs related to future Power Supply Years, less appropriate credits related to such costs, and including, without limitation, those portions of administrative and general expenses incurred by the Authority and the PPA Project Entity that are properly and reasonably allocable to acquisition and management of Fuel for the PPA Project Entity's Ownership Interest, and, to the extent that any such costs have been paid for through proceeds of PPA Bonds or Advances or replenishments from billings, the amount of such costs that are amortized during the Power Supply Year.

"Initial Term" shall mean the time period that commences upon the Commercial Operation Date of the first of the Additional Units and continues until the twentieth anniversary of the Commercial Operation Date of the second of the Additional Units.

"Nominally Rated" means the net electrical unit output, as measured on the high voltage side of the main step-up transformer, guaranteed by the contractor under the Engineering, Procurement and Construction Agreement.

"Non-PPA Project Entity" shall mean MEAG Power SPVM LLC, a limited liability company organized under the laws of the State of Georgia formed by the Authority for the sole purpose of owning and operating the Non-PPA Project Portion of the Authority's Interest and that is a wholly-owned, direct subsidiary of the Authority.

"Non-PPA Project Portion" shall mean 33.870736 percent of the Authority's Interest, which portion shall include, without limitation, 169.458 MWs of the output of the Additional Units, based upon the nominal ratings of the Additional Units.

"Nuclear Managing Board Agreement" shall mean the Second Amended and Restated Nuclear Managing Board Agreement dated as of April 21, 2006, as heretofore amended and as it may, from time to time hereafter, be further amended or supplemented.

"Operating Agreement" shall mean the Plant Alvin W. Vogtle Nuclear Units Amended and Restated Operating Agreement dated April 21, 2006, as heretofore amended and as it may, from time to time hereafter, be further amended or supplemented.

"Original Contract" shall have the meaning set forth in the recitals hereto.

"Other Costs" shall mean, with respect to any period, all costs other than Fixed Costs, related to the Plant Vogtle Additional Units PPA Project attributed to such period, as defined by and provided in Section 306(b)(2) of this Contract.

"Ownership Agreement" shall mean the Plant Alvin W. Vogtle Additional Units Ownership Participation Agreement dated as of April 21, 2006, as heretofore amended and as it may, from time to time hereafter, be further amended or supplemented.

"Participant" shall mean any political subdivision of the State of Georgia which is authorized by Section 46-3-130 of the Act to make contracts for the payment of such rates, tolls, fees and charges as may be prescribed by the Authority for the use of services and facilities of the projects and which has entered into such contracts.

"Plant Vogtle Additional Units Non-PPA Project" or "Non-PPA Project" shall mean: (1) a percentage of the Authority's Interest in an amount equal to the Non-PPA Project Portion thereof, and (2) working capital for the Non-PPA Project Portion required by the Authority during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the Non-PPA Project Portion for operation of the Additional Units; provided, however, that in the event that the

amendment and restatement of the Plant Vogtle Additional Units Non-PPA Project Bond Resolution provided for in the Second Amended and Restated Plant Vogtle Additional Units Non-PPA Project Bond Resolution to be adopted by the Authority shall become effective, then "Plant Vogtle Additional Units Non-PPA Project" or "Non-PPA Project" shall mean (i) all of the Authority's right, title and interest (whether direct or indirect) in and to the output and services of such percentage of the Authority's Interest, and (ii) working capital for the Non-PPA Project Portion required by the Authority or the Non-PPA Project Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the Non-PPA Project Portion for operation of the Additional Units. The Non-PPA Project is referred to sometimes as "Project M."

"Plant Vogtle Additional Units PPA Obligation Share" or "Obligation Share" shall mean, with respect to an Additional Units PPA Participant, the percentage set forth in Attachment B hereto for such Additional Units PPA Participant representing both (i) such Additional Units PPA Participant's percentage share of the output and services of the PPA Project Entity's Ownership Interest which it is entitled to receive in accordance with Sections 302 and 303 of its Contract, and (ii) the percentage of the Plant Vogtle Additional Units PPA Project Annual Costs that the Additional Units PPA Participant is obligated to pay in accordance with Sections 302 and 303 of its Contract.

"Plant Vogtle Additional Units PPA Project" or "PPA Project" shall mean: (1) all of the Authority's right, title and interest (whether direct or indirect) in and to the output and services of the PPA Project Entity's Ownership Interest, such right, title and interest of the Authority being available to the Authority pursuant to the PPA Project Entity

Power Purchase Agreement, and (2) working capital for the PPA Project Portion required by the Authority or the PPA Project Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the PPA Project Portion for operation of the Additional Units. The PPA Project is referred to sometimes as "Project J."

"Plant Vogtle Additional Units PPA Project Annual Budget" shall mean, with respect to a Power Supply Year, the budget or amended budget adopted by the Authority pursuant to Section 201 hereof, which budget shall contain itemized estimates of the Plant Vogtle Additional Units PPA Project Annual Costs and all revenues, income or other funds to be applied to such Plant Vogtle Additional Units PPA Project Annual Costs and shall separately show the Debt Service costs relating to the Plant Vogtle Additional Units PPA Project and shall include separately such itemized estimates for Fixed Costs and for Other Costs.

"Plant Vogtle Additional Units PPA Project Annual Costs" shall mean, with respect to a Power Supply Year, to the extent not paid as a part of the Costs of Acquisition and Construction, all costs and expenses of the Authority or the PPA Project Entity paid or payable by the Authority or the PPA Project Entity during such Power Supply Year allocable to the Plant Vogtle Additional Units PPA Project, which costs and expenses shall include, without limitation, those items of cost and expense referred to in Section 306(b) hereof as the Plant Vogtle Additional Units PPA Project Annual Fixed Costs and Plant Vogtle Additional Units PPA Project Other Annual Costs.

"Plant Vogtle Additional Units PPA Project Billing Statement" or "Billing Statement" shall mean the written statement prepared or caused to be prepared monthly

by the Authority that shall be based upon the Plant Vogtle Additional Units PPA Project Annual Budget or upon the amended Plant Vogtle Additional Units PPA Project Annual Budget, which shall show the monthly amount to be paid to the Authority by the Additional Units PPA Participant under this Contract.

"Plant Vogtle Additional Units PPA-2 Project" or "PPA-2 Project" shall mean: (1) a percentage of the Authority's Interest in an amount equal to the PPA-2 Project Portion thereof, and (2) working capital for the PPA-2 Project Portion required by the Authority during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the PPA-2 Project Portion for operation of the Additional Units; provided, however, that in the event that the amendment and restatement of the Plant Vogtle Additional Units PPA-2 Project Bond Resolution provided for in the Second Amended and Restated Plant Vogtle Additional Units PPA-2 Project Bond Resolution to be adopted by the Authority shall become effective, then "Plant Vogtle Additional Units PPA-2 Project" or "PPA-2 Project" shall mean (i) all of the Authority's right, title and interest (whether direct or indirect) in and to the output and services of such percentage of the Authority's Interest, and (ii) working capital for the PPA-2 Project Portion required by the Authority or the PPA-2 Project Entity during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the PPA-2 Project Portion for operation of the Additional Units. The PPA-2 Project is referred to sometimes as "Project P."

"Power Supply Year" shall mean the calendar year, except that the first Power Supply Year shall begin on the earliest of (i) the date an Additional Unit is first declared to be in Commercial Operation, (ii) the date to which all interest has been capitalized on

PPA Bonds and the DOE Guaranteed Loan, (iii) the date which is twelve (12) months prior to the date on which the first annual principal installment on any of the PPA Bonds is due, (iv) the date which is three (3) months prior to the date on which the first principal installment on the DOE Guaranteed Loan is due, or (v) the date on which any Plant Vogtle Additional Units PPA Project Annual Costs become payable.

"PPA" shall have the meaning given to such term in the recitals hereto.

"PPA Bond Resolution" shall mean the Plant Vogtle Additional Units PPA Project Bond Resolution adopted by the Authority and accepted by the Trustee thereunder for the benefit of the owners of the PPA Bonds that provides for the issuance of such PPA Bonds, as the same is proposed to be amended and restated by the Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution to be adopted by the Authority (the "Second Amended and Restated PPA Project Bond Resolution"), as it may be supplemented or amended from time to time, a copy of which Second Amended and Restated PPA Bond Resolution in substantially the form which will be presented to the Authority's Board for its approval has been provided to the Additional Units PPA Participant. The PPA Bond Resolution shall not modify or alter the rights or obligations of the Additional Units PPA Participant under this Contract unless consented to by the Additional Units PPA Participant.

"PPA Bonds" shall mean the bonds, notes or other evidences of indebtedness issued by the Authority pursuant to or as permitted by the provisions of the PPA Bond Resolution to finance or refinance the Costs of Acquisition and Construction and Financing Costs of the Plant Vogtle Additional Units PPA Project, whether or not any issue of such PPA Bonds, notes or other evidences of indebtedness shall be subordinated

as to payment to any other issue of such PPA Bonds, and shall include refunding PPA Bonds issued pursuant to the provisions of Section 402 hereof.

"PPA Project Entity" shall mean MEAG Power SPVJ LLC, a limited liability company organized under the laws of the State of Georgia formed by the Authority for the sole purpose of owning and operating the PPA Project Entity's Ownership Interest in the Additional Units and that is a wholly-owned, direct subsidiary of the Authority.

"PPA Project Entity Power Purchase Agreement" means the Wholesale Power Sales Agreement, to be entered into between the PPA Project Entity, as seller, and the Authority, as buyer.

"PPA Project Entity's Ownership Interest" shall mean a percentage of the Authority's Interest in the Additional Units in an amount equal to the PPA Project Portion, which, upon the Effective Date, will be transferred to the PPA Project Entity and which includes, without limitation, 9.3466423 percent of the output of the Additional Units.

"PPA Project Portion" shall mean 41.174636 percent of the Authority's Interest, which portion shall include, without limitation, 206.000 MWs of the output of the Additional Units, based upon the nominal ratings of the Additional Units.

"PPA Term" shall have the meaning assigned to it in the recitals hereto.

"PPA-2 Project Entity" shall mean MEAG Power SPVP LLC, a limited liability company organized under the laws of the State of Georgia formed by the Authority for the sole purpose of owning and operating the PPA-2 Project Portion of the Additional Units and that is a wholly-owned, direct subsidiary of the Authority.

"PPA-2 Project Portion" shall mean 24.954628 percent of the Authority's Interest, which portion shall include, without limitation, 124.850 MWs of the output of the Additional Units, based upon the nominal ratings of the Additional Units.

"Project Agreements" shall collectively mean the Development Agreement, the Nuclear Managing Board Agreement, the Operating Agreement, and the Ownership Agreement.

"Prudent Utility Practice" at a particular time shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry prior to such time, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts having due regard for manufacturers' warranties and the requirements of governmental agencies of competent jurisdiction. In evaluating whether any act or proposal conforms to Prudent Utility Practice, the parties shall take into account the objective to achieve optimum utilization of the Authority's resources.

"Qualified Hedging Contract" has the meaning set forth in the PPA Bond Resolution.

"Reimbursement Obligation" has the meaning set forth in the PPA Bond Resolution.

"Trustee" has the meaning set forth in the PPA Bond Resolution.

"Uncontrollable Forces" means any cause beyond the control of the Authority or the PPA Project Entity, as applicable, which by the exercise of due diligence the Authority or the PPA Project Entity, as applicable, is unable to prevent or overcome, including but not limited to, failure or refusal of any other person or entity to comply with then existing contracts with the Authority or the PPA Project Entity, as applicable, or with an Additional Units PPA Participant, an act of God, fire, flood, explosion, strike, sabotage, pestilence, an act of the public enemy, civil or military authority including court orders, injunctions, and orders of governmental agencies with proper jurisdiction, insurrection or riot, an act of the elements, failure of equipment, or inability of the Authority or the PPA Project Entity, as applicable, or any contractors engaged in work on the Plant Vogtle Additional Units PPA Project to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers, or inability of the Authority to sell or issue its PPA Bonds or notes or of the PPA Project Entity to receive Advances.

"Uniform System of Accounts" means the Uniform System of Accounts prescribed for Public Utilities and Licensees subject to the provisions of the Federal Power Act.

Capitalized terms not specifically defined herein or in a referenced document shall have their normal meanings in the context in which they are used.

SECTION 104. DOE GUARANTEED LOAN AND ADVANCES.

The Authority and the Additional Units PPA Participant acknowledge and agree that, for all purposes of this Contract, any reference to:

(a) the use of proceeds of the DOE Guaranteed Loan or an Advance means the use of such proceeds to the extent permitted under, and in compliance

with, the DOE Loan Documents, including, without limitation, the limitations on use of the proceeds of such Advance for Eligible Project Costs (as defined in the DOE Loan Guarantee Agreement) and the requirement that such Advance be requested during the Availability Period (as defined in the DOE Loan Guarantee Agreement); and

(b) Advances made means Advances made during the Availability Period for Eligible Project Costs.

ARTICLE II
CERTAIN OBLIGATIONS OF THE AUTHORITY AND THE ADDITIONAL UNITS PPA PARTICIPANT

SECTION 201. THE PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT ANNUAL BUDGET.

The Authority shall prepare and submit to the Additional Units PPA Participant a Plant Vogtle Additional Units PPA Project Annual Budget at least ninety (90) days prior to the beginning of each Power Supply Year. Such budget shall show separately (i) the Plant Vogtle Additional Units PPA Project Annual Fixed Costs, and (ii) the Plant Vogtle Additional Units PPA Project Other Annual Costs. The Additional Units PPA Participant may then submit to the Authority, at any time until such budget is adopted, any matters or suggestions relating to such Plant Vogtle Additional Units PPA Project Annual Budget that the Additional Units PPA Participant may care to present and the Authority shall give due consideration to said matters or suggestions. The Authority shall then proceed with the consideration and adoption of such Plant Vogtle Additional Units PPA Project Annual Budget not less than thirty (30) nor more than forty-five (45) days prior to the beginning of such Power Supply Year, and shall cause copies of such adopted Plant

Vogtle Additional Units PPA Project Annual Budget to be delivered to the Additional Units PPA Participant; provided, however, that the Plant Vogtle Additional Units PPA Project Annual Budget for the first Power Supply Year shall be prepared, considered, adopted and delivered in the most practicable manner available in the discretion of the Authority. As required from time to time during any Power Supply Year after thirty (30) days' notice to the Additional Units PPA Participant, the Authority may adopt an amended Plant Vogtle Additional Units PPA Project Annual Budget for and applicable to such Power Supply Year for the remainder of such Power Supply Year.

SECTION 202. REPORTS.

The Authority will prepare and issue to the Additional Units PPA Participant the following reports during each Power Supply Year:

(1) Financial and operating statement relating to the Plant Vogtle Additional Units PPA Project on a quarterly basis;

(2) Status of the Plant Vogtle Additional Units PPA Project Annual Budget on a monthly basis commencing as of the date that the Authority first submits a Plant Vogtle Additional Units PPA Project Billing Statement to the Additional Units PPA Participant pursuant to Section 307 hereof;

(3) Status of the construction budget of the Plant Vogtle Additional Units PPA Project during construction on the same basis that such reports are received by the Authority or the PPA Project Entity; and

(4) Analysis of operations relating to the Plant Vogtle Additional Units PPA Project on a monthly basis commencing as of the date that the Authority first submits a Plant Vogtle Additional Units PPA Project Billing Statement to the Additional Units PPA Participant pursuant to Section 307 hereof on the same basis that such reports are received by the Authority or the PPA Project Entity.

SECTION 203. RECORDS AND ACCOUNTS.

The Authority will keep, and will cause the PPA Project Entity to keep, accurate records and accounts of the facilities comprising the PPA Project Entity's Ownership Interest and of the operations of the PPA Project Entity's Ownership Interest in accordance with the Uniform System of Accounts. Said accounts shall be subject to the Authority's annual audit by a firm of independent certified public accountants experienced in electric utility accounting and of national reputation to be submitted to the Authority within one hundred and fifty (150) days after the close of each Power Supply Year. All transactions of the Authority and the PPA Project Entity relating to the Plant Vogtle Additional Units PPA Project with respect to each Power Supply Year shall be subject to such an audit. A copy of the Authority's annual audit shall be provided to each Additional Units PPA Participant.

SECTION 204. ADJUSTMENT OF BILLING.

(a) At the end of each Power Supply Year, the Authority shall determine if the aggregate amount paid by the Additional Units PPA Participant under this Contract to provide recovery of all the Authority's Plant Vogtle Additional Units PPA Project Annual Fixed Costs and Plant Vogtle Additional Units PPA Project Other Annual Costs

during such Power Supply Year was in the proper amount. Upon making such determination, any amount found to have been paid by the Additional Units PPA Participant in excess of the amount that should have been paid by the Additional Units PPA Participant shall, at the election of the Authority, either be paid to the Additional Units PPA Participant, or credited on the Plant Vogtle Additional Units PPA Project Billing Statements to the Additional Units PPA Participant for the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was determined to have been necessary. The Additional Units PPA Participant must be fully compensated for any over recovery by the end of such next succeeding Power Supply Year either as the result of credits, payments or a combination thereof. The amount of any deficiencies shall be added to the Plant Vogtle Additional Units PPA Project Billing Statements in equal installments over the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was determined to be necessary. In the event that the failure of an Additional Units PPA Participant to pay any amounts due under its Contract shall have resulted in the application of amounts in any reserve or working fund to the payment of costs payable from such reserve or working fund and the other Additional Units PPA Participants shall have made up the deficiency created by such application or paid additional amounts into such reserve or working fund, amounts, including interest, thereafter paid to the Authority by such non-paying Additional Units PPA Participant for application to such past due payments shall be credited on the Plant Vogtle Additional Units PPA Project Billing Statements of such other Additional Units PPA Participants in the next month or months as shall be appropriate.

(b) At its election, the Authority may establish a policy for making monthly, quarterly or semi-annual retroactive adjustments to the Additional Units PPA Participant's billings to account for variances between the billed amounts and the actual costs incurred during the respective period in order to avoid large cumulative adjustments at the end of the Power Supply Year under subsection (a) above. Such intra-year adjustments are not to be used to avoid a budget amendment when there are material changes affecting the remaining months of the Power Supply Year.

(c) Upon expiration of the PPA, the Authority shall have the discretion, subject to the concurrence of a sufficient number of Additional Units PPA Participants whose total Obligation Shares in the PPA Project exceed 66 2/3 percent, to apply any excess amount (as described in subpart (a) hereof), or portion thereof, for the purpose (i) of purchasing, redeeming or defeasing PPA Bonds in advance of maturity or (ii) of retiring by prepayment Advances, in each such case, in such manner as the Authority may determine, and in such event the Authority will reduce such elements of the Plant Vogtle Additional Units PPA Project Annual Costs as are necessary and appropriate to reflect such accelerated retirement or prepayment or redemption.

SECTION 205. DISPUTED MONTHLY PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT BILLING STATEMENT.

In case any portion of any monthly Plant Vogtle Additional Units PPA Project Billing Statement received by the Additional Units PPA Participant from the Authority shall be in bona fide dispute, the Additional Units PPA Participant shall pay the Authority the full amount of such Billing Statement. Upon determination of the correct amount, the difference between such correct amount and such full amount, if any, will be

credited to the Additional Units PPA Participant by the Authority after such determination. In the event such Billing Statement is in dispute, the Authority shall exercise due diligence in considering such dispute and will advise the Additional Units PPA Participant with regard to the Authority's position relative thereto within thirty (30) days following written notification by the Additional Units PPA Participant of such dispute.

SECTION 206. RESALE COVENANT.

So long as the Authority has tax exempt PPA Bonds or Build America Bonds outstanding, the Additional Units PPA Participant agrees that it shall not, without the express written consent of the Authority, enter into any contract pursuant to which a non-exempt person agrees to purchase power produced by the Plant Vogtle Additional Units PPA Project in a manner that results in private business use within the meaning of the Internal Revenue Code of 1986, as amended, modified or re-enacted (or any successor thereto) (the "Code"). For purposes of the preceding sentence, "non-exempt person" shall mean any entity that is not a state, territory or possession of the United States, the District of Columbia or any political subdivision thereof.

SECTION 207. TAX COVENANT.

The Additional Units PPA Participant hereby covenants that it shall take no action, nor shall it consent to or approve the taking of any action, that would in the opinion of the Authority adversely affect (a) the exclusion from gross income for federal income tax purposes of the interest on the PPA Bonds of any series the interest on which is intended to be so excluded or (b) the eligibility of the Authority to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on any Build America Bonds. In furtherance thereof, the Additional Units PPA Participant

shall provide information reasonably requested by the Authority regarding compliance with the Code, including providing an appropriate certification that it has complied fully with the provisions of this tax covenant.

ARTICLE III
ELECTRIC POWER AND ENERGY FROM THE PPA PROJECT ENTITY'S OWNERSHIP INTEREST

SECTION 301. OWNERSHIP AND OPERATION OF THE PPA PROJECT ENTITY'S OWNERSHIP INTEREST.

The PPA Project Entity will acquire and own, and the Authority will issue PPA Bonds in series from time to time under or in accordance with the PPA Bond Resolution or cause the PPA Project Entity to receive Advances to finance, the PPA Project Entity's Ownership Interest, and the Authority shall cause the PPA Project Entity to operate, maintain, and manage the facilities of the PPA Project Entity's Ownership Interest in accordance with Prudent Utility Practice. The Authority may also, at its sole discretion, enter into Qualified Hedging Contracts relating to such PPA Bonds and Advances or other appropriate transactions.

Except as provided in the following sentence, this Contract and the other Contracts, on the one hand, and the PPA Project Entity Power Purchase Agreement, on the other hand, are intended to be "back-to-back" power purchase agreements during the term of this Contract and such other Contracts such that all of the output and services of the Plant Vogtle Additional Units PPA Project shall be purchased by the Authority from the PPA Project Entity pursuant to the PPA Project Entity Power Purchase Agreement and resold to the Buyer, the Additional Units PPA Participant and the other Additional Units PPA Participants pursuant to the terms and conditions of the PPA and the

Contracts. Notwithstanding the foregoing, it is the current intention of the Authority that, following the repayment in full of the DOE Guaranteed Loan, including the payment of all interest, fees, charges, expenses and all other amounts from time to time due under or in connection therewith, and the satisfaction by the PPA Project Entity of all of its obligations under the DOE Loan Guarantee Agreement and all other DOE Loan Documents and the termination of all lending commitments thereunder, the Authority will, subject to the occurrence of each of the conditions set forth in subsection 3 of Section 1101 of the PPA Bond Resolution, reacquire from the PPA Project Entity the PPA Project Entity's Ownership Interest. In that event, upon written notice from DOE to the Authority confirming the repayment in full of the DOE Guaranteed Loan as aforesaid and the satisfaction by the PPA Project Entity of all of its obligations under the DOE Loan Guarantee Agreement and all other DOE Loan Documents and the termination of all lending commitments thereunder, (a) the terms and provisions of this Contract relating to the DOE Guaranteed Loan shall, without further act, cease to be of any force or effect, (b) the PPA Project Entity Power Purchase Agreement shall be terminated and (c) the Authority and the Additional Units PPA Participant agree to amend this Contract in such manner as shall be determined by the Authority to be necessary or desirable in order to reflect the foregoing transactions, including, without limitation, an amendment to the definition of "Plant Vogtle Additional Units PPA Project" set forth in Section 103 hereof in order to reflect the transfer to the Authority of the PPA Project Entity's Ownership Interest and the termination of the PPA Project Entity Power Purchase Agreement.

The Additional Units PPA Participant shall be entitled to and shall take its Plant Vogtle Additional Units PPA Obligation Share of the output and services of the PPA

Project Entity's Ownership Interest in accordance with Sections 302 and 303 hereof. The Authority will cause to be delivered to the Additional Units PPA Participant in accordance with Sections 302 and 303 hereof such of its Obligation Share of the output and services of the PPA Project Entity's Ownership Interest as the Additional Units PPA Participant requires in order to serve the requirements of its electric distribution system during periods when such facilities are operating, unless the Authority determines in accordance with this Section 301 that it is more economical to supply such amounts from other sources.

The Authority covenants and agrees that it will operate, maintain and manage the PPA Project or cause the same to be operated, maintained and managed to attempt to achieve the best operating economics therefor in accordance with Prudent Utility Practice, and may sell such of the output to others as it determines, based upon such economic determination and consistent with Prudent Utility Practice and the terms of the PPA.

In addition, during any period of this Contract that the Additional Units PPA Participant is entitled to the output and services of the PPA Project Entity's Ownership Interest, the Authority may utilize its rights to such output and services to enter into transactions with others in accordance with Prudent Utility Practice, when such transactions are reasonably expected to result in economic benefits to the Additional Units PPA Participants, including, but not limited to, (i) capacity sales and swaps, (ii) energy sales and swaps, and (iii) financial swaps, hedges and risk management contracts and (iv) reliability exchanges with other utilities.

The Additional Units PPA Participant shall receive a credit from the Authority of its Obligation Share of the proceeds of all such transactions as provided in Section 308(c) hereof.

SECTION 302. ADDITIONAL UNITS PPA PARTICIPANT'S PAYMENT OBLIGATIONS AND ENTITLEMENT DURING THE INITIAL TERM.

(a) The Buyer, and not the Additional Units PPA Participants (except as expressly provided below), is obligated to pay Debt Service during the Initial Term as specified in the PPA, and a copy of the PPA has been provided to the Additional Units PPA Participant in substantially the form which will be provided to the Authority's Board for its approval. As reflected in the terms of the PPA, there are circumstances under which Buyer's obligation to pay Debt Service terminates prior to the completion of the Initial Term, including the following: (1) in the event of a delay of the Commercial Operation Date of either or both of the Additional Units which was anticipated (x) in the case of the DOE Guaranteed Loan, as of the date of the DOE Loan Guarantee Agreement and (y) in the case of any Series of PPA Bonds, as of the date of issuance of such PPA Bonds that causes the Authority to commence billing the principal and/or interest components of Debt Service on the DOE Guaranteed Loan or the PPA Bonds of such series relating to the delayed unit or units prior to the Commercial Operation Date of such unit or units; and (2) during the time period commencing as of the twentieth anniversary of the Commercial Operation Date of the first unit and continuing until the end of the Initial Term, Buyer is not responsible for paying Debt Service on the PPA Bonds and the DOE Guaranteed Loan pertaining to the first of the Additional Units. The Additional Units PPA Participant shall be obligated to pay Debt Service during the Initial Term

under these circumstances and any other circumstances which may arise where the Buyer is no longer obligated to pay Debt Service under the terms of the PPA.

(b) The Additional Units PPA Participant shall be obligated to pay its Obligation Share of the Plant Vogtle Additional Units PPA Project Annual Costs, other than Debt Service (subject to the exception set forth in subpart (a) hereof), during the entirety of the Initial Term. However, such liability shall be discharged to the extent that the Authority receives payment from the Buyer pursuant to the PPA, which obligates Buyer to pay the entirety of such costs for the following periods: as to the first Additional Unit, for twenty years following the Commercial Operation Date of such unit; and, as to the second Additional Unit, for twenty years following the Commercial Operation Date of such unit.

(c) Except as provided herein, the Additional Units PPA Participant is not entitled to receive its Obligation Share of the output and services of the PPA Project Entity's Ownership Interest during the Initial Term. Provided, however, that the Additional Units PPA Participant shall be entitled to receive its Obligation Share of the output and services, which include capacity and energy, of that portion of the first of the Additional Units included in the PPA Project during the period commencing on the twentieth anniversary of the Commercial Operation Date of such unit and continuing throughout the remainder of the Initial Term, subject to Section 502 hereof.

(d) Notwithstanding any other provision of this Contract, the Additional Units PPA Participant shall be obligated to pay its Obligation Share of any Costs of Acquisition and Construction and any Plant Vogtle Additional Units PPA Project Annual Costs that

become due and owing prior to or during the Initial Term to the extent that such costs are not required to be paid for by the Buyer in accordance with the terms of the PPA.

SECTION 303. ADDITIONAL UNITS PPA PARTICIPANT'S PAYMENT OBLIGATION AND ENTITLEMENT DURING THE FINAL TERM.

(a) The Additional Units PPA Participant is entitled to receive its Obligation Share of the output and services of the PPA Project Entity's Ownership Interest during the entirety of the Final Term.

(b) The Additional Units PPA Participant shall be liable for paying its Obligation Share of the Plant Vogtle Additional Units PPA Project Annual Costs during the entirety of the Final Term.

SECTION 304. INTERCONNECTION ARRANGEMENTS.

(a) Capacity and energy supplied to the Additional Units PPA Participant under this Contract shall constitute a supplemental resource for the Additional Units PPA Participant's electric distribution system, and the Authority waives any further notice from the Additional Units PPA Participant with respect to the acquisition of this supplemental resource.

(b) The Authority will purchase or provide generating capacity reserve service (if required), transmission service, maintenance service, emergency service, and other interchange service or ancillary service associated with the PPA Project Entity's Ownership Interest as may be necessary for the reliable and economical supply of the output and services of the PPA Project Entity's Ownership Interest. The Authority may also contract for such operating reserves as it determines to be needed. The parties agree

that no participant interchange agreement shall be required with respect to this resource since this resource shall be scheduled by the Authority.

SECTION 305. INSURANCE.

The Authority shall maintain or cause to be maintained by the PPA Project Entity or otherwise, as Costs of Acquisition and Construction or as Plant Vogtle Additional Units PPA Project Annual Costs, such insurance with respect to the PPA Project Entity's Ownership Interest as shall be available and as is usually carried by utilities constructing and operating nuclear generating facilities and such other insurance as is usually carried by electric utilities in conformity with Prudent Utility Practice. Any payments under such insurance with respect to the Plant Vogtle Additional Units PPA Project (a) to the extent received by the Authority, shall be subject to the lien of the PPA Bond Resolution to the extent provided therein and (b) to the extent received by the PPA Project Entity, shall be subject to the security interest and lien of the DOE Secured Parties described in Section 605 hereof and, in either such case, may be applied to rebuild or replace the applicable Additional Unit or to prepay the DOE Guaranteed Loan in accordance with the DOE Loan Documents prior to any distribution thereof by the PPA Project Entity to the Authority.

SECTION 306. COSTS OF THE PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT.

(a) The Authority will determine all of the costs, exclusive of costs paid from the proceeds of PPA Bonds or Advances, attributable to the Plant Vogtle Additional Units PPA Project commencing with the first Power Supply Year, or such earlier time as the Authority shall determine, and such costs shall in the aggregate be equal to the Plant Vogtle Additional Units PPA Project Annual Costs. The Authority is expressly

authorized to bill some or all of the Debt Service costs which are payable during construction and prior to the Commercial Operation Date of any facility.

(b) The Plant Vogtle Additional Units PPA Project Annual Costs for the generating and related facilities of the PPA Project Entity's Ownership Interest shall include the following items of cost and expense:

(1) "Plant Vogtle Additional Units PPA Project Annual Fixed Costs", which means all fixed costs allocable to the Plant Vogtle Additional Units PPA Project incurred by the Authority or the PPA Project Entity, including, but not limited to:

(A) Amounts that the Authority or the PPA Project Entity is required to pay for taxes or payments in lieu thereof attributable to the PPA Project Entity's Ownership Interest and/or the Plant Vogtle Additional Units PPA Project;

(B) Amounts required for renewals and replacements attributable to the PPA Project Entity's Ownership Interest, or payment or deposit of such amounts into any reserve fund or account established for the Plant Vogtle Additional Units PPA Project;

(C) Amounts to be set aside by the Authority or the PPA Project Entity for the retirement from service or disposal of the facilities of the PPA Project Entity's Ownership Interest;

(D) Amounts, if any, that must be paid by the Authority or the PPA Project Entity for the purchase of generating capacity reserves for the PPA Project Entity's Ownership Interest;

(E) Amounts that the Authority or the PPA Project Entity is required under the PPA Bond Resolution or the DOE Loan Documents to pay or deposit into any fund or account established by the PPA Bond Resolution or the DOE Loan Documents for the payment of Debt Service on the PPA Bonds or the DOE Guaranteed Loan, as applicable, and any reserve requirements for the PPA Bonds or the DOE Guaranteed Loan, as applicable;

(F) Amounts (not otherwise included under any item of this Section 306(b)) for the Plant Vogtle Additional Units PPA Project that the Authority or the PPA Project Entity is required under the PPA Bond Resolution or the DOE Loan Documents, as applicable, to pay or deposit during any Power Supply Year into any other fund or account established by the PPA Bond Resolution or the DOE Loan Documents, as applicable, or payment or deposit of such amounts into any such fund or account established outside the PPA Bond Resolution or the DOE Loan Documents, as applicable;

(G) Amounts for payment or deposit into any fund or account outside the pledge of the PPA Bond Resolution or the DOE Loan Documents attributable to costs or reserves of the Plant Vogtle Additional Units PPA Project, including such amounts established by the Authority in the Plant Vogtle Additional Units PPA Project Annual Budget to provide reasonable reserves for the payment of the PPA Project Entity's share of costs required pursuant to either the Ownership Agreement or the Operating Agreement;

(H) Amounts for payment of Additional Costs (as that term is described and defined in Section 2.2 of the Development Agreement) attributable to the PPA Project Entity's Ownership Interest incurred during any Power Supply Year;

(I) Amounts for payment of any obligation that the Authority incurs under the PPA, including monetary judgments obtained by the Buyer against the Authority; and

(J) Without duplication, all fixed costs required to be paid by the PPA Project Entity (whether to DOE, as operating expenses or otherwise) in the DOE Loan Documents other than such costs and expenses set forth in Section 306(b)(2) hereof.

(2) "Plant Vogtle Additional Units PPA Project Other Annual Costs", which means all Plant Vogtle Additional Units PPA Project Annual Costs other than the Plant Vogtle Additional Units PPA Project Annual Fixed Costs allocable to the Plant Vogtle Additional Units PPA Project incurred by the Authority or the PPA Project Entity, including, but not limited to:

(A) All costs of producing and delivering electric power and energy from the PPA Project Entity's Ownership Interest to the Additional Units PPA Participants including, but not limited to, (i) Fuel Costs and other ordinary operation and maintenance costs and provisions for reserves therefor, administrative and general costs, insurance and overhead costs and any charges payable by the Authority or the PPA Project Entity in connection with the output and services of the PPA Project Entity's Ownership Interest, (ii) net costs of scheduled, emergency, economy or other interchange service as described in Section 304(b) hereof and incurred by the Authority or the PPA

Project Entity in connection with the Plant Vogtle Additional Units PPA Project, (iii) working capital reasonably required for operation of the Plant Vogtle Additional Units PPA Project, and (iv) a share, determined by the Authority to be allocable to the Plant Vogtle Additional Units PPA Project, of all operation and maintenance costs related to the operation and conducting of the business of the Authority, including costs incurred in connection with reliability exchanges, salaries, fees for legal, engineering, and other services and all other expenses properly related to the conduct of the affairs of the Authority;

(B) Amounts required to pay the costs of or to provide reserves for (i) extraordinary operating and maintenance costs attributable to the Plant Vogtle Additional Units PPA Project including the costs of scheduled, emergency or other interchange service and the prevention or correction of any unusual loss or damage to keep the facilities of the PPA Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, (ii) any major renewals, replacements, repairs, additions, betterments and improvements to the Additional Units necessary, in the opinion of the Authority or the PPA Project Entity, to keep the facilities of the PPA Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, and (iii) any major additions, improvements, repairs or modifications to any such facility, or any retirements or disposals of any such facility, required by any governmental agency having jurisdiction over the Additional Units or for which the PPA Project Entity shall be responsible by virtue of any obligation of the PPA Project Entity arising out of any contract to which the PPA Project Entity may be a party relating to ownership of the Additional Units or any facility thereof to the extent that the

Authority or the PPA Project Entity is not reimbursed therefor from the proceeds of insurance or funds for such payments are not available to the Authority or the PPA Project Entity therefor from any funds or accounts established by the Authority or by or on behalf of the PPA Project Entity, or funds for such payment are not provided or to be provided by the issuance of PPA Bonds pursuant to Article IV of this Contract; and

(C) Without duplication, all amounts required to be paid by the PPA Project Entity (whether to DOE, as operating expenses or otherwise) in the DOE Loan Documents other than fixed costs as set forth in Section 306(b)(1).

SECTION 307. BILLING STATEMENT; PAYMENT OBLIGATIONS.

(a) The Authority shall bill the Additional Units PPA Participant, consistent with Sections 302 and 303 hereof, each month during each Power Supply Year, in advance, by providing the Additional Units PPA Participant with a Plant Vogtle Additional Units PPA Project Billing Statement for such month for the Additional Units PPA Participant's Obligation Share of Plant Vogtle Additional Units PPA Project Annual Costs as set forth in Section 306 hereof. Such statement shall be paid by the Additional Units PPA Participant on or before the 10th day from the date of such bill. Amounts due and not paid by the Additional Units PPA Participant on or before said day shall bear an additional charge of one and one-half percent (1 ½%) per month for each month, or fraction thereof, until the amount due is paid in full. At the end of each Power Supply Year, adjustments of billing shall be made in accordance with Section 204 hereof.

(b) The Additional Units PPA Participant shall pay its Obligation Share of Plant Vogtle Additional Units PPA Project Annual Costs, consistent with Sections 302

and 303 hereof, whether or not the PPA Project Entity's Ownership Interest is completed or is operating or operable, and whether or not its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction, whether by offset or otherwise, and shall not be conditioned upon the performance or non-performance by any party of any agreement for any cause whatsoever. The Authority shall be obligated to pursue with reasonable diligence any valid claims against contracting parties as a result of any of the circumstances referenced in this subparagraph.

(c) The Additional Units PPA Participant will establish, maintain and collect rates and charges for the electric service of its electric distribution system so as to provide revenues sufficient, together with available electric distribution system reserves, to enable the Additional Units PPA Participant to pay to the Authority all amounts payable under this Contract, to pay all other amounts payable from and all lawful charges against or liens on the revenues of its electric distribution system, and to operate and maintain its electric distribution system in a sound, businesslike manner.

(d) The obligations of the Additional Units PPA Participant to make the payments to the Authority under this Contract shall constitute general obligations of the Additional Units PPA Participant for the payment of which the full faith and credit of the Additional Units PPA Participant shall be and the same hereby is pledged to provide the funds required to fulfill all obligations arising under this Contract. Unless such payments or provisions for such payments shall have been made from the revenues of the electric system of the Additional Units PPA Participant or from other funds thereof, the Additional Units PPA Participant will annually in each and every fiscal year during the

term of this Contract include in its general revenue or appropriation measure, whether or not any other items are included, sums sufficient to satisfy the payments required to be made in each year by this Contract until all payments required under this Contract have been paid in full. In the event for any reason any such provision or appropriation is not made for a fiscal year of the Additional Units PPA Participant, then the chief fiscal officer of the Additional Units PPA Participant shall, in accordance with the provisions of the Act in effect as of the Execution Date, set up as an appropriation on the accounts of the Additional Units PPA Participant in each fiscal year the amounts required to pay the obligations called for under this Contract. The amount of the appropriation in such fiscal year to meet the obligations of this Contract shall be due and payable and shall be expended for the purpose of paying and meeting the obligations provided under the terms and conditions of this Contract, and such appropriation shall have the same legal status as if the Additional Units PPA Participant had included the amount of the appropriation in its general revenue or appropriation measure.

(e) The Additional Units PPA Participant hereby agrees that amounts payable by the Additional Units PPA Participant under this Contract shall be paid by the Additional Units PPA Participant as a cost of purchased power and energy for the Additional Units PPA Participant's electric distribution system and otherwise as an expense of operation and maintenance thereof.

SECTION 308. RATES AND CHARGES.

(a) Fixed Costs. The Additional Units PPA Participant shall pay its Obligation Share of the Fixed Costs in accordance with Sections 302 and 303 hereof for each month of each Power Supply Year as set forth in the Plant Vogtle Additional Units

PPA Project Annual Budget or amended Plant Vogtle Additional Units PPA Annual Budget for the respective month and reflected in the monthly Plant Vogtle Additional Units PPA Project Billing Statement for the respective month.

(b) Other Costs. The Additional Units PPA Participant shall pay its Obligation Share of the Other Costs in accordance with Sections 302 and 303 hereof in advance for each month of each Power Supply Year as set forth in the Plant Vogtle Additional Units PPA Project Annual Budget or amended Plant Vogtle Additional Units PPA Project Annual Budget for the respective month and reflected in the monthly Plant Vogtle Additional Units PPA Project Billing Statement for the respective month. In each monthly Plant Vogtle Additional Units PPA Project Billing Statement the Authority may charge or credit the Additional Units PPA Participant for any adjustment to the prior month's Plant Vogtle Additional Units PPA Project Billing Statement required to reflect any other charge actually incurred during the respective prior month. The Other Costs may be expressed and billed as a charge per kWh of output from the Additional Units, in the discretion of the Authority.

(c) Credits to Additional Units PPA Participant's Billings. Amounts resulting from the sale or other transactions of output and services of the generating facilities of the Plant Vogtle Additional Units PPA Project during any period of this Contract that the Additional Units PPA Participant is entitled to receive its Obligation Share of output and services, except for transactions entered into pursuant to Section 310 hereof, shall be credited to the Additional Units PPA Participant's obligations to pay Plant Vogtle Additional Units PPA Project Annual Costs in the proportion of the Additional Units PPA Participant's respective Plant Vogtle Additional Units PPA Obligation Share of the

output and services of the PPA Project Entity's Ownership Interest. In the event that any such amounts remain uncredited as of the end of the next succeeding Power Supply Year, such uncredited amounts shall be paid to the Additional Units PPA Participant within thirty (30) days thereafter.

SECTION 309. PLEDGE OF PAYMENTS.

All payments required to be made by the Additional Units PPA Participant pursuant to this Contract attributable to the Plant Vogtle Additional Units PPA Project or to the Plant Vogtle Additional Units PPA Project Annual Costs, and any or all rights to collection or enforcement of such payments, may be pledged to secure the payment of the Authority's PPA Bonds and the DOE Secured Obligations.

SECTION 310. SALE OF EXCESS ADDITIONAL UNITS PPA PARTICIPANT'S OBLIGATION SHARE.

(a) Consistent with Sections 302 and 303 hereof, in the event the Additional Units PPA Participant determines that all or any portion of its Obligation Share of the output and services of the PPA Project Entity's Ownership Interest to which it is entitled is in excess of its needs, the Additional Units PPA Participant may request the Authority to sell and transfer for any period of time such excess output and services on terms and conditions proposed by the selling Additional Units PPA Participant. Such excess shall first be offered to the non-selling Additional Units PPA Participants on terms that may require, at the option of the selling party, that the excess may be purchased in its entirety on such stated terms and conditions. In the event the non-selling Additional Units PPA Participants elect not to purchase the entire amount of such excess in accordance with the stated terms and conditions, the Authority may dispose of such excess by sale to other utilities on such stated terms and conditions.

(b) If all or any portion of such excess of the Additional Units PPA Participant's Obligation Share of output and services is sold pursuant to this Section, the Additional Units PPA Participant's Obligation Share shall not be reduced, and the Additional Units PPA Participant shall remain liable to the Authority to pay the full amount of its Billing Statement as if such sale had not been made; except that such liability shall be discharged to the extent that the Authority shall receive payment for such excess output and services from the purchaser or purchasers thereof.

SECTION 311. ALLOCATION OF PREMIUM PAYMENTS.

Any additional compensation payment ("Premium Payment"), that the Buyer is committed to make pursuant to Section 203 of the PPA shall be placed by the Authority in a reserve fund for the purpose of either reducing the Additional Units PPA Participant's Obligation Share of Other Costs following the expiration of the term of the PPA or satisfying any payment obligations of the Additional Units PPA Participant which it incurs pursuant to this Contract during the term of the PPA. Such funds shall be allocated among the Additional Units PPA Participants on a pro rata basis reflecting each Additional Units PPA Participant's Obligation Share and shall not be included in the pledge in favor of the bondholders to secure the payment of the Authority's PPA Bonds or the pledge in favor of the DOE Secured Parties to secure the payment of the DOE Secured Obligations.

ARTICLE IV
BONDS AND DOE GUARANTEED LOAN

SECTION 401. ISSUANCE OF PPA BONDS AND MAKING OF ADVANCES.

(a) The Authority may sell and issue PPA Bonds, and may cause the PPA Project Entity to draw upon the DOE Guaranteed Loan in accordance with the provisions

of the PPA Bond Resolution and the DOE Loan Documents, respectively, at any time and from time to time to finance Costs of Acquisition and Construction and Financing Costs, including without limitation, the issuance of PPA Bonds to pay the costs of (i) any major renewals, replacements, repairs, additions, betterments, or improvements to the PPA Project Entity's Ownership Interest necessary, in the opinion of the Authority or the PPA Project Entity, to keep the PPA Project Entity's Ownership Interest in good operating condition or to prevent a loss of revenues therefrom, including spent fuel storage facilities, (ii) any major additions, improvements, repairs, or modifications to the PPA Project Entity's Ownership Interest or any retirements or disposals or decommissioning of the PPA Project Entity's Ownership Interest required by any governmental agency having jurisdiction over the Plant Vogtle Additional Units PPA Project or for which the Authority or the PPA Project Entity shall be responsible by virtue of any obligation of the Authority or the PPA Project Entity arising out of any contract to which the Authority or the PPA Project Entity may be a party relating to ownership of the PPA Project Entity's Ownership Interest or any facility thereof, or (iii) additional Fuel inventory for each facility of the PPA Project Entity's Ownership Interest in any Power Supply Year to the extent that sufficient funds are not available in any reserves established by the Authority or the PPA Project Entity for Fuel Costs; provided, however, that no such PPA Bonds may be issued or Advances made for the purpose of adding additional generating units to the Plant Vogtle Additional Units PPA Project.

(b) Any PPA Bonds and the DOE Secured Obligations may be secured by assignment of all payments attributable to the Plant Vogtle Additional Units PPA Project or the Plant Vogtle Additional Units PPA Project Annual Costs to be made in accordance

with or pursuant to the provisions of this Contract and all other Contracts, as such payments may be increased and extended by reason of the issuance of such PPA Bonds or the making of additional Advances, and such PPA Bonds may be issued and such Advances may be made in amounts sufficient to pay the full amount of such costs and sufficient to provide such reserves as may be reasonably determined by the Authority or the PPA Project Entity to be desirable.

SECTION 402. ISSUANCE OF REFUNDING BONDS.

In the event it shall be advantageous, in the opinion of the Authority, to refund any PPA Bonds or prepay any portion of the principal of the DOE Guaranteed Loan, the Authority may issue and sell refunding PPA Bonds which may be secured by assignment of all payments attributable to the Plant Vogtle Additional Units PPA Project or the Plant Vogtle Additional Units PPA Project Annual Costs to be made in accordance with or pursuant to the provisions of this Contract and all other Contracts.

SECTION 403. ADJUSTMENT OF THE PLANT VOGTLE ADDITIONAL UNITS PPA PROJECT ANNUAL COSTS.

In the event the proceeds derived from the sale of any PPA Bonds (including by reimbursement from the PPA Project Entity to the Authority of proceeds of PPA Bonds previously issued and applied for Costs of Acquisition and Construction and Financing Costs) exceed the aggregate amount required for the purposes for which such PPA Bonds were issued, the amount of such excess attributable to the issuance of PPA Bonds shall be used to make up any deficiency then existing in any fund or account under the PPA Bond Resolution in the manner therein provided, and any balance shall be used (a) to retire by purchase, redemption or defeasance PPA Bonds in advance of maturity or (b) to retire by prepayment Advances in advance of maturity, in each such case, in such manner as the

Authority may determine. In any such case, the Authority agrees to use its best efforts to equitably apportion the Debt Service savings resulting from the prepayments of Advances and/or redemption of PPA Bonds both during the PPA Term and during the term of this Agreement. In all such events, the Authority will reduce such elements of the Plant Vogtle Additional Units PPA Project Annual Costs as are necessary and appropriate to reflect such accelerated retirement or prepayment or redemption.

ARTICLE V
DEFAULT

SECTION 501. EVENT OF DEFAULT.

Failure of the Additional Units PPA Participant to make to the Authority any of the payments for which provision is made in this Contract shall constitute a default on the part of the Additional Units PPA Participant.

SECTION 502. CONTINUING OBLIGATION, RIGHT TO DISCONTINUE SERVICE.

In the event of any such default, the Additional Units PPA Participant shall not be relieved of its liability for payment of the amounts in default, and the Authority shall have the right and obligation to exercise its best efforts to recover from the Additional Units PPA Participant any amount in default. In enforcement of any such right of recovery, the Authority may bring any suit, action, or proceeding in law or in equity, including, without limitation, mandamus and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement, or obligation to make payment for which provision is made in this Contract against the Additional Units PPA Participant, and the Authority may, upon sixty (60) days' written notice to the Additional Units PPA Participant, cease and discontinue providing service under this Contract. If the default continues for a period in excess of 180 days or if a non-defaulting Additional

Units PPA Participant exercises its right of first refusal to purchase a pro rata share of such defaulting Additional Units PPA Participant's Obligation Share of the output and services of the PPA Project Entity's Ownership Interest, whichever event first occurs, the Authority may, at its discretion, permanently discontinue service to the defaulting Additional Units PPA Participant. Additionally, the defaulting Additional Units PPA Participant expressly waives any claim to interest payments recovered by the Authority pursuant to Section 307(a) hereof as the result of the default of said Additional Units PPA Participant.

SECTION 503. LEVY OF TAX FOR PAYMENT.

In the event of such default by the Additional Units PPA Participant, the Additional Units PPA Participant shall provide for the assessment and collection of an annual tax sufficient to provide funds annually to make all payments due under the provisions of this Contract in each year over the remainder of the life of this Contract and the Authority shall have the right to bring any suit, action or proceeding in law or in equity, including, without limitation, mandamus and action for specific performance, to enforce the assessment and collection of a continuing direct annual tax upon all the taxable property within the boundaries of such Additional Units PPA Participant sufficient in amount to provide such funds annually in each year of the remainder of the life of this Contract.

SECTION 504. OTHER DEFAULT BY ADDITIONAL UNITS PPA PARTICIPANT.

In the event of a failure of the Additional Units PPA Participant to establish, maintain, or collect rates or charges adequate to provide revenues sufficient to enable the Additional Units PPA Participant to pay all amounts due to the Authority under this

Contract, or in the event of any default by the Additional Units PPA Participant under any other covenant, agreement or obligation of this Contract, the Authority may bring any suit, action, or proceeding in law or in equity, including, without limitation, mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of this Contract against the Additional Units PPA Participant.

SECTION 505. DEFAULT BY AUTHORITY.

In the event of any default by the Authority under any covenant, agreement or obligation of this Contract, the Additional Units PPA Participant may bring any suit, action, or proceeding in law or in equity, including, without limitation, mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement, or obligation of this Contract against the Authority.

SECTION 506. ABANDONMENT OF REMEDY.

In case any proceeding taken on account of any default shall have been discontinued or abandoned for any reason, the parties to such proceeding shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Authority and the Additional Units PPA Participant shall continue as though no such proceedings had been taken.

SECTION 507. DEFAULT OF OTHER ADDITIONAL UNITS PPA PARTICIPANTS.

(a) In the event of a default by an Additional Units PPA Participant and discontinuance of service pursuant to Section 502 hereof or of the other Contracts to such defaulting Additional Units PPA Participant, the Authority shall first offer to transfer to all other non-defaulting Additional Units PPA Participants a pro rata portion (determined

pursuant to the formula set forth in Section 508(b) hereof) of the defaulting Additional Units PPA Participant's Obligation Share which shall have been discontinued by reason of such default. Any portion of such Obligation Share of a defaulting Additional Units PPA Participant which shall be declined by any non-defaulting Additional Units PPA Participant shall be reoffered pro rata to the non-defaulting Additional Units PPA Participants which have accepted in full the first such offer. Such reoffering shall be repeated until such defaulting Additional Units PPA Participant's Obligation Share shall have been reallocated in full or until all non-defaulting Additional Units PPA Participants shall have declined to take any additional portion of such defaulting Additional Units PPA Participant's Obligation Share.

(b) In the event less than all of a defaulting Additional Units PPA Participant's Obligation Share shall be accepted pursuant to subsection (a) of this Section by the non-defaulting Additional Units PPA Participants, the Authority shall use its reasonable best efforts to sell the remaining portion of a defaulting Additional Units PPA Participant's Obligation Share for the remaining term of such defaulting Additional Units PPA Participant's Contract to any person, firm, association or corporation, public or private; provided, however, that the Authority shall make no such sales in such amounts, for such periods of time and under such terms and conditions as will adversely affect the tax exempt status of PPA Bonds intended to be tax exempt. The agreement for such sale shall contain such terms and conditions as will not adversely affect the security for the PPA Bonds and the DOE Secured Obligations afforded by the Contract of such defaulting Additional Units PPA Participant, including provisions of the discontinuance of service upon default, and as are otherwise acceptable to the Authority. In the event of

default and discontinuance of service under such agreement, the Obligation Share sold pursuant to such agreement shall be offered and transferred as provided for defaulting Additional Units PPA Participants in this Section.

(c) In the event that less than all of a defaulting Additional Units PPA Participant's Obligation Share shall be accepted pursuant to subsection (a) of this Section by the non-defaulting Additional Units PPA Participants or sold pursuant to subsection (b) of this Section, the Authority shall transfer, on a pro rata basis (based on the respective original Obligation Shares of the Additional Units PPA Participants), to all other non-defaulting Additional Units PPA Participants the remaining portion of such defaulting Additional Units PPA Participant's Obligation Share, subject to the limitations specified in subsection (d) of this Section.

(d) Any portion of the Obligation Share of a defaulting Additional Units PPA Participant transferred pursuant to this Section to a non-defaulting Additional Units PPA Participant shall become a part of and shall be added to the Obligation Share of each transferee Additional Units PPA Participant, and the transferee Additional Units PPA Participant shall be obligated to pay for its Obligation Share, increased as aforesaid, as if the Obligation Share of the transferee Additional Units PPA Participant, increased as aforesaid, had been stated originally as the Obligation Share of the transferee Additional Units PPA Participant in its Contract; provided, however, that in no event shall any transfer of any part of a defaulting Additional Units PPA Participant's Obligation Share pursuant to subsection (c) of this Section result in a transferee Additional Units PPA Participant having an Obligation Share (excluding transfers to such transferee Additional

Units PPA Participant pursuant to subsection (a) of this Section) in excess of 130% of its Obligation Share in effect on the Execution Date, as specified on Attachment B hereto.

(e) In the event that less than all of a defaulting Additional Units PPA Participant's Obligation Share shall be sold or transferred to non-defaulting Additional Units PPA Participants pursuant to this Section, the Authority shall use its reasonable best efforts to sell the remaining portion of a defaulting Additional Units PPA Participant's Obligation Share or the energy associated therewith on such terms and conditions as are acceptable to the Authority to any person, firm, association or corporation, public or private; provided, however, that the Authority shall make no such sales in such amounts, for such periods of time and under such terms and conditions as will adversely affect the tax exempt status of PPA Bonds intended to be tax exempt. A defaulting Additional Units PPA Participant shall remain liable under its Power Sales Contract in all events, except that the obligation of the defaulting Additional Units PPA Participant to pay the Authority shall be reduced to the extent that payment shall be received by the Authority for that portion of a defaulting Additional Units PPA Participant's Obligation Share transferred or sold pursuant to this Section.

SECTION 508. ADDITIONAL UNITS PPA PARTICIPANT'S RIGHTS OF FIRST REFUSAL.

(a) In the event the Buyer defaults in connection with any of its payment obligations under the PPA and the Authority permanently discontinues service pursuant to the terms of the PPA, each Additional Units PPA Participant shall have a right of first refusal to purchase a pro rata amount of such defaulting Buyer's Obligation Share (as defined in the PPA) of the output and services of the PPA Project Entity's Ownership

Interest. The pro rata amount of each Additional Units PPA Participant's right of first refusal shall be equal to its Obligation Share. Any portion of the Buyer's Obligation Share which shall be declined by an Additional Units PPA Participant shall be reoffered pro rata to the Additional Units PPA Participants which have accepted in full the first such offer. Such reoffering shall be repeated until such defaulting Buyer's Obligation Share shall have been reallocated in full or until all Additional Units PPA Participants shall have declined to take any additional portion of such defaulting Buyer's Obligation Share.

In the event that less than all of a defaulting Buyer's Obligation Share shall be accepted pursuant to this section, the right of first refusal provided for herein to each Additional Units PPA Participant shall be considered null and void and the Authority shall use its reasonable best efforts to sell Buyer's Obligation Share of the output and services of the PPA Project Entity's Ownership Interest. The net proceeds resulting from any sale to a third party will first be credited to Buyer's Obligation Share of Plant Vogtle Additional Units PPA Project Annual Costs, exclusive of Debt Service and reserves required under the PPA Bond Resolution and the DOE Loan Documents, and any remaining net proceeds will then be applied to Buyer's Obligation Share of Debt Service and reserves required under the PPA Bond Resolution and the DOE Loan Documents in the manner provided in the PPA Bond Resolution and the DOE Loan Documents.

(b) In the event that the Authority permanently discontinues service under any Contract to a defaulting Additional Units PPA Participant pursuant to Section 502 thereof, each non-defaulting Additional Units PPA Participant shall have a right of first refusal to purchase a pro rata amount of such defaulting Additional Units PPA

Participant's Obligation Share of the output and services of the PPA Project Entity's Ownership Interest. The pro rata amount of each non-defaulting Additional Units PPA Participant's right of first refusal shall be determined as follows: the non-defaulting Additional Units PPA Participant's Obligation Share of the output and services of the PPA Project Entity's Ownership Interest divided by the sum of all Obligation Shares of the output and services of the PPA Project Entity's Ownership Interest of the non-defaulting Additional Units PPA Participants electing to exercise their right of first refusal.

ARTICLE VI
SERVICE

SECTION 601. CHARACTER AND CONTINUITY OF SERVICE.

(a) The Authority or the PPA Project Entity may temporarily interrupt, increase or reduce deliveries of electric energy from the Plant Vogtle Additional Units PPA Project if the Authority or the PPA Project Entity or its respective agent determines that such interruption, increase or reduction is necessary in case of emergencies. The Authority or the PPA Project Entity or its respective agent may also interrupt or reduce deliveries of electric energy from the Plant Vogtle Additional Units PPA Project in order to install equipment in or make repairs to or replacements, investigations, and inspections of or to perform other maintenance work on its generation or transmission facilities and related apparatuses (planned interruptions). After informing the Additional Units PPA Participant regarding any such planned interruption or reduction, giving the reason therefor, and stating the probable duration thereof, the Authority will to the best of its ability schedule, or cause the PPA Project Entity to schedule, such interruption or

reduction at a time which will cause the least interference with the operations of the Plant Vogtle Additional Units PPA Project.

(b) The Authority shall not be required to provide, or be liable for failure to provide, service under this Contract when such failure or the cessation or curtailment of or interference with the service is caused by Uncontrollable Forces.

SECTION 602. METERING.

(a) The Authority reserves the right to provide for installation of meters and will provide or cause to be provided all necessary metering equipment for determining the quantity and conditions of the supply of electric power and energy delivered by the Authority under this Contract; provided, however, that the Additional Units PPA Participant may at its own cost install additional metering equipment to provide a check on that of the Authority.

(b) If any meter used for billing fails to register or is found to be inaccurate, the Authority shall repair or replace such meter or cause it to be repaired or replaced, and the appropriate billing shall be made to the Additional Units PPA Participant by the Authority based upon the best information available for the period, not exceeding sixty (60) days, during which no metering occurred. Any meter tested and found to be not more than two percent (2%) above or below normal shall be considered accurate insofar as correction of billings is concerned. If, as the result of any test, a meter is found to register in excess of two percent (2%) above or below normal then the reading of such meter previously taken for billing purposes shall be corrected for the period during which it is established the meter was inaccurate, but no correction shall be made for any period

beyond sixty (60) days prior to the date on which an inaccuracy is discovered by such test. The Additional Units PPA Participant shall have reasonable access to read and monitor the meter.

SECTION 603. POWER DELIVERIES.

Power and energy furnished to the Additional Units PPA Participant under this Contract shall be in the form of three phase current, alternating at a frequency of approximately 60 Hertz.

SECTION 604. OTHER TERMS AND CONDITIONS.

Service hereunder shall be in accordance with such other terms and conditions as are established as part of the Authority's service rules and regulations, which shall not be inconsistent with the provisions of this Contract.

SECTION 605. DOE GUARANTEED LOAN ARRANGEMENTS.

(a) The Additional Units PPA Participant acknowledges and agrees that, in connection with the entry into the DOE Loan Documents, the Authority will transfer the PPA Project Portion of the Authority's Interest to the PPA Project Entity, the Authority's wholly-owned, special-purpose direct subsidiary. In connection with this transfer, the Authority will enter into the PPA Project Entity Power Purchase Agreement with the PPA Project Entity pursuant to which the Authority will purchase the output and services of the PPA Project Entity's Ownership Interest for resale to Buyer under the PPA and to the Additional Units PPA Participants under the Contracts during the respective terms of the PPA and the Contracts.

(b) The Additional Units PPA Participant acknowledges and agrees that (i) the Authority may grant a first-priority security interest in and lien on its ownership interest

in the PPA Project Entity to the DOE Collateral Agent, and (ii) the PPA Project Entity may grant a first-priority security interest in and lien on all of its assets, including its undivided ownership interest in the Additional Units, its right, title and interest in, to and under the PPA Project Entity Power Purchase Agreement and the Project Agreements and all other collateral specified in the DOE Loan Documents, to the DOE Collateral Agent, in each such case, to secure the DOE Secured Obligations under the DOE Loan Documents and the DOE Guaranteed Loan.

ARTICLE VII
MISCELLANEOUS PROVISIONS

SECTION 701. LIABILITY OF PARTIES.

The Authority and the Additional Units PPA Participant shall assume full responsibility and liability for the maintenance and operation of their respective properties and each shall indemnify and save harmless the other from all liability and expense on account of any and all damages, claims, or actions, including injury to or death of persons arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party and not caused in whole or in part by the negligence of the other party; provided that any liability which is incurred by the Authority through the operation and maintenance of the Plant Vogtle Additional Units PPA Project and not covered, or not covered sufficiently, by insurance shall be paid solely from the revenues of the Authority, and any payments made by the Authority to satisfy such liability shall become part of the Plant Vogtle Additional Units PPA Project Annual Costs.

SECTION 702. ASSIGNMENT OF CONTRACT.

(a) This Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Contract which may only be assigned as specifically authorized herein. This Contract and the Additional Units PPA Participant's rights and obligations hereunder may be assigned, either in whole or in part, by the Additional Units PPA Participant to any other Additional Units PPA Participant or, if such assignment will not adversely affect, in the sole opinion of the Authority, (a) the exclusion from gross income for federal income tax purposes of the interest on the PPA Bonds of any series the interest on which is intended to be so excluded or (b) the eligibility of the Authority to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on any Build America Bonds, to another third party if such Participant or other third party (i) meets the minimum credit rating established by the Authority for Additional Units PPA Participants, and (ii) is acceptable to the bond insurers or other credit providers for the Authority's PPA Bonds and to DOE. Any assignee of the Additional Units PPA Participant shall specifically assume in writing the Additional Units PPA Participant's obligations under this Contract with respect to the rights transferred, and the Additional Units PPA Participant shall remain contingently liable therefor.

(b) The Additional Units PPA Participant acknowledges and agrees that the Authority may assign and pledge to the Trustee designated in the PPA Bond Resolution, for the benefit of the DOE Collateral Agent, DOE and the other secured parties identified therein, all its right, title and interest in and to all payments to be made to the Authority under the provisions of this Contract attributable to the Plant Vogtle Additional Units

PPA Project or to the Plant Vogtle Additional Units PPA Project Annual Costs as security for the payment of amounts due and payable in connection with the Plant Vogtle Additional Units PPA Project, including amounts under the PPA Bonds and DOE Secured Obligations under the DOE Guaranteed Loan or the DOE Loan Guarantee Agreement, or secured by, the PPA Bond Resolution (including as security for amounts owed by the PPA Project Entity under the DOE Loan Documents), and, following the execution of such assignment and pledge, upon the occurrence and continuance of a Bondholders' Event of Default or a Federal Loan Event of Default under (and as each such term is defined in) the PPA Bond Resolution, the Trustee (or, in the case of a DOE Event of Default, DOE or the DOE Collateral Agent on behalf of DOE) shall have all rights and remedies herein provided to the Authority, including to make all demands, give all notices, take all actions (including collection action) and exercise all rights on behalf or in the place of the Authority. The Trustee, DOE, the DOE Collateral Agent and the PPA Project Entity each shall be a third-party beneficiary of the covenants and agreements of the Additional Units PPA Participant herein contained.

(c) The Additional Units PPA Participant (i) has received no written notice of any previous assignment by the Authority of all or any part of its rights under this Contract and (ii) except as set forth in Section 702(b) hereof, has not consented to any previous assignment by the Authority of all or any part of its rights under this Contract.

(d) Except as permitted by Section 702(b) hereof, this Contract may not be assigned by the Authority without the prior written consent of the DOE Collateral Agent.

SECTION 703. TERMINATION OR AMENDMENT OF CONTRACT.

(a) Subject to Section 101 hereof, this Contract shall not be terminated by either party under any circumstances, whether based upon the default of the other party under this Contract or any other instrument or otherwise except as specifically provided in this Contract.

(b) This Contract, on which purchasers of PPA Bonds and DOE shall have relied as an inducement to purchase and hold the PPA Bonds and to guarantee the DOE Guaranteed Loan, respectively, shall not be amended, modified, or otherwise altered in any manner except as provided in this Contract. So long as any of the PPA Bonds or the DOE Secured Obligations are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the PPA Bond Resolution and the DOE Loan Documents, respectively, and no undisbursed commitments remain available under the DOE Loan Documents, this Contract shall not be amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for the Debt Service on all the PPA Bonds and as security for the DOE Secured Obligations or extend the time of such payments provided herein or adversely impact, in the opinion of the Authority, the tax exempt status of the PPA Bonds, or which will in any manner impair or adversely affect the rights of the owners from time to time of the PPA Bonds or the rights of the Buyer during the PPA Term or the rights of the DOE Secured Parties pursuant to the DOE Loan Documents. Subject to the foregoing and any other limitations contained in the PPA Bond Resolution or the DOE Loan Documents, any amendment of this Contract must be in writing and duly executed by both the Authority and the Additional Units PPA Participant.

SECTION 704. SEVERABILITY.

In case any one or more of the provisions of this Contract shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, it is the intention of each of the parties hereto that such illegality or invalidity shall not affect any other provision hereof, but this Contract shall be construed and enforced as if such illegal or invalid provision had not been contained herein, and this Contract shall be construed to adopt, but not to enlarge upon, all of the applicable provisions of said Act, and all the applicable provisions of the Constitution and general laws of Georgia, and, if any provisions hereof conflict with any applicable provision of said Constitution or laws, the former as proposed by the legislature, approved by the people of the State of Georgia and interpreted by the courts of the State of Georgia, and the latter as adopted by the legislature and as interpreted by the courts of the State of Georgia, shall prevail in lieu of any provision hereof in conflict or not in harmony therewith.

SECTION 705. GOVERNING LAW.

This Contract shall be governed by, and construed in accordance with, the laws of the State of Georgia.

SECTION 706. DULY AUTHORIZED SIGNATORIES; BINDING EFFECT OF EXECUTION.

The Authority as to its signatory and the Additional Units PPA Participant as to its signatory hereby represents and warrants that the person executing this Contract on its respective behalf is duly authorized to do so, and that, by such execution, such party is hereby duly and lawfully bound by this Contract.

IN WITNESS WHEREOF, the Municipal Electric Authority of Georgia has caused this Contract to be executed in its corporate name by its duly authorized officers

and, by the execution hereof it is acknowledged that payments made under this Contract may be assigned, as provided in Section 309 hereof, and the Authority has caused its corporate seal to be hereunto impressed and attested; the Additional Units PPA Participant has caused this Contract to be executed in its corporate name by its duly authorized officers and its corporate seal to be hereunto impressed and attested, and delivery hereof by the Authority to the Additional Units PPA Participant is hereby acknowledged, all as of the day and year first above written.

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

BY: _____

TITLE: President and Chief Executive Officer

ATTEST:

BY: _____

TITLE: Assistant Secretary-Treasurer

(SEAL)

ADDITIONAL UNITS PPA PARTICIPANT

CITY OF _____

BY: _____

TITLE: _____

ATTEST:

BY: _____

TITLE: _____

(SEAL)

SCHEDULE I

AMENDMENTS TO ORIGINAL CONTRACT

As provided in Section 101 of the Amended and Restated Plant Vogtle Additional Units PPA Power Sales Contract to which this Schedule I is attached (the "Contract"), in the event that (a) the Effective Date shall not occur on or before January 1, 2017 or (b) the DOE Loan Guarantee Agreement and the other DOE Loan Documents shall be terminated prior to the making of any Advance, the Original Contract shall be amended as follows:

(1) The term thereof (as provided in Section 101 thereof) shall be and be deemed to have been extended to the date that is fifty (50) years following the Execution Date of the Contract.

(2) Section 102 of the Original Contract shall be amended to add thereto, in the appropriate alphabetical order, a definition of "Build America Bonds," to read as follows:

> "Build America Bonds" shall mean any PPA Bonds with respect to which the Authority has irrevocably elected, pursuant to Section 54AA(g) of the Internal Revenue Code of 1986, as amended, or any other similar federal program creating subsidies for municipal borrowers for which the Authority qualifies, to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on such PPA Bonds.

(3) The first sentence of Section 206 of the Original Contract shall be amended to read as follows (with additions being indicated by double-underscoring):

> So long as the Authority has tax exempt PPA Bonds or Build America Bonds outstanding, the Additional Units PPA Participant agrees that it shall not, without the express written consent of the Authority, enter into any contract pursuant to which a non-exempt person agrees to purchase power produced by the Plant Vogtle Additional Units PPA Project in a manner that results in private business use within the meaning of the Internal Revenue Code of 1986, as amended, modified or re-enacted (or any successor thereto) (the "Code").

(4) The first sentence of Section 207 of the Original Contract shall be amended to read as follows (with additions being indicated by double-underscoring):

> The Additional Units PPA Participant hereby covenants that it shall take no action, nor shall it consent to or approve the taking of any action, that would in the opinion of the Authority adversely affect (a) the exclusion from gross income for federal income tax purposes of the interest on the PPA Bonds of any series the interest on which is intended to be so excluded or (b) the eligibility of the Authority to receive cash subsidy payments from the United States

Treasury equal to a portion of the interest payable on any Build America Bonds.

(5) The second sentence of Section 702(a) of the Original Contract shall be amended to read as follows (with additions being indicated by double-underscoring and deletions being struck-through):

> This Contract and the Additional Units PPA Participant's rights and obligations hereunder may be assigned, either in whole or in part, by the Additional Units PPA Participant to any other Additional Units PPA Participant or, if such assignment will not adversely affect, in the sole opinion of the Authority, ~~the tax exempt status of the Authority's outstanding PPA Bonds~~ (a) the exclusion from gross income for federal income tax purposes of the interest on the PPA Bonds of any series the interest on which is intended to be so excluded or (b) the eligibility of the Authority to receive cash subsidy payments from the United States Treasury equal to a portion of the interest payable on any Build America Bonds, to another third party if such Participant or other third party (i) meets the minimum credit rating established by the Authority for Additional Units PPA Participants, and (ii) is acceptable to the bond insurers or other credit providers for the Authority's PPA Bonds.

ATTACHMENT A

DESCRIPTION OF THE AUTHORITY'S INTEREST IN THE PLANT VOGTLE ADDITIONAL UNITS

I. Authority's Interest.

The Authority's Interest in the Additional Units shall consist of the ownership (whether owned in whole or in part by the Authority or by any entity (including, without limitation, the PPA Project Entity) that is a wholly-owned subsidiary of the Authority (a "Project Entity")) of a 22.7% undivided interest in the two additional nuclear units, each 1,102 megawatts Nominally Rated, to be located at Plant Vogtle, in Burke County, Georgia and consisting of (i) nuclear power reactors, the turbine-generators, the buildings housing the same, the associated auxiliaries and equipment, and the related transmission facilities (as more specifically described in the application, and amendments thereto, filed by the Georgia Power Company with the Nuclear Regulatory Commission for a Combined Construction and Operating License); (ii) inventories of materials, supplies, Fuel, tools and equipment for use in connection with the Additional Units to be constructed at Plant Vogtle; (iii) land adequate for the Additional Units or, alternatively, appropriate easements granting the right of use to land adequate for the Additional Units, and site preparation, foundations, fencing and fire protection; (iv) the right of use of the infrastructure and system supporting the existing units one and two at Plant Vogtle as well as existing services supporting such units; (v) all property and equipment for connecting the generating facilities to the transmission system at the point where said transmission system forms part of the Georgia Integrated Transmission System (as determined as of June 15, 2008, the dated date of the Original Contract), including,

without limitation, the step-up transformers, high side bushing to the electrical transmission system, all related switching stations, remote terminal unit and connections to Supervisory Control and Data Acquisition System (SCADA); (vi) inventories of materials, supplies, tools and equipment; (vii) prepayment of initial supply of Fuel; and (viii) the additional facilities of the Additional Units as described in Part II of this Attachment.

II. Additional Facilities.

The additional facilities of the Additional Units shall include (i) any major renewals, replacements, repairs, additions, betterments and improvements to the Additional Units necessary, in the opinion of the Authority, to keep the Additional Units in good operating condition or to prevent a loss of revenues therefrom, and (ii) any major additions, improvements, repairs and modifications to the Additional Units and any disposals of the Additional Units required by any government agency having jurisdiction over the Additional Units or for which the Authority (or a Project Entity) shall be responsible by virtue of any obligation of the Authority (or such Project Entity) arising out of any contract to which the Authority (or such Project Entity) may be a party relating to ownership of the Additional Units or any facility thereof.

ATTACHMENT B TO PLANT VOGTLE ADDITIONAL UNITS

PPA POWER SALES CONTRACT

Additional Units PPA Participants	*Obligation Shares*
Acworth	0.11214%
Adel	1.93985%
Albany	7.55629%
Barnesville	0.75563%
Blakely	1.17576%
Cairo	1.81351%
Calhoun	4.53378%
Camilla	1.69896%
Cartersville	7.55629%
College Park	3.14342%
Commerce	0.26145%
Covington	1.89331%
Crisp County	0.54677%
Douglas	3.32477%
Elberton	1.60193%
Ellaville	0.30225%
Fairburn	0.61297%
Fitzgerald	2.41801%
Forsyth	1.81351%
Fort Valley	1.57443%
Grantville	0.06045%
Griffin	3.64757%
Hogansville	0.30225%
Jackson	0.60450%
LaFayette	1.20901%
LaGrange	6.64954%
Lawrenceville	4.53378%
Marietta	19.75971%
Monroe	2.05531%
Moultrie	1.51126%
Newnan	2.06498%
Norcross	1.26946%
Palmetto	0.39293%
Sylvania	1.20901%
Sylvester	1.51126%

Thomaston	2.29711%
Thomasville	4.53378%
Washington	1.17878%
West Point	0.57428%
Total	100.00000%

EXHIBIT I

Example of Section 206(d) Payment Calculation

Buyers Payment of Capitalized Interest on 1/28/2015	$3,000,000.00
Interest Income from 1/28-6/30/2015 @ 5.01%	(63,877.50)
Assumed Interest 1/28-6/30/2015 @ 5.01%	63,877.50
Subtotal	$3,000,000.00
Assumed Interest 7/1-12/31/2015 @ 5.01%	75,150.00
Subtotal	3,075,150.00
Assumed Interest 1/1-3/31/2016 @ 5.01%	38,516.25
Amount Assumed Bonded for Imputed Debt Service Calculation	$3,113,666.25

Period Ending	Principal	Coupon	Interest	Debt Service
1/1/2017	-	0	$116,996.01	$116,996.01
1/1/2018	$27,225.63	0.0501	155,994.68	183,220.31
1/1/2019	28,589.63	0.0501	154,630.68	183,220.31
1/1/2020	30,021.97	0.0501	153,198.34	183,220.31
1/1/2021	31,526.08	0.0501	151,694.24	183,220.32
1/1/2022	33,105.53	0.0501	150,114.78	183,220.31
1/1/2023	34,764.12	0.0501	148,456.20	183,220.32
1/1/2024	36,505.80	0.0501	146,714.50	183,220.30
1/1/2025	38,334.74	0.0501	144,885.56	183,220.30
1/1/2026	40,255.31	0.0501	142,965.00	183,220.31
1/1/2027	42,272.10	0.0501	140,948.20	183,220.30
1/1/2028	44,389.94	0.0501	138,830.38	183,220.32
1/1/2029	46,613.87	0.0501	136,606.44	183,220.31
1/1/2030	48,949.23	0.0501	134,271.08	183,220.31
1/1/2031	51,401.58	0.0501	131,818.72	183,220.30
1/1/2032	53,976.80	0.0501	129,243.50	183,220.30
1/1/2033	56,681.04	0.0501	126,539.26	183,220.30
1/1/2034	59,520.76	0.0501	123,699.54	183,220.30
1/1/2035	62,502.75	0.0501	120,717.56	183,220.31
1/1/2036	65,634.14	0.0501	117,586.18	183,220.32
1/1/2037	68,922.41	0.0501	114,297.90	183,220.31
1/1/2038	72,375.42	0.0501	110,844.88	183,220.30
1/1/2039	76,001.43	0.0501	107,218.88	183,220.31
1/1/2040	79,809.10	0.0501	103,411.20	183,220.30
1/1/2041	83,807.54	0.0501	99,412.78	183,220.32
1/1/2042	88,006.29	0.0501	95,214.02	183,220.31
1/1/2043	92,415.41	0.0501	90,804.90	183,220.31
1/1/2044	97,045.42	0.0501	86,174.88	183,220.30
1/1/2045	101,907.40	0.0501	81,312.92	183,220.32
1/1/2046	107,012.96	0.0501	76,207.36	183,220.32
1/1/2047	112,374.31	0.0501	70,846.00	183,220.31
1/1/2048	118,004.26	0.0501	65,216.04	183,220.30
1/1/2049	123,916.27	0.0501	59,304.04	183,220.31
1/1/2050	130,124.48	0.0501	53,095.84	183,220.32
1/1/2051	136,643.72	0.0501	46,576.60	183,220.32
1/1/2052	143,489.57	0.0501	39,730.74	183,220.31
1/1/2053	150,678.39	0.0501	32,541.92	183,220.31
1/1/2054	158,227.38	0.0501	24,992.92	183,220.30
1/1/2055	166,154.57	0.0501	17,065.74	183,220.31
1/1/2056	174,478.91	0.0501	8,741.40	183,220.31
	$3,113,666.26		$4,148,921.81	$7,262,588.07

Buyers Payment of Capitalized Interest @ 1/28/2015	$3,000,000.00
Assumed Buyers Loss Opportunity Cost on Capitalized Interest Payment 1/28/2015 to 3/31/2016	177,543.75
Assumed Interest Income from 1/28-6/30/2015	(63,877.50)
Assumed Bond Size	$3,113,666.25
Imputed Principal Installments 1/1/2018 - 1/1/2037	$901,193.43
Buyer Reimbursement at end of term of PPA	$2,212,472.82

EXHIBIT J

FORM OF TAX CERTIFICATION

TAX CERTIFICATE AS TO ARBITRAGE AND THE PROVISIONS OF SECTIONS 141-150 OF THE INTERNAL REVENUE CODE OF 1986

In connection with the issuance by the Municipal Electric Authority of Georgia (the **"Authority"**) of its Plant Vogtle Additional Units PPA Project Revenue Bonds, 20__ Series _ (the **"Bonds"**), which are being issued to finance or refinance the PPA Project (as defined below) and in furtherance of the covenants of JEA contained in Section 306 of the Power Purchase Agreement, dated as of May 12, 2008, as amended and restated, between the Authority, as Seller, and JEA, as Buyer (the **"Purchase Contract"**), and pursuant to Treasury Regulations Section 1.148-2(b)(2), JEA makes and enters into the following Tax Certificate.

SECTION 1. DEFINITIONS. For purposes hereof, the following definitions shall apply:

a. **Code** shall mean the Internal Revenue Code of 1986.

b. **Special Tax Counsel** shall mean Nixon Peabody LLP or any other law firm appointed by the Authority, having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

c. **Treasury Regulations** shall mean the Treasury Regulations to the extent applicable to the Bonds.

SECTION 2. REPRESENTATIONS.

(a) Purpose. JEA understands that the Bonds will be issued by the Authority on the date hereof (the **"Delivery Date"**) to finance or refinance costs of the PPA Project, as defined in the Purchase Contract. For purposes hereof, the term "Project" shall refer only to the output that is purchased by JEA pursuant to the Purchase Contract.

(b) Statement as to Facts, Estimates and Circumstances. The facts and estimates set forth in this Tax Certificate on which JEA's expectations as to the use of the Project based are made to the best of the knowledge and belief of the undersigned officer of JEA, and JEA's expectations are reasonable.

(c) Responsible Person. The undersigned is an officer of JEA responsible for the matters described herein and has made due inquiry with respect to and is fully informed as to the matters set forth herein.

SECTION 3. RESTRICTIONS ON NONGOVERNMENTAL USE.

(a) In general. JEA does not expect that the Project will be used in any trade or business carried on by any natural person or any activity carried on by anyone other than a

natural person or a state or local governmental unit (the **"Private Use Limits"**). For purposes of this section, "use" includes the sale of power to nongovernmentally owned utilities pursuant to output or requirements contracts as well as any other arrangements for the sale or transmission of power on terms different from those available to the general public. Except as permitted by paragraph (c) below, JEA shall not permit any private business use of the Project. This requirement is applied by taking into account any arrangements JEA has with third parties for the sale of power from the Project that would be taken into account as a "use" of the Project if made by JEA. JEA agrees to notify the Authority prior to any such use.

(b) Reasonable Expectations. JEA reasonably expects to comply with the Private Use Limits throughout the term of the Bonds.

(c) Other Uses of the Project. JEA has and may enter into a variety of arrangements with nongovernmental persons, including wholesale and retail customers of JEA and nongovernmental utilities and other providers of electric generation and transmission service. With respect to the Project, each of these arrangements will satisfy one of the following exceptions to the limitations on private business use and private security or payments:

(1) in the case of sales of electric generation service, the term of such transactions will not exceed three years (including renewal options), such transactions will be negotiated, arm's length arrangements that provide for compensation at fair market value or are based on generally applicable and uniformly applied rates, and the Project was not acquired with a principal purpose of providing that facility for use by that nongovernmental person;

(2) in the case of sales of electric generation service, the compensation for such service will not exceed JEA's properly allocable cost of ordinary and necessary expenses that are directly attributable to the operation of the Project used by the nongovernmental person;

(3) in the case of sales of electric generation service, the output is sold (i) to a retail customer pursuant to a requirements contract that does not involve minimum guaranteed payments, or (ii) under a contract pursuant to which the average annual payments to be made under the contract do not exceed 1 percent of the average annual debt service on all outstanding tax-exempt bonds issued to finance the Project;

(4) the use of the Project is by (i) an entity that qualifies as an agency of JEA, as approved by the Internal Revenue Service or Special Tax Counsel, or (ii) absent advice from Special Tax Counsel to the contrary, The Energy Authority, Inc., provided, in either case that such entity does not, in turn, use the output of the Project in a manner that gives rise to private business use;

(5) in the case of sales of electric generation service, the output is sold to a customer pursuant to a wholesale requirements contract wherein (i) the term of the contract does not exceed the lesser of 5 years or the term of the Bonds, and (ii) the amount of the output sold does not exceed 5% of the available output of the Project; or

(6) in the case of sales of electric generation service, output that is allocable to portions of the Project that were financed with amounts other than the proceeds of obligations the interest on which is excluded from gross income for federal income tax purposes.

JEA may use the output of the Project in a manner that gives rise to private business use provided that the aggregate of such private business use by JEA does not exceed JEA's share of the permitted $15 million of private business use. For this purpose, JEA's share of the permitted $15 million of private business use shall be based on the portion of such $15 million allocable to the Bonds (and other obligations) issued under the PPA Project Bond Resolution (as defined in the Purchase Contract) that is allocable to JEA based on the term of the Purchase Contract, the measurement period for the Bonds, the output purchased under the Purchase Contract, and the available output of the PPA Project. The provisions of this Section 3 shall only apply to sales of output that are, under the applicable Treasury Regulations, allocable to the Project.

SECTION 4. RECORDKEEPING. JEA shall retain records related to the matters described herein as reasonably necessary to establish compliance with the requirements of this Tax Certificate and shall provide copies of such records as reasonably required by the Authority. JEA shall provide the Authority with such other information related to the Project as may be reasonably required by the Authority to determine the tax-exempt status of the Bonds.

SECTION 5. AMENDMENTS. This Tax Certificate has been executed pursuant to section 306 of the Purchase Contract wherein JEA has covenanted to comply with the provisions of this Tax Certificate in order that it not adversely affect the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation. This Tax Certificate sets forth a portion of the information, representations, and procedures necessary in order for Special Tax Counsel to render its opinion regarding the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation and may be amended or supplemented from time to time to maintain such exclusion only with the approval of Special Tax Counsel.

Notwithstanding any other provision herein, the covenants and obligations contained herein may be and shall be deemed modified to the extent JEA secures an opinion of Special Tax Counsel that any action required hereunder is no longer required or that some further action is required in order to maintain the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation. To that end, JEA shall be permitted to supplement or modify this Tax Certificate in a manner which is mutually acceptable both to JEA's bond counsel and to Special Tax Counsel.

SECTION 6. SUPPLEMENTATION OF THIS CERTIFICATE. JEA understands the need to supplement this Tax Certificate periodically to reflect further developments in the Federal income tax laws governing the exclusion from Federal gross income of interest on the Bonds and will, periodically, seek the advice of its bond counsel as to the propriety of seeking the review of and supplements to this Tax Certificate from Special Tax Counsel.

JEA

Dated: _____

By:_____

EXHIBIT K

FORM OF BUYER'S CONSENT AND DIRECT AGREEMENT

CONSENT TO ASSIGNMENT

This CONSENT TO ASSIGNMENT (this "Agreement"), dated as of [•], is by and among the Municipal Electric Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia ("MEAG Power"), JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida ("JEA") and PNC Bank, National Association, doing business as Midland Loan Services, a division of PNC Bank, National Association (the "Collateral Agent").

RECITALS

1. WHEREAS, MEAG Power SPVJ, LLC, a limited liability company organized and existing under the laws of the State of Georgia (the "Borrower"), together with each of Georgia Power Company, a corporation organized and existing under the laws of the State of Georgia; Oglethorpe Power Corporation (An Electric Membership Corporation), an electric membership corporation organized and existing under the laws of the State of Georgia; City of Dalton, Georgia, acting by and through its Board of Water, Light and Sinking Fund Commissioners, d/b/a Dalton Utilities; and MEAG Power, individually and/or through one or both of its wholly owned direct subsidiaries, MEAG Power SPVP, LLC, a limited liability company organized and existing under the laws of the State of Georgia and MEAG Power SPVM, LLC, a limited liability company organized and existing under the laws of the State of Georgia, intends to expand the facilities at the existing nuclear power generating facility commonly known as the Alvin W. Vogtle Electric Generating Plant located in Burke County, Georgia, near Waynesboro, Georgia, on the west bank of the Savannah River, by developing, constructing, owning, operating and maintaining two additional nuclear generating units, consisting of two (2) Westinghouse AP1000® nuclear reactors, each with a nominally rated generating capacity of approximately 1,100 megawatts, natural draft cooling towers, intake and discharge structures, associated transmission facilities, fuel and ancillary structures supporting the power generation process (together, the "Project"), located adjacent to such existing facility;

2. WHEREAS, (a) MEAG Power and JEA entered into that certain Amended and Restated Power Purchase Agreement, dated as of [•][1] (the "JEA PPA"), pursuant to which MEAG Power has agreed to sell the output of the Plant Vogtle Additional Units PPA Project (as defined in the JEA PPA) to JEA for a term ending twenty (20) years after the Commercial Operation Date (as defined in the JEA PPA) of the second of the Additional Units (as defined in the JEA PPA) and (b) JEA has agreed to purchase such output under the JEA PPA, which includes in its Recitals a whereas clause stating that JEA's desire to purchase such output is predicated upon the understanding that the sale of such output by MEAG Power to JEA will require JEA to assume a proportionate share of the related construction risk;

3. WHEREAS, the Borrower will enter into the Loan Guarantee Agreement, dated as of the date hereof, by and between the Borrower and DOE (the "Loan Guarantee Agreement") and the Note Purchase Agreement, dated as of the date hereof, by and among the Borrower, the

[1] Date to be inserted before filing validation petition.

Federal Financing Bank ("FFB") and DOE (the "Note Purchase Agreement") to finance a portion of the cost to develop and construct its undivided ownership interest in the Project;

4. WHEREAS, pursuant to one or more guarantee instruments (collectively, the "DOE Guarantee"), dated as of the date hereof, issued by the U.S. Department of Energy acting by and through the Secretary of Energy (or appropriate authorized representative thereof) ("DOE"), it is contemplated that DOE (in such capacity, the "Guarantor") will guarantee all or a portion of the indebtedness of the Borrower incurred pursuant to the Note Purchase Agreement;

5. WHEREAS, the Borrower has agreed to reimburse DOE for any payments made by DOE under the DOE Guarantee pursuant to the Loan Guarantee Agreement, dated as of the date hereof, by and between the Borrower and DOE (the "Loan Guarantee Agreement"), and MEAG Power has made certain undertakings for the benefit of the Guarantor pursuant to the Equity Funding and Undertaking Agreement, dated as of the date hereof, by and among MEAG Power, the Borrower and DOE (the "Equity Funding Agreement" and, together with the Loan Guarantee Agreement, the Note Purchase Agreement, the security documents, including each deed to secure debt, indenture, security agreement, equity pledge agreement or other similar security documents entered into by the Borrower or MEAG Power, and the other documents and instruments executed in connection with the Borrower's financing, the "Credit Facility Documents");

6. WHEREAS, MEAG Power has transferred a portion of its undivided ownership interest in the Project to the Borrower in connection with the Borrower's execution and delivery of the Credit Facility Documents;

7. WHEREAS, as security for the Borrower's obligations under the Credit Facility Documents, pursuant to that certain Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution, adopted [●][2] (the "Bond Resolution"), MEAG Power has made a collateral assignment of, and granted a security interest in, the Shared Trust Estate (as defined in the Bond Resolution), including all of its right, title and interest in and to all payments to be made to MEAG Power under the provisions of the JEA PPA attributable to the Plant Vogtle Additional Units PPA Project or to the Plant Vogtle Additional Units PPA Project Annual Costs (as defined in the JEA PPA), other than the Buyer's Additional Compensation Obligation (as defined in the JEA PPA) (all such payments being referred to herein as the "JEA PPA Payments," and the foregoing security interests, the "Security Interests"), to Wells Fargo Bank, N.A., as trustee under the Bond Resolution (together with any successor trustee, the "Trustee") for the benefit of the Collateral Agent, the Guarantor and the other secured parties identified therein; and

8. WHEREAS, pursuant to the Bond Resolution, if a Bondholders' Event of Default or a Federal Loan Event of Default (as such terms are defined in the Bond Resolution) occurs and is not remedied, the Collateral Agent is authorized to exercise certain rights and remedies or to cause the Trustee to exercise certain rights and remedies for the benefit of the DOE Secured Parties (as defined in the Bond Resolution) and the other secured parties identified therein,

[2] Date to be inserted before filing validation petition.

including all rights and remedies provided to MEAG Power under the JEA PPA (other than the right to collect the Buyer's Additional Compensation Obligation); and

9. WHEREAS, it is a condition precedent to the Guarantor's execution and delivery of the DOE Guarantee that each of the parties hereto execute and deliver this Agreement provided that this Agreement shall become effective upon the date of issuance of the DOE Guarantee;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto hereby agree and consent as follows:

SECTION 1: Definitions and Interpretation.

1.01 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"**Agreement**" shall have the meaning set forth in the preamble.

"**Additional Units**" shall have the meaning set forth in recital 2.

"**Bond Resolution**" shall have the meaning set forth in recital 7.

"**Bondholders' Event of Default**" shall have the meaning set forth in recital 8.

"**Borrower**" shall have the meaning set forth in recital 1.

"**Buyer's Additional Compensation Obligation**" shall have the meaning set forth in the JEA PPA.

"**Collateral Agent**" shall have the meaning set forth in the preamble.

"**Commercial Operation Date**" shall have the meaning set forth in recital 2.

"**Credit Facility Documents**" shall have the meaning set forth in recital 5.

"**Debt Termination Date**" shall mean the first day on which the indebtedness of the Borrower under the Note Purchase Agreement has been indefeasibly paid in cash in full (other than unasserted contingent indemnity obligations and other obligations that expressly survive termination of the applicable documents), all commitments to the Borrower under the Note Purchase Agreement and the other Credit Facility Documents have terminated, and the Borrower has paid in cash all sums due from the Borrower under the Credit Facility Documents (other than unasserted contingent indemnity obligations and other obligations that expressly survive termination of the applicable documents).

"**DOE**" shall have the meaning set forth in recital 4.

"**DOE Event of Default**" shall mean an Event of Default as defined in the Equity Funding Agreement.

"**DOE Guarantee**" shall have the meaning set forth in recital 4.

"**DOE Secured Parties**" shall have the meaning set forth in recital 8.

"**Equity Funding Agreement**" shall have the meaning set forth in recital 5.

"**Federal Loan Event of Default**" shall have the meaning set forth in recital 8.

"**Guarantor**" shall have the meaning set forth in recital 4.

"**JEA**" shall have the meaning set forth in the preamble.

"**JEA PPA**" shall have the meaning set forth in recital 2.

"**JEA PPA Payments**" shall have the meaning set forth in recital 7.

"**Loan Guarantee Agreement**" shall have the meaning set forth in recital 5.

"**MEAG Power**" shall have the meaning set forth in the preamble.

"**Note Purchase Agreement**" shall have the meaning set forth in recital 3.

"**Person**" shall mean any individual, corporation, company, partnership, firm, limited liability company, voluntary association, joint venture, trust, unincorporated organization, governmental authority, committee, department, authority or any other entity, incorporated or unincorporated, whether having distinct legal personality or not.

"**Plant Vogtle Additional Units PPA Project**" shall have the meaning set forth in recital 2.

"**Plant Vogtle Additional Units PPA Project Annual Costs**" shall have the meaning set forth in recital 7.

"**Project**" shall have the meaning set forth in recital 1.

"**Security Interests**" shall have the meaning set forth in recital 7.

"**Shared Trust Estate**" shall have the meaning set forth in recital 7.

"**Termination Date**" shall have the meaning set forth in Section 4.08.

"**Trustee**" shall have the meaning set forth in recital 7.

1.02 Interpretation. Except as otherwise expressly provided, the following rules of interpretation shall apply to this Agreement:

(a) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined;

(b) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms;

(c) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation";

(d) the word "will" shall be construed to have the same meaning and effect as the word "shall";

(e) unless the context requires otherwise, any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein) and shall include any appendices, schedules, exhibits, clarification letters, side letters and disclosure letters executed in connection therewith;

(f) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns;

(g) any reference to any applicable law shall include all references to such applicable law as amended from time to time;

(h) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof; and

(i) all references herein to Articles, Sections and Exhibits shall be construed to refer to Articles and Sections of, and Exhibits to, this Agreement.

SECTION 2: Consent to Assignment; General Undertakings.

2.01 Consents; Acknowledgments and Agreements.

(a) In accordance with Section 1001 of the JEA PPA, (i) JEA consents to MEAG Power granting a Security Interest pursuant to the Bond Resolution to the Trustee for the benefit of the Collateral Agent, the Guarantor and the other secured parties identified therein in and to all JEA PPA Payments and (ii) JEA agrees that, following the occurrence and continuance of (1) a Bondholders' Event of Default or a Federal Loan Event of Default, the Trustee, or (2) a DOE Event of Default, the Guarantor or the Collateral Agent, in either case, shall have all rights and

remedies provided to MEAG Power under the JEA PPA (other than the right to collect the Buyer's Additional Compensation Obligation), including taking collection action on behalf of MEAG Power for any and all JEA PPA Payments owed to MEAG Power by JEA under the JEA PPA. The Guarantor and the Collateral Agent shall each be a third-party beneficiary of the covenants and agreements of JEA contained in the JEA PPA.

(b) JEA acknowledges that upon and after its receipt of a notice from (1) the Trustee of the occurrence and continuance of a Bondholders' Event of Default or a Federal Loan Event of Default and the exercise of the Trustee's rights and remedies under the Bond Resolution, or (2) the Guarantor or the Collateral Agent of the occurrence and continuance of a DOE Event of Default and the exercise of the Guarantor's rights and remedies under the Equity Funding Agreement, in either case, to make all demands, give all notices, take all actions and exercise, on behalf or in the place of MEAG Power, all rights of MEAG Power under the JEA PPA (other than the right to collect the Buyer's Additional Compensation Obligation), JEA agrees to (i) accept any such exercise of rights and remedies by the Trustee, the Collateral Agent or the Guarantor, as the case may be, and (ii) recognize the Trustee, the Collateral Agent or the Guarantor, as the case may be, as having all of the rights and remedies provided to MEAG Power under the JEA PPA (other than the right to collect the Buyer's Additional Compensation Obligation), including taking collection action on behalf of MEAG Power for any and all JEA PPA Payments owed to MEAG Power by JEA under the JEA PPA.

2.02 Opinion of Counsel. JEA shall, on the date hereof, deliver an opinion of counsel relating to the JEA PPA and this Agreement, reasonably satisfactory to the Collateral Agent, which opinion shall be substantially in the form attached hereto as Exhibit A.

SECTION 3: Representations and Warranties.

JEA hereby represents and warrants to the Collateral Agent as follows:

3.01 Due Organization. JEA represents and warrants that JEA is a body politic and corporate duly organized and validly existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida. JEA has the requisite power and authority to own and operate its business and properties and to carry on its business as such business is now being conducted and is duly qualified to do business in the State of Florida and in any other jurisdiction in which the transaction of its business makes such qualification necessary.

3.02 Authorization. JEA has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and the execution, delivery and performance of this Agreement by JEA have been duly authorized by the necessary action on the part of JEA. This Agreement has been duly executed and delivered by JEA and is the valid and

binding obligation of JEA enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other laws affecting the rights of creditors generally and by general principles of equity.

3.03 Non-Contravention. The execution, delivery and performance of this Agreement by JEA and the consummation of the transactions contemplated hereby do not and will not contravene the organizational documents of JEA and do not and will not conflict with or result in a material breach of or default under any indenture, mortgage, lease, agreement, instrument, judgment, decree, order or ruling to which JEA is a party or by which it or any of its properties is bound or affected.

3.04 Approvals. There are no approvals or consents of governmental authorities or other Persons not yet obtained, the absence of which would materially impair JEA's ability to execute, deliver and perform its obligations under this Agreement.

3.05 No Previous Assignments. JEA (a) has received no written notice of any previous assignment by MEAG Power of all or any part of its rights under the JEA PPA and (b) has not consented to any previous assignment by MEAG Power of all or any part of its rights under the JEA PPA.

3.06 Sovereign Immunity. In any proceedings by the Guarantor or the Collateral Agent to enforce any of the obligations of JEA in connection with the JEA PPA, the defense of sovereign immunity is not available to JEA, except to the extent that any such proceeding seeks enforcement based on tort or similar claim and in such case such defense is available only to the extent set forth under Florida Statutes Section 768.28 or other similarly applicable provision of law, and, to the extent permitted by applicable law, JEA consents to the initiation of any such proceedings in any court of competent jurisdiction and agrees not to assert the defense of sovereign immunity in any such proceedings.

3.07 No Breach. JEA is not, or but for the passage of time or giving of notice or both will not be, in breach or default of any obligation under the JEA PPA or any other agreement or contract except for any such breach that could not reasonably be expected to have a material adverse effect on the completion or operation of the Project or on the performance by JEA of its obligations under the JEA PPA. All conditions precedent to the obligations of the respective parties under the JEA PPA have been satisfied or, where required, waived in writing by the applicable party thereto and disclosed to DOE. To JEA's knowledge, there exists no default by MEAG Power under the JEA PPA.

SECTION 4: Miscellaneous Provisions.

4.01 Governing Law; Submission to Jurisdiction.

(a) The validity, construction and performance of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia.

(b) The parties hereto agree to the non-exclusive jurisdiction of the United States District Court for the District of Columbia for any legal proceedings that may be brought by a

party hereto arising out of or in connection with this Agreement or for recognition or enforcement of any judgment. Each party hereto accepts, generally and unconditionally, the jurisdiction of the aforesaid court for legal proceedings arising out of or in connection with this Agreement. Each party hereto hereby waives any right to stay or dismiss any action or proceeding under or in connection with this Agreement brought before the foregoing court on the basis of forum non-conveniens or improper venue. For the avoidance of doubt, the parties hereto do not, by this Section 4.01, waive any first-to-file challenges to venue.

4.02 Waiver of Jury Trial. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT.

4.03 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Delivery of an executed signature page of this Agreement by facsimile transmission, electronic transmission or portable document format shall be effective as delivery of a manually executed counterpart of the Agreement by such party.

4.04 Headings Descriptive. Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not affect the construction of or interpretation of and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

4.05 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4.06 Amendments, Waivers. No amendment, modification or waiver of any of the provisions of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and signed by each of the parties hereto, and any waiver shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time.

4.07 Remedies Cumulative. The rights and remedies of the parties under this Agreement are cumulative, not alternative, and are not exclusive of any rights or remedies provided by law.

4.08 Termination. This Agreement shall terminate upon the earlier of (the "Termination Date"): (i) the date on which the JEA PPA has expired in accordance with its terms and JEA has satisfied all of its executory obligations and (ii) receipt by the other parties hereto of notice from the Collateral Agent that the Debt Termination Date has occurred (which notice shall only be

given after DOE has notified the Collateral Agent of such occurrence). On the Termination Date, this Agreement shall be deemed terminated and each of the parties shall be released, relieved and discharged from any obligation or liability hereunder other than any obligations or liabilities accruing on or prior to the Termination Date.

4.09 Successors and Assigns.

(a) This Agreement may be assigned by the Collateral Agent with the prior written consent of JEA, which will not be unreasonably withheld, provided that no such consent shall be required in connection with any assignment of this Agreement by the Collateral Agent to any successor collateral agent or trustee in accordance with the Credit Facility Documents. Upon an assignment of this Agreement by the Collateral Agent, the assigning Collateral Agent will be released from its obligations hereunder, other than any obligations arising out of obligations owed to any party under this Agreement by the assigning Collateral Agent prior to its assignment of this Agreement.

(b) This Agreement may not be assigned by MEAG Power without the prior written consent of the Collateral Agent and JEA.

(c) This Agreement may not be assigned by JEA without the prior written consent of the Collateral Agent and MEAG Power.

4.10 Further Assurances. The parties hereto agree that each of them shall act in a commercially reasonable manner to take such further action and execute and deliver such additional documents and instruments (in recordable form, if reasonably requested) as the Collateral Agent may reasonably request to effectuate the purposes of this Agreement.

4.11 Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

4.12 Relationship of Parties. This Agreement is not intended to and does not create or establish between the parties any relationship as partners, joint venturers, employer and employee, master and servant, or principal and agent.

4.13 Notices. All notices, communications and approvals required or permitted to be given hereunder shall be in writing and shall be valid and sufficient if (a) delivered in person or dispatched by certified mail (return receipt requested), postage prepaid, in any post office in the United States or by any national overnight express mail services (return receipt requested) to the Person(s) and at the address(es) identified below for such Person(s); (b) delivered by facsimile directed to the Person(s) as listed below provided that the sender has received electronic or voice confirmation of the recipient's receipt of such transmission; or (c) delivered by electronic mail directed to the Person(s) as listed below provided that the tracking option on such electronic mail is enabled to provide both a delivery receipt and a read receipt from the addressee (i.e., the sender will receive a return acknowledgement that the electronic mail has been received and read by the addressee); provided, however, if such delivery receipt and read receipt are not received, the subject notice, communication or required approval shall not be deemed delivered. A party

may change its notice information set forth below by delivery of notice thereof to each other party in accordance with this Section 4.13.

If to MEAG Power:

Municipal Electric Authority of Georgia
1470 Riveredge Pkwy, NW
Atlanta, Georgia 30328-4686
Attention: President and CEO
Facsimile: 866-422-2976
Email: bjohnston@meagpower.org

With copies to:

Municipal Electric Authority of Georgia
1470 Riveredge Pkwy, NW
Atlanta, Georgia 30328-4686
Attention: Senior Vice President & General Counsel
Facsimile: 866-422-2976
Email: pdegnan@meagpower.org

Municipal Electric Authority of Georgia
1470 Riveredge Pkwy, NW
Atlanta, Georgia 30328-4686
Attention: Senior Vice President & Chief Financial Officer
Facsimile: 866-422-2976
Email: jfuller@meagpower.org

If to JEA:

JEA
Attention: Paul E. McElroy, CEO & Managing Director
21 West Church Street
Jacksonville, FL 32202-3139
Facsimile: 904-665-4238
Email: mcelp@jea.com

With copies to:

Melissa H. Dykes, Chief Financial Officer
21 West Church Street
Jacksonville, FL 32202-3139
Facsimile: 904-665-4238
Email: dykemh@jea.com

Attention: General Counsel
117 W. Duval Street

Jacksonville, FL 32202
Facsimile: 904-630-1731
Email: JodyB@coj.net

Gibson, Dunn & Crutcher LLP
Attention: William R. Holloway, Esq.
1050 Connecticut Avenue, N.W.
Washington, DC 20036-5306
Facsimile: 202-530-9654
Email: whollaway@gibsondunn.com

If to the Collateral Agent:

PNC Bank, National Association, doing business as Midland Loan Services, a division of PNC Bank, National Association
10851 Mastin Street, Suite 700
Overland Park, KS 66210
Attention: Government Services
Telephone: 913-253-9000
Facsimile: 913-253-9709
Email: mls.doe@midlandls.com

With a copy to:

PNC Bank, National Association, doing business as Midland Loan Services, a division of PNC Bank, National Association
10851 Mastin Street, Suite 700
Overland Park, KS 66210
Attention: General Counsel
Telephone: 913-253-9000
Facsimile: 913-253-9709
Email: governmentservices@midlandls.com

[*Remainder of page intentionally blank. Signature page follows.*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers or representatives hereunto duly authorized as of the date first above written.

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

By:_____
Name:
Title:

JEA

By:_____
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION, Doing business as Midland Loan Services, a Division of PNC Bank, National Association, as Collateral Agent

By:_____
Name:
Title:

EXHIBIT A

FORM OF OPINION OF COUNSEL

[To be attached]

EXHIBIT L

Example of Section 401(h) True-Up Payment Calculations

Exhibit L - Series Levelization Example - Unit 3

Expected Level Debt Service before Public Market issuance and DOE Advances

		Public Markets				DDE - 30 year amortization				Total Debt Service		
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Interest	Debt Service
2018	1	-		4,498,620.00	4,498,620.00	2,300,000.00	3.50%	3,524,675.00	5,824,675.00	2,300,000.00	8,023,295.00	10,323,295.00
2019	2	-		4,498,620.00	4,498,620.00	2,380,000.00	3.50%	3,444,175.00	5,824,175.00	2,380,000.00	7,942,795.00	10,322,795.00
2020	3	-		4,498,620.00	4,498,620.00	2,465,000.00	3.50%	3,360,875.00	5,825,875.00	2,465,000.00	7,859,495.00	10,324,495.00
2021	4	-		4,498,620.00	4,498,620.00	2,550,000.00	3.50%	3,274,600.00	5,824,600.00	2,550,000.00	7,773,220.00	10,323,220.00
2022	5	-		4,498,620.00	4,498,620.00	2,640,000.00	3.50%	3,185,350.00	5,825,350.00	2,640,000.00	7,683,970.00	10,323,970.00
2023	6	-		4,498,620.00	4,498,620.00	2,735,000.00	3.50%	3,092,950.00	5,827,950.00	2,735,000.00	7,591,570.00	10,326,570.00
2024	7	-		4,498,620.00	4,498,620.00	2,830,000.00	3.50%	2,997,225.00	5,827,225.00	2,830,000.00	7,495,845.00	10,325,845.00
2025	8	-		4,498,620.00	4,498,620.00	2,930,000.00	3.50%	2,898,175.00	5,828,175.00	2,930,000.00	7,396,795.00	10,326,795.00
2026	9	-		4,498,620.00	4,498,620.00	3,030,000.00	3.50%	2,795,625.00	5,825,625.00	3,030,000.00	7,294,245.00	10,324,245.00
2027	10	-		4,498,620.00	4,498,620.00	3,135,000.00	3.50%	2,689,575.00	5,824,575.00	3,135,000.00	7,188,195.00	10,323,195.00
2028	11	-		4,498,620.00	4,498,620.00	3,245,000.00	3.50%	2,579,850.00	5,824,850.00	3,245,000.00	7,078,470.00	10,323,470.00
2029	12	-		4,498,620.00	4,498,620.00	3,360,000.00	3.50%	2,466,275.00	5,826,275.00	3,360,000.00	6,964,895.00	10,324,895.00
2030	13	-		4,498,620.00	4,498,620.00	3,480,000.00	3.50%	2,348,675.00	5,828,675.00	3,480,000.00	6,847,295.00	10,327,295.00
2031	14	-		4,498,620.00	4,498,620.00	3,600,000.00	3.50%	2,226,875.00	5,826,875.00	3,600,000.00	6,725,495.00	10,325,495.00
2032	15	-		4,498,620.00	4,498,620.00	3,725,000.00	3.50%	2,100,875.00	5,825,875.00	3,725,000.00	6,599,495.00	10,324,495.00
2033	16	-		4,498,620.00	4,498,620.00	3,855,000.00	3.50%	1,970,500.00	5,825,500.00	3,855,000.00	6,469,120.00	10,324,120.00
2034	17	-		4,498,620.00	4,498,620.00	3,990,000.00	3.50%	1,835,575.00	5,825,575.00	3,990,000.00	6,334,195.00	10,324,195.00
2035	18	-		4,498,620.00	4,498,620.00	4,130,000.00	3.50%	1,695,925.00	5,825,925.00	4,130,000.00	6,194,545.00	10,324,545.00
2036	19	-		4,498,620.00	4,498,620.00	4,275,000.00	3.50%	1,551,375.00	5,826,375.00	4,275,000.00	6,049,995.00	10,324,995.00
2037	20	-		4,498,620.00	4,498,620.00	4,425,000.00	3.50%	1,401,750.00	5,826,750.00	4,425,000.00	5,900,370.00	10,325,370.00
2038	21	-		4,498,620.00	4,498,620.00	4,580,000.00	3.50%	1,246,875.00	5,826,875.00	4,580,000.00	5,745,495.00	10,325,495.00
2039	22	-		4,498,620.00	4,498,620.00	4,740,000.00	3.50%	1,086,575.00	5,826,575.00	4,740,000.00	5,585,195.00	10,325,195.00
2040	23	-		4,498,620.00	4,498,620.00	4,905,000.00	3.50%	920,675.00	5,825,675.00	4,905,000.00	5,419,295.00	10,324,295.00
2041	24	-		4,498,620.00	4,498,620.00	5,075,000.00	3.50%	749,000.00	5,824,000.00	5,075,000.00	5,247,620.00	10,322,620.00
2042	25	-		4,498,620.00	4,498,620.00	5,255,000.00	3.50%	571,375.00	5,826,375.00	5,255,000.00	5,069,995.00	10,324,995.00
2043	26	-		4,498,620.00	4,498,620.00	5,440,000.00	3.50%	387,450.00	5,827,450.00	5,440,000.00	4,886,070.00	10,326,070.00
2044	27	-		4,498,620.00	4,498,620.00	5,630,000.00	3.50%	197,050.00	5,827,050.00	5,630,000.00	4,695,670.00	10,325,670.00
2045	28	5,825,000.00	4.20%	4,498,620.00	10,323,620.00			-	-	5,825,000.00	4,498,620.00	10,323,620.00
2046	29	6,070,000.00	4.25%	4,253,970.00	10,323,970.00			-	-	6,070,000.00	4,253,970.00	10,323,970.00
2047	30	6,330,000.00	4.30%	3,995,995.00	10,325,995.00			-	-	6,330,000.00	3,995,995.00	10,325,995.00
2048	31	6,600,000.00	4.35%	3,723,805.00	10,323,805.00			-	-	6,600,000.00	3,723,805.00	10,323,805.00
2049	32	6,890,000.00	4.40%	3,436,705.00	10,326,705.00			-	-	6,890,000.00	3,436,705.00	10,326,705.00
2050	33	7,190,000.00	4.45%	3,133,545.00	10,323,545.00			-	-	7,190,000.00	3,133,545.00	10,323,545.00
2051	34	7,510,000.00	4.50%	2,813,590.00	10,323,590.00			-	-	7,510,000.00	2,813,590.00	10,323,590.00
2052	35	7,850,000.00	4.55%	2,475,640.00	10,325,640.00			-	-	7,850,000.00	2,475,640.00	10,325,640.00
2053	36	8,205,000.00	4.60%	2,118,465.00	10,323,465.00			-	-	8,205,000.00	2,118,465.00	10,323,465.00
2054	37	8,585,000.00	4.65%	1,741,035.00	10,326,035.00			-	-	8,585,000.00	1,741,035.00	10,326,035.00
2055	38	8,985,000.00	4.70%	1,341,832.50	10,326,832.50			-	-	8,985,000.00	1,341,832.50	10,326,832.50
2056	39	9,405,000.00	4.75%	919,537.50	10,324,537.50			-	-	9,405,000.00	919,537.50	10,324,537.50
2057	40	9,850,000.00	4.80%	472,800.00	10,322,800.00			-	-	9,850,000.00	472,800.00	10,322,800.00
		99,295,000.00		156,388,280.00	255,683,280.00	100,705,000.00		56,599,900.00	157,304,900.00	200,000,000.00	212,988,180.00	412,988,180.00

Assumptions: DOE Closing is assumed to occur on 1/1/2015 with COD for Unit 3 and 4 on 1/1/2018 and 1/1/2019, respectively. Public debt is assumed to be issued at par.

Exhibit L - Series Levelization Example - Unit 3

Higher actual DOE rates vs expected DOE rates

Actual Debt Service

Accrual Year	# of Years	Public Markets Principal	Yield	Public Markets Interest	Public Markets Debt Service	DOE - 30 year amortization Principal	Yield	DOE - 30 year amortization Interest	DOE - 30 year amortization Debt Service	Total Debt Service Principal	Total Debt Service Interest	Total Debt Service Debt Service
2018	1	-		4,498,620.00	4,498,620.00	2,140,000.00	4.00%	4,028,200.00	6,168,200.00	2,140,000.00	8,526,820.00	10,666,820.00
2019	2	-		4,498,620.00	4,498,620.00	2,225,000.00	4.00%	3,942,600.00	6,167,600.00	2,225,000.00	8,441,220.00	10,666,220.00
2020	3	-		4,498,620.00	4,498,620.00	2,315,000.00	4.00%	3,853,600.00	6,168,600.00	2,315,000.00	8,352,220.00	10,667,220.00
2021	4	-		4,498,620.00	4,498,620.00	2,405,000.00	4.00%	3,761,000.00	6,166,000.00	2,405,000.00	8,259,620.00	10,664,620.00
2022	5	-		4,498,620.00	4,498,620.00	2,500,000.00	4.00%	3,664,800.00	6,164,800.00	2,500,000.00	8,163,420.00	10,663,420.00
2023	6	-		4,498,620.00	4,498,620.00	2,605,000.00	4.00%	3,564,800.00	6,169,800.00	2,605,000.00	8,063,420.00	10,668,420.00
2024	7	-		4,498,620.00	4,498,620.00	2,705,000.00	4.00%	3,460,600.00	6,165,600.00	2,705,000.00	7,959,220.00	10,664,220.00
2025	8	-		4,498,620.00	4,498,620.00	2,815,000.00	4.00%	3,352,400.00	6,167,400.00	2,815,000.00	7,851,020.00	10,666,020.00
2026	9	-		4,498,620.00	4,498,620.00	2,925,000.00	4.00%	3,239,800.00	6,164,800.00	2,925,000.00	7,738,420.00	10,663,420.00
2027	10	-		4,498,620.00	4,498,620.00	3,045,000.00	4.00%	3,122,800.00	6,167,800.00	3,045,000.00	7,621,420.00	10,666,420.00
2028	11	-		4,498,620.00	4,498,620.00	3,165,000.00	4.00%	3,001,000.00	6,166,000.00	3,165,000.00	7,499,620.00	10,664,620.00
2029	12	-		4,498,620.00	4,498,620.00	3,295,000.00	4.00%	2,874,400.00	6,169,400.00	3,295,000.00	7,373,020.00	10,668,020.00
2030	13	-		4,498,620.00	4,498,620.00	3,425,000.00	4.00%	2,742,600.00	6,167,600.00	3,425,000.00	7,241,220.00	10,666,220.00
2031	14	-		4,498,620.00	4,498,620.00	3,560,000.00	4.00%	2,605,600.00	6,165,600.00	3,560,000.00	7,104,220.00	10,664,220.00
2032	15	-		4,498,620.00	4,498,620.00	3,705,000.00	4.00%	2,463,200.00	6,168,200.00	3,705,000.00	6,961,820.00	10,666,820.00
2033	16	-		4,498,620.00	4,498,620.00	3,850,000.00	4.00%	2,315,000.00	6,165,000.00	3,850,000.00	6,813,620.00	10,663,620.00
2034	17	-		4,498,620.00	4,498,620.00	4,005,000.00	4.00%	2,161,000.00	6,166,000.00	4,005,000.00	6,659,620.00	10,664,620.00
2035	18	-		4,498,620.00	4,498,620.00	4,165,000.00	4.00%	2,000,800.00	6,165,800.00	4,165,000.00	6,499,420.00	10,664,420.00
2036	19	-		4,498,620.00	4,498,620.00	4,335,000.00	4.00%	1,834,200.00	6,169,200.00	4,335,000.00	6,332,820.00	10,667,820.00
2037	20	-		4,498,620.00	4,498,620.00	4,505,000.00	4.00%	1,660,800.00	6,165,800.00	4,505,000.00	6,159,420.00	10,664,420.00
2038	21	-		4,498,620.00	4,498,620.00	4,685,000.00	4.00%	1,480,600.00	6,165,600.00	4,685,000.00	5,979,220.00	10,664,220.00
2039	22	-		4,498,620.00	4,498,620.00	4,875,000.00	4.00%	1,293,200.00	6,168,200.00	4,875,000.00	5,791,820.00	10,666,820.00
2040	23	-		4,498,620.00	4,498,620.00	5,070,000.00	4.00%	1,098,200.00	6,168,200.00	5,070,000.00	5,596,820.00	10,666,820.00
2041	24	-		4,498,620.00	4,498,620.00	5,270,000.00	4.00%	895,400.00	6,165,400.00	5,270,000.00	5,394,020.00	10,664,020.00
2042	25	-		4,498,620.00	4,498,620.00	5,485,000.00	4.00%	684,600.00	6,169,600.00	5,485,000.00	5,183,220.00	10,668,220.00
2043	26	-		4,498,620.00	4,498,620.00	5,700,000.00	4.00%	465,200.00	6,165,200.00	5,700,000.00	4,963,820.00	10,663,820.00
2044	27	-		4,498,620.00	4,498,620.00	5,930,000.00	4.00%	237,200.00	6,167,200.00	5,930,000.00	4,735,820.00	10,665,820.00
2045	28	5,825,000.00	4.20%	4,498,620.00	10,323,620.00			-	-	5,825,000.00	4,498,620.00	10,323,620.00
2046	29	6,070,000.00	4.25%	4,253,970.00	10,323,970.00			-	-	6,070,000.00	4,253,970.00	10,323,970.00
2047	30	6,330,000.00	4.30%	3,995,995.00	10,325,995.00			-	-	6,330,000.00	3,995,995.00	10,325,995.00
2048	31	6,600,000.00	4.35%	3,723,805.00	10,323,805.00			-	-	6,600,000.00	3,723,805.00	10,323,805.00
2049	32	6,890,000.00	4.40%	3,436,705.00	10,326,705.00			-	-	6,890,000.00	3,436,705.00	10,326,705.00
2050	33	7,190,000.00	4.45%	3,133,545.00	10,323,545.00			-	-	7,190,000.00	3,133,545.00	10,323,545.00
2051	34	7,510,000.00	4.50%	2,813,590.00	10,323,590.00			-	-	7,510,000.00	2,813,590.00	10,323,590.00
2052	35	7,850,000.00	4.55%	2,475,640.00	10,325,640.00			-	-	7,850,000.00	2,475,640.00	10,325,640.00
2053	36	8,205,000.00	4.60%	2,118,465.00	10,323,465.00			-	-	8,205,000.00	2,118,465.00	10,323,465.00
2054	37	8,585,000.00	4.65%	1,741,035.00	10,326,035.00			-	-	8,585,000.00	1,741,035.00	10,326,035.00
2055	38	8,985,000.00	4.70%	1,341,832.50	10,326,832.50			-	-	8,985,000.00	1,341,832.50	10,326,832.50
2056	39	9,405,000.00	4.75%	919,537.50	10,324,537.50			-	-	9,405,000.00	919,537.50	10,324,537.50
2057	40	9,850,000.00	4.80%	472,800.00	10,322,800.00			-	-	9,850,000.00	472,800.00	10,322,800.00
		99,295,000.00		156,388,280.00	255,683,280.00	100,705,000.00		65,803,600.00	166,508,600.00	200,000,000.00	222,191,880.00	422,191,880.00

Exhibit L - Series Levelization Example - Unit 3

Higher actual DOE rates vs expected DOE rates

Hypothetical Debt Service structured as if Public Markets and DOE Advances were issued on a level debt service basis at the actual rates

		Public Markets				DOE - 30 year amortization				Total Debt Service			FV rate	4.37%
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Interest	Debt Service	Over/(Under) payment vs Hypothetical	**Future Value of Payment ***
2018	1	-		4,627,300.00	4,627,300.00	2,080,000.00	4.00%	3,914,600.00	5,994,600.00	2,080,000.00	8,541,900.00	10,621,900.00	44,920.00	**108,003.37**
2019	2	-		4,627,300.00	4,627,300.00	2,160,000.00	4.00%	3,831,400.00	5,991,400.00	2,160,000.00	8,458,700.00	10,618,700.00	47,520.00	**109,468.39**
2020	3	-		4,627,300.00	4,627,300.00	2,250,000.00	4.00%	3,745,000.00	5,995,000.00	2,250,000.00	8,372,300.00	10,622,300.00	44,920.00	**99,144.08**
2021	4	-		4,627,300.00	4,627,300.00	2,340,000.00	4.00%	3,655,000.00	5,995,000.00	2,340,000.00	8,282,300.00	10,622,300.00	42,320.00	**89,492.67**
2022	5	-		4,627,300.00	4,627,300.00	2,430,000.00	4.00%	3,561,400.00	5,991,400.00	2,430,000.00	8,188,700.00	10,618,700.00	44,720.00	**90,606.29**
2023	6	-		4,627,300.00	4,627,300.00	2,530,000.00	4.00%	3,464,200.00	5,994,200.00	2,530,000.00	8,091,500.00	10,621,500.00	46,920.00	**91,081.32**
2024	7	-		4,627,300.00	4,627,300.00	2,630,000.00	4.00%	3,363,000.00	5,993,000.00	2,630,000.00	7,990,300.00	10,620,300.00	43,920.00	**81,686.14**
2025	8	-		4,627,300.00	4,627,300.00	2,735,000.00	4.00%	3,257,800.00	5,992,800.00	2,735,000.00	7,885,100.00	10,620,100.00	45,920.00	**81,828.14**
2026	9	-		4,627,300.00	4,627,300.00	2,845,000.00	4.00%	3,148,400.00	5,993,400.00	2,845,000.00	7,775,700.00	10,620,700.00	42,720.00	**72,936.82**
2027	10	-		4,627,300.00	4,627,300.00	2,960,000.00	4.00%	3,034,600.00	5,994,600.00	2,960,000.00	7,661,900.00	10,621,900.00	44,520.00	**72,825.84**
2028	11	-		4,627,300.00	4,627,300.00	3,075,000.00	4.00%	2,916,200.00	5,991,200.00	3,075,000.00	7,543,500.00	10,618,500.00	46,120.00	**72,282.70**
2029	12	-		4,627,300.00	4,627,300.00	3,200,000.00	4.00%	2,793,200.00	5,993,200.00	3,200,000.00	7,420,500.00	10,620,500.00	47,520.00	**71,356.95**
2030	13	-		4,627,300.00	4,627,300.00	3,325,000.00	4.00%	2,665,200.00	5,990,200.00	3,325,000.00	7,292,500.00	10,617,500.00	48,720.00	**70,094.17**
2031	14	-		4,627,300.00	4,627,300.00	3,460,000.00	4.00%	2,532,200.00	5,992,200.00	3,460,000.00	7,159,500.00	10,619,500.00	44,720.00	**61,644.05**
2032	15	-		4,627,300.00	4,627,300.00	3,600,000.00	4.00%	2,393,800.00	5,993,800.00	3,600,000.00	7,021,100.00	10,621,100.00	45,720.00	**60,382.39**
2033	16	-		4,627,300.00	4,627,300.00	3,745,000.00	4.00%	2,249,800.00	5,994,800.00	3,745,000.00	6,877,100.00	10,622,100.00	41,520.00	**52,538.32**
2034	17	-		4,627,300.00	4,627,300.00	3,895,000.00	4.00%	2,100,000.00	5,995,000.00	3,895,000.00	6,727,300.00	10,622,300.00	42,320.00	**51,307.31**
2035	18	-		4,627,300.00	4,627,300.00	4,050,000.00	4.00%	1,944,200.00	5,994,200.00	4,050,000.00	6,571,500.00	10,621,500.00	42,920.00	**49,854.93**
2036	19	-		4,627,300.00	4,627,300.00	4,210,000.00	4.00%	1,782,200.00	5,992,200.00	4,210,000.00	6,409,500.00	10,619,500.00	48,320.00	**53,776.19**
2037	20	-		4,627,300.00	4,627,300.00	4,380,000.00	4.00%	1,613,800.00	5,993,800.00	4,380,000.00	6,241,100.00	10,621,100.00	43,320.00	**46,191.95**
2038	21	-		4,627,300.00	4,627,300.00	4,555,000.00	4.00%	1,438,600.00	5,993,600.00	4,555,000.00	6,065,900.00	10,620,900.00	43,320.00	
2039	22	-		4,627,300.00	4,627,300.00	4,735,000.00	4.00%	1,256,400.00	5,991,400.00	4,735,000.00	5,883,700.00	10,618,700.00	48,120.00	
2040	23	-		4,627,300.00	4,627,300.00	4,925,000.00	4.00%	1,067,000.00	5,992,000.00	4,925,000.00	5,694,300.00	10,619,300.00	47,520.00	
2041	24	-		4,627,300.00	4,627,300.00	5,125,000.00	4.00%	870,000.00	5,995,000.00	5,125,000.00	5,497,300.00	10,622,300.00	41,720.00	
2042	25	-		4,627,300.00	4,627,300.00	5,325,000.00	4.00%	665,000.00	5,990,000.00	5,325,000.00	5,292,300.00	10,617,300.00	50,920.00	
2043	26	-		4,627,300.00	4,627,300.00	5,540,000.00	4.00%	452,000.00	5,992,000.00	5,540,000.00	5,079,300.00	10,619,300.00	44,520.00	
2044	27	-		4,627,300.00	4,627,300.00	5,760,000.00	4.00%	230,400.00	5,990,400.00	5,760,000.00	4,857,700.00	10,617,700.00	48,120.00	
2045	28	5,990,000.00	4.20%	4,627,300.00	10,617,300.00			-	-	5,990,000.00	4,627,300.00	10,617,300.00	(293,680.00)	
2046	29	6,245,000.00	4.25%	4,375,720.00	10,620,720.00			-	-	6,245,000.00	4,375,720.00	10,620,720.00	(296,750.00)	
2047	30	6,510,000.00	4.30%	4,110,307.50	10,620,307.50			-	-	6,510,000.00	4,110,307.50	10,620,307.50	(294,312.50)	
2048	31	6,790,000.00	4.35%	3,830,377.50	10,620,377.50			-	-	6,790,000.00	3,830,377.50	10,620,377.50	(296,572.50)	
2049	32	7,085,000.00	4.40%	3,535,012.50	10,620,012.50			-	-	7,085,000.00	3,535,012.50	10,620,012.50	(293,307.50)	
2050	33	7,395,000.00	4.45%	3,223,272.50	10,618,272.50			-	-	7,395,000.00	3,223,272.50	10,618,272.50	(294,727.50)	
2051	34	7,725,000.00	4.50%	2,894,195.00	10,619,195.00			-	-	7,725,000.00	2,894,195.00	10,619,195.00	(295,605.00)	
2052	35	8,075,000.00	4.55%	2,546,570.00	10,621,570.00			-	-	8,075,000.00	2,546,570.00	10,621,570.00	(295,930.00)	
2053	36	8,440,000.00	4.60%	2,179,157.50	10,619,157.50			-	-	8,440,000.00	2,179,157.50	10,619,157.50	(295,692.50)	
2054	37	8,830,000.00	4.65%	1,790,917.50	10,620,917.50			-	-	8,830,000.00	1,790,917.50	10,620,917.50	(294,882.50)	
2055	38	9,240,000.00	4.70%	1,380,322.50	10,620,322.50			-	-	9,240,000.00	1,380,322.50	10,620,322.50	(293,490.00)	
2056	39	9,675,000.00	4.75%	946,042.50	10,621,042.50			-	-	9,675,000.00	946,042.50	10,621,042.50	(296,505.00)	
2057	40	10,135,000.00	4.80%	486,480.00	10,621,480.00			-	-	10,135,000.00	486,480.00	10,621,480.00	(298,680.00)	
		102,135,000.00		160,862,775.00	262,997,775.00	97,865,000.00		63,945,400.00	161,810,400.00	200,000,000.00	224,808,175.00	424,808,175.00	(2,616,295.00)	1,486,502.02

* Positive payments are to JEA, negative payments are from JEA and are calculated to the end of the PPA

Exhibit L - Series Levelization Example - Unit 3

Lower actual DOE rates vs expected DOE rates

Actual Debt Service

		Public Markets				DOE - 30 year amortization				Total Debt Service		
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Interest	Debt Service
2018	1	-		4,498,620.00	4,498,620.00	2,475,000.00	3.00%	3,021,150.00	5,496,150.00	2,475,000.00	7,519,770.00	9,994,770.00
2019	2	-		4,498,620.00	4,498,620.00	2,550,000.00	3.00%	2,946,900.00	5,496,900.00	2,550,000.00	7,445,520.00	9,995,520.00
2020	3	-		4,498,620.00	4,498,620.00	2,625,000.00	3.00%	2,870,400.00	5,495,400.00	2,625,000.00	7,369,020.00	9,994,020.00
2021	4	-		4,498,620.00	4,498,620.00	2,705,000.00	3.00%	2,791,650.00	5,496,650.00	2,705,000.00	7,290,270.00	9,995,270.00
2022	5	-		4,498,620.00	4,498,620.00	2,785,000.00	3.00%	2,710,500.00	5,495,500.00	2,785,000.00	7,209,120.00	9,994,120.00
2023	6	-		4,498,620.00	4,498,620.00	2,870,000.00	3.00%	2,626,950.00	5,496,950.00	2,870,000.00	7,125,570.00	9,995,570.00
2024	7	-		4,498,620.00	4,498,620.00	2,955,000.00	3.00%	2,540,850.00	5,495,850.00	2,955,000.00	7,039,470.00	9,994,470.00
2025	8	-		4,498,620.00	4,498,620.00	3,040,000.00	3.00%	2,452,200.00	5,492,200.00	3,040,000.00	6,950,820.00	9,990,820.00
2026	9	-		4,498,620.00	4,498,620.00	3,135,000.00	3.00%	2,361,000.00	5,496,000.00	3,135,000.00	6,859,620.00	9,994,620.00
2027	10	-		4,498,620.00	4,498,620.00	3,225,000.00	3.00%	2,266,950.00	5,491,950.00	3,225,000.00	6,765,570.00	9,990,570.00
2028	11	-		4,498,620.00	4,498,620.00	3,325,000.00	3.00%	2,170,200.00	5,495,200.00	3,325,000.00	6,668,820.00	9,993,820.00
2029	12	-		4,498,620.00	4,498,620.00	3,425,000.00	3.00%	2,070,450.00	5,495,450.00	3,425,000.00	6,569,070.00	9,994,070.00
2030	13	-		4,498,620.00	4,498,620.00	3,525,000.00	3.00%	1,967,700.00	5,492,700.00	3,525,000.00	6,466,320.00	9,991,320.00
2031	14	-		4,498,620.00	4,498,620.00	3,635,000.00	3.00%	1,861,950.00	5,496,950.00	3,635,000.00	6,360,570.00	9,995,570.00
2032	15	-		4,498,620.00	4,498,620.00	3,740,000.00	3.00%	1,752,900.00	5,492,900.00	3,740,000.00	6,251,520.00	9,991,520.00
2033	16	-		4,498,620.00	4,498,620.00	3,855,000.00	3.00%	1,640,700.00	5,495,700.00	3,855,000.00	6,139,320.00	9,994,320.00
2034	17	-		4,498,620.00	4,498,620.00	3,970,000.00	3.00%	1,525,050.00	5,495,050.00	3,970,000.00	6,023,670.00	9,993,670.00
2035	18	-		4,498,620.00	4,498,620.00	4,090,000.00	3.00%	1,405,950.00	5,495,950.00	4,090,000.00	5,904,570.00	9,994,570.00
2036	19	-		4,498,620.00	4,498,620.00	4,210,000.00	3.00%	1,283,250.00	5,493,250.00	4,210,000.00	5,781,870.00	9,991,870.00
2037	20	-		4,498,620.00	4,498,620.00	4,335,000.00	3.00%	1,156,950.00	5,491,950.00	4,335,000.00	5,655,570.00	9,990,570.00
2038	21	-		4,498,620.00	4,498,620.00	4,465,000.00	3.00%	1,026,900.00	5,491,900.00	4,465,000.00	5,525,520.00	9,990,520.00
2039	22	-		4,498,620.00	4,498,620.00	4,600,000.00	3.00%	892,950.00	5,492,950.00	4,600,000.00	5,391,570.00	9,991,570.00
2040	23	-		4,498,620.00	4,498,620.00	4,740,000.00	3.00%	754,950.00	5,494,950.00	4,740,000.00	5,253,570.00	9,993,570.00
2041	24	-		4,498,620.00	4,498,620.00	4,880,000.00	3.00%	612,750.00	5,492,750.00	4,880,000.00	5,111,370.00	9,991,370.00
2042	25	-		4,498,620.00	4,498,620.00	5,030,000.00	3.00%	466,350.00	5,496,350.00	5,030,000.00	4,964,970.00	9,994,970.00
2043	26	-		4,498,620.00	4,498,620.00	5,180,000.00	3.00%	315,450.00	5,495,450.00	5,180,000.00	4,814,070.00	9,994,070.00
2044	27	-		4,498,620.00	4,498,620.00	5,335,000.00	3.00%	160,050.00	5,495,050.00	5,335,000.00	4,658,670.00	9,993,670.00
2045	28	5,825,000.00	4.20%	4,498,620.00	10,323,620.00			-	-	5,825,000.00	4,498,620.00	10,323,620.00
2046	29	6,070,000.00	4.25%	4,253,970.00	10,323,970.00			-	-	6,070,000.00	4,253,970.00	10,323,970.00
2047	30	6,330,000.00	4.30%	3,995,995.00	10,325,995.00			-	-	6,330,000.00	3,995,995.00	10,325,995.00
2048	31	6,600,000.00	4.35%	3,723,805.00	10,323,805.00			-	-	6,600,000.00	3,723,805.00	10,323,805.00
2049	32	6,890,000.00	4.40%	3,436,705.00	10,326,705.00			-	-	6,890,000.00	3,436,705.00	10,326,705.00
2050	33	7,190,000.00	4.45%	3,133,545.00	10,323,545.00			-	-	7,190,000.00	3,133,545.00	10,323,545.00
2051	34	7,510,000.00	4.50%	2,813,590.00	10,323,590.00			-	-	7,510,000.00	2,813,590.00	10,323,590.00
2052	35	7,850,000.00	4.55%	2,475,640.00	10,325,640.00			-	-	7,850,000.00	2,475,640.00	10,325,640.00
2053	36	8,205,000.00	4.60%	2,118,465.00	10,323,465.00			-	-	8,205,000.00	2,118,465.00	10,323,465.00
2054	37	8,585,000.00	4.65%	1,741,035.00	10,326,035.00			-	-	8,585,000.00	1,741,035.00	10,326,035.00
2055	38	8,985,000.00	4.70%	1,341,832.50	10,326,832.50			-	-	8,985,000.00	1,341,832.50	10,326,832.50
2056	39	9,405,000.00	4.75%	919,537.50	10,324,537.50			-	-	9,405,000.00	919,537.50	10,324,537.50
2057	40	9,850,000.00	4.80%	472,800.00	10,322,800.00			-	-	9,850,000.00	472,800.00	10,322,800.00
		99,295,000.00		156,388,280.00	255,683,280.00	100,705,000.00		47,653,050.00	148,358,050.00	200,000,000.00	204,041,330.00	404,041,330.00

Exhibit L - Series Levelization Example - Unit 3

Lower actual DOE rates vs expected DOE rates

Hypothetical Debt Service structured as if Public Markets and DOE Advances were issued on a level debt service basis at the actual rates

FV Rate 4.06%

Accrual Year	# of Years	Public Markets Principal	Yield	Interest	Debt Service	DOE - 30 year amortization Principal	Yield	Interest	Debt Service	Total Debt Service Principal	Interest	Debt Service	Over/(Under) payment vs Hypothetical	Future Value of Payment *
2018	1			4,366,112.50	4,366,112.50	2,545,000.00	3.00%	3,108,900.00	5,653,900.00	2,545,000.00	7,475,012.50	10,020,012.50	(25,242.50)	**(57,080.11)**
2019	2			4,366,112.50	4,366,112.50	2,620,000.00	3.00%	3,032,550.00	5,652,550.00	2,620,000.00	7,398,662.50	10,018,662.50	(23,142.50)	**(50,289.49)**
2020	3			4,366,112.50	4,366,112.50	2,700,000.00	3.00%	2,953,950.00	5,653,950.00	2,700,000.00	7,320,062.50	10,020,062.50	(26,042.50)	**(54,383.12)**
2021	4			4,366,112.50	4,366,112.50	2,780,000.00	3.00%	2,872,950.00	5,652,950.00	2,780,000.00	7,239,062.50	10,019,062.50	(23,792.50)	**(47,745.90)**
2022	5			4,366,112.50	4,366,112.50	2,865,000.00	3.00%	2,789,550.00	5,654,550.00	2,865,000.00	7,155,662.50	10,020,662.50	(26,542.50)	**(51,186.14)**
2023	6			4,366,112.50	4,366,112.50	2,950,000.00	3.00%	2,703,600.00	5,653,600.00	2,950,000.00	7,069,712.50	10,019,712.50	(24,142.50)	**(44,741.16)**
2024	7			4,366,112.50	4,366,112.50	3,040,000.00	3.00%	2,615,100.00	5,655,100.00	3,040,000.00	6,981,212.50	10,021,212.50	(26,742.50)	**(47,625.72)**
2025	8			4,366,112.50	4,366,112.50	3,130,000.00	3.00%	2,523,900.00	5,653,900.00	3,130,000.00	6,890,012.50	10,020,012.50	(29,192.50)	**(49,960.34)**
2026	9			4,366,112.50	4,366,112.50	3,225,000.00	3.00%	2,430,000.00	5,655,000.00	3,225,000.00	6,796,112.50	10,021,112.50	(26,492.50)	**(43,570.40)**
2027	10			4,366,112.50	4,366,112.50	3,320,000.00	3.00%	2,333,250.00	5,653,250.00	3,320,000.00	6,699,362.50	10,019,362.50	(28,792.50)	**(45,505.35)**
2028	11			4,366,112.50	4,366,112.50	3,420,000.00	3.00%	2,233,650.00	5,653,650.00	3,420,000.00	6,599,762.50	10,019,762.50	(25,942.50)	**(39,401.20)**
2029	12			4,366,112.50	4,366,112.50	3,525,000.00	3.00%	2,131,050.00	5,656,050.00	3,525,000.00	6,497,162.50	10,022,162.50	(28,092.50)	**(41,001.76)**
2030	13			4,366,112.50	4,366,112.50	3,630,000.00	3.00%	2,025,300.00	5,655,300.00	3,630,000.00	6,391,412.50	10,021,412.50	(30,092.50)	**(42,207.04)**
2031	14			4,366,112.50	4,366,112.50	3,740,000.00	3.00%	1,916,400.00	5,656,400.00	3,740,000.00	6,282,512.50	10,022,512.50	(26,942.50)	**(36,314.41)**
2032	15			4,366,112.50	4,366,112.50	3,850,000.00	3.00%	1,804,200.00	5,654,200.00	3,850,000.00	6,170,312.50	10,020,312.50	(28,792.50)	**(37,293.66)**
2033	16			4,366,112.50	4,366,112.50	3,965,000.00	3.00%	1,688,700.00	5,653,700.00	3,965,000.00	6,054,812.50	10,019,812.50	(25,492.50)	**(31,730.92)**
2034	17			4,366,112.50	4,366,112.50	4,085,000.00	3.00%	1,569,750.00	5,654,750.00	4,085,000.00	5,935,862.50	10,020,862.50	(27,192.50)	**(32,526.24)**
2035	18			4,366,112.50	4,366,112.50	4,205,000.00	3.00%	1,447,200.00	5,652,200.00	4,205,000.00	5,813,312.50	10,018,312.50	(23,742.50)	**(27,291.39)**
2036	19			4,366,112.50	4,366,112.50	4,335,000.00	3.00%	1,321,050.00	5,656,050.00	4,335,000.00	5,687,162.50	10,022,162.50	(30,292.50)	**(33,461.76)**
2037	20			4,366,112.50	4,366,112.50	4,465,000.00	3.00%	1,191,000.00	5,656,000.00	4,465,000.00	5,557,112.50	10,022,112.50	(31,542.50)	**(33,483.00)**
2038	21			4,366,112.50	4,366,112.50	4,600,000.00	3.00%	1,057,050.00	5,657,050.00	4,600,000.00	5,423,162.50	10,023,162.50	(32,642.50)	
2039	22			4,366,112.50	4,366,112.50	4,735,000.00	3.00%	919,050.00	5,654,050.00	4,735,000.00	5,285,162.50	10,020,162.50	(28,592.50)	
2040	23			4,366,112.50	4,366,112.50	4,880,000.00	3.00%	777,000.00	5,657,000.00	4,880,000.00	5,143,112.50	10,023,112.50	(29,542.50)	
2041	24			4,366,112.50	4,366,112.50	5,025,000.00	3.00%	630,600.00	5,655,600.00	5,025,000.00	4,996,712.50	10,021,712.50	(30,342.50)	
2042	25			4,366,112.50	4,366,112.50	5,175,000.00	3.00%	479,850.00	5,654,850.00	5,175,000.00	4,845,962.50	10,020,962.50	(25,992.50)	
2043	26			4,366,112.50	4,366,112.50	5,330,000.00	3.00%	324,600.00	5,654,600.00	5,330,000.00	4,690,712.50	10,020,712.50	(26,642.50)	
2044	27			4,366,112.50	4,366,112.50	5,490,000.00	3.00%	164,700.00	5,654,700.00	5,490,000.00	4,530,812.50	10,020,812.50	(27,142.50)	
2045	28	5,655,000.00	4.20%	4,366,112.50	10,021,112.50			-	-	5,655,000.00	4,366,112.50	10,021,112.50	302,507.50	
2046	29	5,890,000.00	4.25%	4,128,602.50	10,018,602.50			-	-	5,890,000.00	4,128,602.50	10,018,602.50	305,367.50	
2047	30	6,140,000.00	4.30%	3,878,277.50	10,018,277.50			-	-	6,140,000.00	3,878,277.50	10,018,277.50	307,717.50	
2048	31	6,405,000.00	4.35%	3,614,257.50	10,019,257.50			-	-	6,405,000.00	3,614,257.50	10,019,257.50	304,547.50	
2049	32	6,685,000.00	4.40%	3,335,640.00	10,020,640.00			-	-	6,685,000.00	3,335,640.00	10,020,640.00	306,065.00	
2050	33	6,980,000.00	4.45%	3,041,500.00	10,021,500.00			-	-	6,980,000.00	3,041,500.00	10,021,500.00	302,045.00	
2051	34	7,290,000.00	4.50%	2,730,890.00	10,020,890.00			-	-	7,290,000.00	2,730,890.00	10,020,890.00	302,700.00	
2052	35	7,620,000.00	4.55%	2,402,840.00	10,022,840.00			-	-	7,620,000.00	2,402,840.00	10,022,840.00	302,800.00	
2053	36	7,965,000.00	4.60%	2,056,130.00	10,021,130.00			-	-	7,965,000.00	2,056,130.00	10,021,130.00	302,335.00	
2054	37	8,330,000.00	4.65%	1,689,740.00	10,019,740.00			-	-	8,330,000.00	1,689,740.00	10,019,740.00	306,295.00	
2055	38	8,720,000.00	4.70%	1,302,395.00	10,022,395.00			-	-	8,720,000.00	1,302,395.00	10,022,395.00	304,437.50	
2056	39	9,130,000.00	4.75%	892,555.00	10,022,555.00			-	-	9,130,000.00	892,555.00	10,022,555.00	301,982.50	
2057	40	9,560,000.00	4.80%	458,880.00	10,018,880.00			-	-	9,560,000.00	458,880.00	10,018,880.00	303,920.00	
		96,370,000.00		151,782,857.50	248,152,857.50	103,630,000.00		49,044,900.00	152,674,900.00	200,000,000.00	200,827,757.50	400,827,757.50	3,213,572.50	(846,799.11)

* Positive payments are to JEA, negative payments are from JEA and are calculated to the end of the PPA

Exhibit L - Series Levelization Example - Unit 4

Expected Level Debt Service before Public Market issuance and DOE Advances

		Public Markets				DOE - 30 year amortization				Total Debt Service		
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Interest	Debt Service
2019	1	-		4,745,702.50	4,745,702.50	2,295,000.00	3.50%	3,317,300.00	5,612,300.00	2,295,000.00	8,063,002.50	10,358,002.50
2020	2	-		4,745,702.50	4,745,702.50	2,375,000.00	3.50%	3,236,975.00	5,611,975.00	2,375,000.00	7,982,677.50	10,357,677.50
2021	3	-		4,745,702.50	4,745,702.50	2,455,000.00	3.50%	3,153,850.00	5,608,850.00	2,455,000.00	7,899,552.50	10,354,552.50
2022	4	-		4,745,702.50	4,745,702.50	2,545,000.00	3.50%	3,067,925.00	5,612,925.00	2,545,000.00	7,813,627.50	10,358,627.50
2023	5	-		4,745,702.50	4,745,702.50	2,635,000.00	3.50%	2,978,850.00	5,613,850.00	2,635,000.00	7,724,552.50	10,359,552.50
2024	6	-		4,745,702.50	4,745,702.50	2,725,000.00	3.50%	2,886,625.00	5,611,625.00	2,725,000.00	7,632,327.50	10,357,327.50
2025	7	-		4,745,702.50	4,745,702.50	2,820,000.00	3.50%	2,791,250.00	5,611,250.00	2,820,000.00	7,536,952.50	10,356,952.50
2026	8	-		4,745,702.50	4,745,702.50	2,920,000.00	3.50%	2,692,550.00	5,612,550.00	2,920,000.00	7,438,252.50	10,358,252.50
2027	9	-		4,745,702.50	4,745,702.50	3,020,000.00	3.50%	2,590,350.00	5,610,350.00	3,020,000.00	7,336,052.50	10,356,052.50
2028	10	-		4,745,702.50	4,745,702.50	3,125,000.00	3.50%	2,484,650.00	5,609,650.00	3,125,000.00	7,230,352.50	10,355,352.50
2029	11	-		4,745,702.50	4,745,702.50	3,235,000.00	3.50%	2,375,275.00	5,610,275.00	3,235,000.00	7,120,977.50	10,355,977.50
2030	12	-		4,745,702.50	4,745,702.50	3,350,000.00	3.50%	2,262,050.00	5,612,050.00	3,350,000.00	7,007,752.50	10,357,752.50
2031	13	-		4,745,702.50	4,745,702.50	3,465,000.00	3.50%	2,144,800.00	5,609,800.00	3,465,000.00	6,890,502.50	10,355,502.50
2032	14	-		4,745,702.50	4,745,702.50	3,590,000.00	3.50%	2,023,525.00	5,613,525.00	3,590,000.00	6,769,227.50	10,359,227.50
2033	15	-		4,745,702.50	4,745,702.50	3,715,000.00	3.50%	1,897,875.00	5,612,875.00	3,715,000.00	6,643,577.50	10,358,577.50
2034	16	-		4,745,702.50	4,745,702.50	3,845,000.00	3.50%	1,767,850.00	5,612,850.00	3,845,000.00	6,513,552.50	10,358,552.50
2035	17	-		4,745,702.50	4,745,702.50	3,980,000.00	3.50%	1,633,275.00	5,613,275.00	3,980,000.00	6,378,977.50	10,358,977.50
2036	18	-		4,745,702.50	4,745,702.50	4,115,000.00	3.50%	1,493,975.00	5,608,975.00	4,115,000.00	6,239,677.50	10,354,677.50
2037	19	-		4,745,702.50	4,745,702.50	4,260,000.00	3.50%	1,349,950.00	5,609,950.00	4,260,000.00	6,095,652.50	10,355,652.50
2038	20	-		4,745,702.50	4,745,702.50	4,410,000.00	3.50%	1,200,850.00	5,610,850.00	4,410,000.00	5,946,552.50	10,356,552.50
2039	21	-		4,745,702.50	4,745,702.50	4,565,000.00	3.50%	1,046,500.00	5,611,500.00	4,565,000.00	5,792,202.50	10,357,202.50
2040	22	-		4,745,702.50	4,745,702.50	4,725,000.00	3.50%	886,725.00	5,611,725.00	4,725,000.00	5,632,427.50	10,357,427.50
2041	23	-		4,745,702.50	4,745,702.50	4,890,000.00	3.50%	721,350.00	5,611,350.00	4,890,000.00	5,467,052.50	10,357,052.50
2042	24	-		4,745,702.50	4,745,702.50	5,060,000.00	3.50%	550,200.00	5,610,200.00	5,060,000.00	5,295,902.50	10,355,902.50
2043	25	-		4,745,702.50	4,745,702.50	5,240,000.00	3.50%	373,100.00	5,613,100.00	5,240,000.00	5,118,802.50	10,358,802.50
2044	26	-		4,745,702.50	4,745,702.50	5,420,000.00	3.50%	189,700.00	5,609,700.00	5,420,000.00	4,935,402.50	10,355,402.50
2045	27	5,610,000.00	4.15%	4,745,702.50	10,355,702.50			-	-	5,610,000.00	4,745,702.50	10,355,702.50
2046	28	5,845,000.00	4.20%	4,512,887.50	10,357,887.50			-	-	5,845,000.00	4,512,887.50	10,357,887.50
2047	29	6,090,000.00	4.25%	4,267,397.50	10,357,397.50			-	-	6,090,000.00	4,267,397.50	10,357,397.50
2048	30	6,350,000.00	4.30%	4,008,572.50	10,358,572.50			-	-	6,350,000.00	4,008,572.50	10,358,572.50
2049	31	6,620,000.00	4.35%	3,735,522.50	10,355,522.50			-	-	6,620,000.00	3,735,522.50	10,355,522.50
2050	32	6,910,000.00	4.40%	3,447,552.50	10,357,552.50			-	-	6,910,000.00	3,447,552.50	10,357,552.50
2051	33	7,215,000.00	4.45%	3,143,512.50	10,358,512.50			-	-	7,215,000.00	3,143,512.50	10,358,512.50
2052	34	7,535,000.00	4.50%	2,822,445.00	10,357,445.00			-	-	7,535,000.00	2,822,445.00	10,357,445.00
2053	35	7,875,000.00	4.55%	2,483,370.00	10,358,370.00			-	-	7,875,000.00	2,483,370.00	10,358,370.00
2054	36	8,230,000.00	4.60%	2,125,057.50	10,355,057.50			-	-	8,230,000.00	2,125,057.50	10,355,057.50
2055	37	8,610,000.00	4.65%	1,746,477.50	10,356,477.50			-	-	8,610,000.00	1,746,477.50	10,356,477.50
2056	38	9,010,000.00	4.70%	1,346,112.50	10,356,112.50			-	-	9,010,000.00	1,346,112.50	10,356,112.50
2057	39	9,435,000.00	4.75%	922,642.50	10,357,642.50			-	-	9,435,000.00	922,642.50	10,357,642.50
2058	40	9,885,000.00	4.80%	474,480.00	10,359,480.00			-	-	9,885,000.00	474,480.00	10,359,480.00
		105,220,000.00		163,169,997.50	268,389,997.50	94,780,000.00		51,117,325.00	145,897,325.00	200,000,000.00	214,287,322.50	414,287,322.50

Assumptions: DOE Closing is assumed to occur on 1/1/2015 with COD for Unit 3 and 4 on 1/1/2018 and 1/1/2019, respectively. Public debt is assumed to be issued at par.

Exhibit L - Series Levelization Example - Unit 4

Higher actual DOE rates vs expected DOE rates

Actual Debt Service

Accrual Year	# of Years	Public Markets				DOE - 30 year amortization				Total Debt Service		
		Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Interest	Debt Service
2019	1	-		4,745,702.50	4,745,702.50	2,140,000.00	4.00%	3,791,200.00	5,931,200.00	2,140,000.00	8,536,902.50	10,676,902.50
2020	2	-		4,745,702.50	4,745,702.50	2,225,000.00	4.00%	3,705,600.00	5,930,600.00	2,225,000.00	8,451,302.50	10,676,302.50
2021	3	-		4,745,702.50	4,745,702.50	2,315,000.00	4.00%	3,616,600.00	5,931,600.00	2,315,000.00	8,362,302.50	10,677,302.50
2022	4	-		4,745,702.50	4,745,702.50	2,405,000.00	4.00%	3,524,000.00	5,929,000.00	2,405,000.00	8,269,702.50	10,674,702.50
2023	5	-		4,745,702.50	4,745,702.50	2,500,000.00	4.00%	3,427,800.00	5,927,800.00	2,500,000.00	8,173,502.50	10,673,502.50
2024	6	-		4,745,702.50	4,745,702.50	2,605,000.00	4.00%	3,327,800.00	5,932,800.00	2,605,000.00	8,073,502.50	10,678,502.50
2025	7	-		4,745,702.50	4,745,702.50	2,705,000.00	4.00%	3,223,600.00	5,928,600.00	2,705,000.00	7,969,302.50	10,674,302.50
2026	8	-		4,745,702.50	4,745,702.50	2,815,000.00	4.00%	3,115,400.00	5,930,400.00	2,815,000.00	7,861,102.50	10,676,102.50
2027	9	-		4,745,702.50	4,745,702.50	2,930,000.00	4.00%	3,002,800.00	5,932,800.00	2,930,000.00	7,748,502.50	10,678,502.50
2028	10	-		4,745,702.50	4,745,702.50	3,045,000.00	4.00%	2,885,600.00	5,930,600.00	3,045,000.00	7,631,302.50	10,676,302.50
2029	11	-		4,745,702.50	4,745,702.50	3,165,000.00	4.00%	2,763,800.00	5,928,800.00	3,165,000.00	7,509,502.50	10,674,502.50
2030	12	-		4,745,702.50	4,745,702.50	3,295,000.00	4.00%	2,637,200.00	5,932,200.00	3,295,000.00	7,382,902.50	10,677,902.50
2031	13	-		4,745,702.50	4,745,702.50	3,425,000.00	4.00%	2,505,400.00	5,930,400.00	3,425,000.00	7,251,102.50	10,676,102.50
2032	14	-		4,745,702.50	4,745,702.50	3,560,000.00	4.00%	2,368,400.00	5,928,400.00	3,560,000.00	7,114,102.50	10,674,102.50
2033	15	-		4,745,702.50	4,745,702.50	3,705,000.00	4.00%	2,226,000.00	5,931,000.00	3,705,000.00	6,971,702.50	10,676,702.50
2034	16	-		4,745,702.50	4,745,702.50	3,850,000.00	4.00%	2,077,800.00	5,927,800.00	3,850,000.00	6,823,502.50	10,673,502.50
2035	17	-		4,745,702.50	4,745,702.50	4,005,000.00	4.00%	1,923,800.00	5,928,800.00	4,005,000.00	6,669,502.50	10,674,502.50
2036	18	-		4,745,702.50	4,745,702.50	4,165,000.00	4.00%	1,763,600.00	5,928,600.00	4,165,000.00	6,509,302.50	10,674,302.50
2037	19	-		4,745,702.50	4,745,702.50	4,335,000.00	4.00%	1,597,000.00	5,932,000.00	4,335,000.00	6,342,702.50	10,677,702.50
2038	20	-		4,745,702.50	4,745,702.50	4,505,000.00	4.00%	1,423,600.00	5,928,600.00	4,505,000.00	6,169,302.50	10,674,302.50
2039	21	-		4,745,702.50	4,745,702.50	4,685,000.00	4.00%	1,243,400.00	5,928,400.00	4,685,000.00	5,989,102.50	10,674,102.50
2040	22	-		4,745,702.50	4,745,702.50	4,875,000.00	4.00%	1,056,000.00	5,931,000.00	4,875,000.00	5,801,702.50	10,676,702.50
2041	23	-		4,745,702.50	4,745,702.50	5,070,000.00	4.00%	861,000.00	5,931,000.00	5,070,000.00	5,606,702.50	10,676,702.50
2042	24	-		4,745,702.50	4,745,702.50	5,270,000.00	4.00%	658,200.00	5,928,200.00	5,270,000.00	5,403,902.50	10,673,902.50
2043	25	-		4,745,702.50	4,745,702.50	5,485,000.00	4.00%	447,400.00	5,932,400.00	5,485,000.00	5,193,102.50	10,678,102.50
2044	26	-		4,745,702.50	4,745,702.50	5,700,000.00	4.00%	228,000.00	5,928,000.00	5,700,000.00	4,973,702.50	10,673,702.50
2045	27	5,610,000.00	4.15%	4,745,702.50	10,355,702.50			-	-	5,610,000.00	4,745,702.50	10,355,702.50
2046	28	5,845,000.00	4.20%	4,512,887.50	10,357,887.50			-	-	5,845,000.00	4,512,887.50	10,357,887.50
2047	29	6,090,000.00	4.25%	4,267,397.50	10,357,397.50			-	-	6,090,000.00	4,267,397.50	10,357,397.50
2048	30	6,350,000.00	4.30%	4,008,572.50	10,358,572.50			-	-	6,350,000.00	4,008,572.50	10,358,572.50
2049	31	6,620,000.00	4.35%	3,735,522.50	10,355,522.50			-	-	6,620,000.00	3,735,522.50	10,355,522.50
2050	32	6,910,000.00	4.40%	3,447,552.50	10,357,552.50			-	-	6,910,000.00	3,447,552.50	10,357,552.50
2051	33	7,215,000.00	4.45%	3,143,512.50	10,358,512.50			-	-	7,215,000.00	3,143,512.50	10,358,512.50
2052	34	7,535,000.00	4.50%	2,822,445.00	10,357,445.00			-	-	7,535,000.00	2,822,445.00	10,357,445.00
2053	35	7,875,000.00	4.55%	2,483,370.00	10,358,370.00			-	-	7,875,000.00	2,483,370.00	10,358,370.00
2054	36	8,230,000.00	4.60%	2,125,057.50	10,355,057.50			-	-	8,230,000.00	2,125,057.50	10,355,057.50
2055	37	8,610,000.00	4.65%	1,746,477.50	10,356,477.50			-	-	8,610,000.00	1,746,477.50	10,356,477.50
2056	38	9,010,000.00	4.70%	1,346,112.50	10,356,112.50			-	-	9,010,000.00	1,346,112.50	10,356,112.50
2057	39	9,435,000.00	4.75%	922,642.50	10,357,642.50			-	-	9,435,000.00	922,642.50	10,357,642.50
2058	40	9,885,000.00	4.80%	474,480.00	10,359,480.00			-	-	9,885,000.00	474,480.00	10,359,480.00
		105,220,000.00		163,169,997.50	268,389,997.50	94,780,000.00		59,401,000.00	154,181,000.00	200,000,000.00	222,570,997.50	422,570,997.50

Exhibit L - Series Levelization Example - Unit 4

Higher actual DOE rates vs expected DOE rates

Hypothetical Debt Service structured as if Public Markets and DOE Advances were issued on a level debt service basis at the actual rates

FV rate 4.38%

Accrual Year	# of Years	Public Markets Principal	Yield	Public Markets Interest	Public Markets Debt Service	DOE - 30 year amortization Principal	Yield	DOE - 30 year amortization Interest	DOE - 30 year amortization Debt Service	Total Debt Service Principal	Total Debt Service Interest	Total Debt Service Debt Service	Over/(Under) payment vs Hypothetical	Future Value of Payment *
2019	1	-		4,869,717.50	4,869,717.50	2,075,000.00	4.00%	3,681,200.00	5,756,200.00	2,075,000.00	8,550,917.50	10,625,917.50	50,985.00	**117,570.74**
2020	2	-		4,869,717.50	4,869,717.50	2,160,000.00	4.00%	3,598,200.00	5,758,200.00	2,160,000.00	8,467,917.50	10,627,917.50	48,385.00	**106,895.53**
2021	3	-		4,869,717.50	4,869,717.50	2,245,000.00	4.00%	3,511,800.00	5,756,800.00	2,245,000.00	8,381,517.50	10,626,517.50	50,785.00	**107,492.02**
2022	4	-		4,869,717.50	4,869,717.50	2,335,000.00	4.00%	3,422,000.00	5,757,000.00	2,335,000.00	8,291,717.50	10,626,717.50	47,985.00	**97,305.68**
2023	5	-		4,869,717.50	4,869,717.50	2,430,000.00	4.00%	3,328,600.00	5,758,600.00	2,430,000.00	8,198,317.50	10,628,317.50	45,185.00	**87,784.73**
2024	6	-		4,869,717.50	4,869,717.50	2,525,000.00	4.00%	3,231,400.00	5,756,400.00	2,525,000.00	8,101,117.50	10,626,117.50	52,385.00	**97,504.26**
2025	7	-		4,869,717.50	4,869,717.50	2,630,000.00	4.00%	3,130,400.00	5,760,400.00	2,630,000.00	8,000,117.50	10,630,117.50	44,185.00	**78,792.24**
2026	8	-		4,869,717.50	4,869,717.50	2,735,000.00	4.00%	3,025,200.00	5,760,200.00	2,735,000.00	7,894,917.50	10,629,917.50	46,185.00	**78,904.45**
2027	9	-		4,869,717.50	4,869,717.50	2,845,000.00	4.00%	2,915,800.00	5,760,800.00	2,845,000.00	7,785,517.50	10,630,517.50	47,985.00	**78,541.28**
2028	10	-		4,869,717.50	4,869,717.50	2,955,000.00	4.00%	2,802,000.00	5,757,000.00	2,955,000.00	7,671,717.50	10,626,717.50	49,585.00	**77,756.15**
2029	11	-		4,869,717.50	4,869,717.50	3,075,000.00	4.00%	2,683,800.00	5,758,800.00	3,075,000.00	7,553,517.50	10,628,517.50	45,985.00	**69,086.41**
2030	12	-		4,869,717.50	4,869,717.50	3,195,000.00	4.00%	2,560,800.00	5,755,800.00	3,195,000.00	7,430,517.50	10,625,517.50	52,385.00	**75,400.69**
2031	13	-		4,869,717.50	4,869,717.50	3,325,000.00	4.00%	2,433,000.00	5,758,000.00	3,325,000.00	7,302,717.50	10,627,717.50	48,385.00	**66,722.31**
2032	14	-		4,869,717.50	4,869,717.50	3,460,000.00	4.00%	2,300,000.00	5,760,000.00	3,460,000.00	7,169,717.50	10,629,717.50	44,385.00	**58,639.26**
2033	15	-		4,869,717.50	4,869,717.50	3,595,000.00	4.00%	2,161,600.00	5,756,600.00	3,595,000.00	7,031,317.50	10,626,317.50	50,385.00	**63,774.27**
2034	16	-		4,869,717.50	4,869,717.50	3,740,000.00	4.00%	2,017,800.00	5,757,800.00	3,740,000.00	6,887,517.50	10,627,517.50	45,985.00	**55,763.80**
2035	17	-		4,869,717.50	4,869,717.50	3,890,000.00	4.00%	1,868,200.00	5,758,200.00	3,890,000.00	6,737,917.50	10,627,917.50	46,585.00	**54,122.05**
2036	18	-		4,869,717.50	4,869,717.50	4,045,000.00	4.00%	1,712,600.00	5,757,600.00	4,045,000.00	6,582,317.50	10,627,317.50	46,985.00	**52,297.31**
2037	19	-		4,869,717.50	4,869,717.50	4,210,000.00	4.00%	1,550,800.00	5,760,800.00	4,210,000.00	6,420,517.50	10,630,517.50	47,185.00	**50,317.15**
2038	20	-		4,869,717.50	4,869,717.50	4,375,000.00	4.00%	1,382,400.00	5,757,400.00	4,375,000.00	6,252,117.50	10,627,117.50	47,185.00	**48,206.76**
2039	21	-		4,869,717.50	4,869,717.50	4,550,000.00	4.00%	1,207,400.00	5,757,400.00	4,550,000.00	6,077,117.50	10,627,117.50	46,985.00	
2040	22	-		4,869,717.50	4,869,717.50	4,735,000.00	4.00%	1,025,400.00	5,760,400.00	4,735,000.00	5,895,117.50	10,630,117.50	46,585.00	
2041	23	-		4,869,717.50	4,869,717.50	4,920,000.00	4.00%	836,000.00	5,756,000.00	4,920,000.00	5,705,717.50	10,625,717.50	50,985.00	
2042	24	-		4,869,717.50	4,869,717.50	5,120,000.00	4.00%	639,200.00	5,759,200.00	5,120,000.00	5,508,917.50	10,628,917.50	44,985.00	
2043	25	-		4,869,717.50	4,869,717.50	5,325,000.00	4.00%	434,400.00	5,759,400.00	5,325,000.00	5,304,117.50	10,629,117.50	48,985.00	
2044	26	-		4,869,717.50	4,869,717.50	5,535,000.00	4.00%	221,400.00	5,756,400.00	5,535,000.00	5,091,117.50	10,626,117.50	47,585.00	
2045	27	5,760,000.00	4.15%	4,869,717.50	10,629,717.50			-	-	5,760,000.00	4,869,717.50	10,629,717.50	(274,015.00)	
2046	28	5,995,000.00	4.20%	4,630,677.50	10,625,677.50			-	-	5,995,000.00	4,630,677.50	10,625,677.50	(267,790.00)	
2047	29	6,250,000.00	4.25%	4,378,887.50	10,628,887.50			-	-	6,250,000.00	4,378,887.50	10,628,887.50	(271,490.00)	
2048	30	6,515,000.00	4.30%	4,113,262.50	10,628,262.50			-	-	6,515,000.00	4,113,262.50	10,628,262.50	(269,690.00)	
2049	31	6,795,000.00	4.35%	3,833,117.50	10,628,117.50			-	-	6,795,000.00	3,833,117.50	10,628,117.50	(272,595.00)	
2050	32	7,090,000.00	4.40%	3,537,535.00	10,627,535.00			-	-	7,090,000.00	3,537,535.00	10,627,535.00	(269,982.50)	
2051	33	7,405,000.00	4.45%	3,225,575.00	10,630,575.00			-	-	7,405,000.00	3,225,575.00	10,630,575.00	(272,062.50)	
2052	34	7,730,000.00	4.50%	2,896,052.50	10,626,052.50			-	-	7,730,000.00	2,896,052.50	10,626,052.50	(268,607.50)	
2053	35	8,080,000.00	4.55%	2,548,202.50	10,628,202.50			-	-	8,080,000.00	2,548,202.50	10,628,202.50	(269,832.50)	
2054	36	8,450,000.00	4.60%	2,180,562.50	10,630,562.50			-	-	8,450,000.00	2,180,562.50	10,630,562.50	(275,505.00)	
2055	37	8,835,000.00	4.65%	1,791,862.50	10,626,862.50			-	-	8,835,000.00	1,791,862.50	10,626,862.50	(270,385.00)	
2056	38	9,245,000.00	4.70%	1,381,035.00	10,626,035.00			-	-	9,245,000.00	1,381,035.00	10,626,035.00	(269,922.50)	
2057	39	9,680,000.00	4.75%	946,520.00	10,626,520.00			-	-	9,680,000.00	946,520.00	10,626,520.00	(268,877.50)	
2058	40	10,140,000.00	4.80%	486,720.00	10,626,720.00			-	-	10,140,000.00	486,720.00	10,626,720.00	(267,240.00)	
		107,970,000.00		167,432,382.50	275,402,382.50	92,030,000.00		57,681,400.00	149,711,400.00	200,000,000.00	225,113,782.50	425,113,782.50	(2,542,785.00)	1,522,877.09

* Positive payments are to JEA, negative payments are from JEA and are calculated to the end of the PPA

Exhibit L - Series Levelization Example - Unit 4

Lower actual DOE rates vs expected DOE rates

Actual Debt Service

Accrual Year	# of Years	Public Markets				DOE - 30 year amortization				Total Debt Service		
		Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Interest	Debt Service
2019	1	-		4,745,702.50	4,745,702.50	2,460,000.00	3.00%	2,843,400.00	5,303,400.00	2,460,000.00	7,589,102.50	10,049,102.50
2020	2	-		4,745,702.50	4,745,702.50	2,530,000.00	3.00%	2,769,600.00	5,299,600.00	2,530,000.00	7,515,302.50	10,045,302.50
2021	3	-		4,745,702.50	4,745,702.50	2,610,000.00	3.00%	2,693,700.00	5,303,700.00	2,610,000.00	7,439,402.50	10,049,402.50
2022	4	-		4,745,702.50	4,745,702.50	2,685,000.00	3.00%	2,615,400.00	5,300,400.00	2,685,000.00	7,361,102.50	10,046,102.50
2023	5	-		4,745,702.50	4,745,702.50	2,765,000.00	3.00%	2,534,850.00	5,299,850.00	2,765,000.00	7,280,552.50	10,045,552.50
2024	6	-		4,745,702.50	4,745,702.50	2,850,000.00	3.00%	2,451,900.00	5,301,900.00	2,850,000.00	7,197,602.50	10,047,602.50
2025	7	-		4,745,702.50	4,745,702.50	2,935,000.00	3.00%	2,366,400.00	5,301,400.00	2,935,000.00	7,112,102.50	10,047,102.50
2026	8	-		4,745,702.50	4,745,702.50	3,025,000.00	3.00%	2,278,350.00	5,303,350.00	3,025,000.00	7,024,052.50	10,049,052.50
2027	9	-		4,745,702.50	4,745,702.50	3,115,000.00	3.00%	2,187,600.00	5,302,600.00	3,115,000.00	6,933,302.50	10,048,302.50
2028	10	-		4,745,702.50	4,745,702.50	3,210,000.00	3.00%	2,094,150.00	5,304,150.00	3,210,000.00	6,839,852.50	10,049,852.50
2029	11	-		4,745,702.50	4,745,702.50	3,305,000.00	3.00%	1,997,850.00	5,302,850.00	3,305,000.00	6,743,552.50	10,048,552.50
2030	12	-		4,745,702.50	4,745,702.50	3,405,000.00	3.00%	1,898,700.00	5,303,700.00	3,405,000.00	6,644,402.50	10,049,402.50
2031	13	-		4,745,702.50	4,745,702.50	3,505,000.00	3.00%	1,796,550.00	5,301,550.00	3,505,000.00	6,542,252.50	10,047,252.50
2032	14	-		4,745,702.50	4,745,702.50	3,610,000.00	3.00%	1,691,400.00	5,301,400.00	3,610,000.00	6,437,102.50	10,047,102.50
2033	15	-		4,745,702.50	4,745,702.50	3,720,000.00	3.00%	1,583,100.00	5,303,100.00	3,720,000.00	6,328,802.50	10,048,802.50
2034	16	-		4,745,702.50	4,745,702.50	3,830,000.00	3.00%	1,471,500.00	5,301,500.00	3,830,000.00	6,217,202.50	10,047,202.50
2035	17	-		4,745,702.50	4,745,702.50	3,945,000.00	3.00%	1,356,600.00	5,301,600.00	3,945,000.00	6,102,302.50	10,047,302.50
2036	18	-		4,745,702.50	4,745,702.50	4,065,000.00	3.00%	1,238,250.00	5,303,250.00	4,065,000.00	5,983,952.50	10,048,952.50
2037	19	-		4,745,702.50	4,745,702.50	4,185,000.00	3.00%	1,116,300.00	5,301,300.00	4,185,000.00	5,862,002.50	10,047,002.50
2038	20	-		4,745,702.50	4,745,702.50	4,310,000.00	3.00%	990,750.00	5,300,750.00	4,310,000.00	5,736,452.50	10,046,452.50
2039	21	-		4,745,702.50	4,745,702.50	4,440,000.00	3.00%	861,450.00	5,301,450.00	4,440,000.00	5,607,152.50	10,047,152.50
2040	22	-		4,745,702.50	4,745,702.50	4,575,000.00	3.00%	728,250.00	5,303,250.00	4,575,000.00	5,473,952.50	10,048,952.50
2041	23	-		4,745,702.50	4,745,702.50	4,710,000.00	3.00%	591,000.00	5,301,000.00	4,710,000.00	5,336,702.50	10,046,702.50
2042	24	-		4,745,702.50	4,745,702.50	4,850,000.00	3.00%	449,700.00	5,299,700.00	4,850,000.00	5,195,402.50	10,045,402.50
2043	25	-		4,745,702.50	4,745,702.50	4,995,000.00	3.00%	304,200.00	5,299,200.00	4,995,000.00	5,049,902.50	10,044,902.50
2044	26	-		4,745,702.50	4,745,702.50	5,145,000.00	3.00%	154,350.00	5,299,350.00	5,145,000.00	4,900,052.50	10,045,052.50
2045	27	5,610,000.00	4.15%	4,745,702.50	10,355,702.50			-	-	5,610,000.00	4,745,702.50	10,355,702.50
2046	28	5,845,000.00	4.20%	4,512,887.50	10,357,887.50			-	-	5,845,000.00	4,512,887.50	10,357,887.50
2047	29	6,090,000.00	4.25%	4,267,397.50	10,357,397.50			-	-	6,090,000.00	4,267,397.50	10,357,397.50
2048	30	6,350,000.00	4.30%	4,008,572.50	10,358,572.50			-	-	6,350,000.00	4,008,572.50	10,358,572.50
2049	31	6,620,000.00	4.35%	3,735,522.50	10,355,522.50			-	-	6,620,000.00	3,735,522.50	10,355,522.50
2050	32	6,910,000.00	4.40%	3,447,552.50	10,357,552.50			-	-	6,910,000.00	3,447,552.50	10,357,552.50
2051	33	7,215,000.00	4.45%	3,143,512.50	10,358,512.50			-	-	7,215,000.00	3,143,512.50	10,358,512.50
2052	34	7,535,000.00	4.50%	2,822,445.00	10,357,445.00			-	-	7,535,000.00	2,822,445.00	10,357,445.00
2053	35	7,875,000.00	4.55%	2,483,370.00	10,358,370.00			-	-	7,875,000.00	2,483,370.00	10,358,370.00
2054	36	8,230,000.00	4.60%	2,125,057.50	10,355,057.50			-	-	8,230,000.00	2,125,057.50	10,355,057.50
2055	37	8,610,000.00	4.65%	1,746,477.50	10,356,477.50			-	-	8,610,000.00	1,746,477.50	10,356,477.50
2056	38	9,010,000.00	4.70%	1,346,112.50	10,356,112.50			-	-	9,010,000.00	1,346,112.50	10,356,112.50
2057	39	9,435,000.00	4.75%	922,642.50	10,357,642.50			-	-	9,435,000.00	922,642.50	10,357,642.50
2058	40	9,885,000.00	4.80%	474,480.00	10,359,480.00			-	-	9,885,000.00	474,480.00	10,359,480.00
		105,220,000.00		163,169,997.50	268,389,997.50	94,780,000.00		43,065,300.00	137,845,300.00	200,000,000.00	206,235,297.50	406,235,297.50

Exhibit L - Series Levelization Example - Unit 4

Lower actual DOE rates vs expected DOE rates

Hypothetical Debt Service structured as if Public Markets and DOE Advances were issued on a level debt service basis at the actual rates

FV Rate 4.10%

		Public Markets				DOE - 30 year amortization				Total Debt Service				
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Interest	Debt Service	Over/(Under) payment vs Hypothetical	Future Value of Payment *
2019	1	-		4,617,830.00	4,617,830.00	2,530,000.00	3.00%	2,928,450.00	5,458,450.00	2,530,000.00	7,546,280.00	10,076,280.00	(27,177.50)	**(59,456.98)**
2020	2	-		4,617,830.00	4,617,830.00	2,610,000.00	3.00%	2,852,550.00	5,462,550.00	2,610,000.00	7,470,380.00	10,080,380.00	(35,077.50)	**(73,720.19)**
2021	3	-		4,617,830.00	4,617,830.00	2,685,000.00	3.00%	2,774,250.00	5,459,250.00	2,685,000.00	7,392,080.00	10,077,080.00	(27,677.50)	**(55,879.06)**
2022	4	-		4,617,830.00	4,617,830.00	2,765,000.00	3.00%	2,693,700.00	5,458,700.00	2,765,000.00	7,311,530.00	10,076,530.00	(30,427.50)	**(59,013.72)**
2023	5	-		4,617,830.00	4,617,830.00	2,850,000.00	3.00%	2,610,750.00	5,460,750.00	2,850,000.00	7,228,580.00	10,078,580.00	(33,027.50)	**(61,535.66)**
2024	6	-		4,617,830.00	4,617,830.00	2,935,000.00	3.00%	2,525,250.00	5,460,250.00	2,935,000.00	7,143,080.00	10,078,080.00	(30,477.50)	**(54,550.02)**
2025	7	-		4,617,830.00	4,617,830.00	3,025,000.00	3.00%	2,437,200.00	5,462,200.00	3,025,000.00	7,055,030.00	10,080,030.00	(32,927.50)	**(56,615.95)**
2026	8	-		4,617,830.00	4,617,830.00	3,115,000.00	3.00%	2,346,450.00	5,461,450.00	3,115,000.00	6,964,280.00	10,079,280.00	(30,227.50)	**(49,928.29)**
2027	9	-		4,617,830.00	4,617,830.00	3,205,000.00	3.00%	2,253,000.00	5,458,000.00	3,205,000.00	6,870,830.00	10,075,830.00	(27,527.50)	**(43,679.30)**
2028	10	-		4,617,830.00	4,617,830.00	3,305,000.00	3.00%	2,156,850.00	5,461,850.00	3,305,000.00	6,774,680.00	10,079,680.00	(29,827.50)	**(45,466.36)**
2029	11	-		4,617,830.00	4,617,830.00	3,405,000.00	3.00%	2,057,700.00	5,462,700.00	3,405,000.00	6,675,530.00	10,080,530.00	(31,977.50)	**(46,825.49)**
2030	12	-		4,617,830.00	4,617,830.00	3,505,000.00	3.00%	1,955,550.00	5,460,550.00	3,505,000.00	6,573,380.00	10,078,380.00	(28,977.50)	**(40,762.72)**
2031	13	-		4,617,830.00	4,617,830.00	3,610,000.00	3.00%	1,850,400.00	5,460,400.00	3,610,000.00	6,468,230.00	10,078,230.00	(30,977.50)	**(41,861.33)**
2032	14	-		4,617,830.00	4,617,830.00	3,720,000.00	3.00%	1,742,100.00	5,462,100.00	3,720,000.00	6,359,930.00	10,079,930.00	(32,827.50)	**(42,615.63)**
2033	15	-		4,617,830.00	4,617,830.00	3,830,000.00	3.00%	1,630,500.00	5,460,500.00	3,830,000.00	6,248,330.00	10,078,330.00	(29,527.50)	**(36,823.26)**
2034	16	-		4,617,830.00	4,617,830.00	3,945,000.00	3.00%	1,515,600.00	5,460,600.00	3,945,000.00	6,133,430.00	10,078,430.00	(31,227.50)	**(37,410.82)**
2035	17	-		4,617,830.00	4,617,830.00	4,065,000.00	3.00%	1,397,250.00	5,462,250.00	4,065,000.00	6,015,080.00	10,080,080.00	(32,777.50)	**(37,722.48)**
2036	18	-		4,617,830.00	4,617,830.00	4,185,000.00	3.00%	1,275,300.00	5,460,300.00	4,185,000.00	5,893,130.00	10,078,130.00	(29,177.50)	**(32,257.97)**
2037	19	-		4,617,830.00	4,617,830.00	4,310,000.00	3.00%	1,149,750.00	5,459,750.00	4,310,000.00	5,767,580.00	10,077,580.00	(30,577.50)	**(32,475.46)**
2038	20	-		4,617,830.00	4,617,830.00	4,440,000.00	3.00%	1,020,450.00	5,460,450.00	4,440,000.00	5,638,280.00	10,078,280.00	(31,827.50)	**(32,472.84)**
2039	21	-		4,617,830.00	4,617,830.00	4,575,000.00	3.00%	887,250.00	5,462,250.00	4,575,000.00	5,505,080.00	10,080,080.00	(32,927.50)	
2040	22	-		4,617,830.00	4,617,830.00	4,710,000.00	3.00%	750,000.00	5,460,000.00	4,710,000.00	5,367,830.00	10,077,830.00	(28,877.50)	
2041	23	-		4,617,830.00	4,617,830.00	4,850,000.00	3.00%	608,700.00	5,458,700.00	4,850,000.00	5,226,530.00	10,076,530.00	(29,827.50)	
2042	24	-		4,617,830.00	4,617,830.00	4,995,000.00	3.00%	463,200.00	5,458,200.00	4,995,000.00	5,081,030.00	10,076,030.00	(30,627.50)	
2043	25	-		4,617,830.00	4,617,830.00	5,145,000.00	3.00%	313,350.00	5,458,350.00	5,145,000.00	4,931,180.00	10,076,180.00	(31,277.50)	
2044	26	-		4,617,830.00	4,617,830.00	5,300,000.00	3.00%	159,000.00	5,459,000.00	5,300,000.00	4,776,830.00	10,076,830.00	(31,777.50)	
2045	27	5,460,000.00	4.15%	4,617,830.00	10,077,830.00			-	-	5,460,000.00	4,617,830.00	10,077,830.00	277,872.50	
2046	28	5,685,000.00	4.20%	4,391,240.00	10,076,240.00			-	-	5,685,000.00	4,391,240.00	10,076,240.00	281,647.50	
2047	29	5,925,000.00	4.25%	4,152,470.00	10,077,470.00			-	-	5,925,000.00	4,152,470.00	10,077,470.00	279,927.50	
2048	30	6,180,000.00	4.30%	3,900,657.50	10,080,657.50			-	-	6,180,000.00	3,900,657.50	10,080,657.50	277,915.00	
2049	31	6,445,000.00	4.35%	3,634,917.50	10,079,917.50			-	-	6,445,000.00	3,634,917.50	10,079,917.50	275,605.00	
2050	32	6,725,000.00	4.40%	3,354,560.00	10,079,560.00			-	-	6,725,000.00	3,354,560.00	10,079,560.00	277,992.50	
2051	33	7,020,000.00	4.45%	3,058,660.00	10,078,660.00			-	-	7,020,000.00	3,058,660.00	10,078,660.00	279,852.50	
2052	34	7,330,000.00	4.50%	2,746,270.00	10,076,270.00			-	-	7,330,000.00	2,746,270.00	10,076,270.00	281,175.00	
2053	35	7,660,000.00	4.55%	2,416,420.00	10,076,420.00			-	-	7,660,000.00	2,416,420.00	10,076,420.00	281,950.00	
2054	36	8,010,000.00	4.60%	2,067,890.00	10,077,890.00			-	-	8,010,000.00	2,067,890.00	10,077,890.00	277,167.50	
2055	37	8,380,000.00	4.65%	1,699,430.00	10,079,430.00			-	-	8,380,000.00	1,699,430.00	10,079,430.00	277,047.50	
2056	38	8,770,000.00	4.70%	1,309,760.00	10,079,760.00			-	-	8,770,000.00	1,309,760.00	10,079,760.00	276,352.50	
2057	39	9,180,000.00	4.75%	897,570.00	10,077,570.00			-	-	9,180,000.00	897,570.00	10,077,570.00	280,072.50	
2058	40	9,615,000.00	4.80%	461,520.00	10,076,520.00			-	-	9,615,000.00	461,520.00	10,076,520.00	282,960.00	
		102,385,000.00		158,772,775.00	261,157,775.00	97,615,000.00		44,354,550.00	141,969,550.00	200,000,000.00	203,127,325.00	403,127,325.00	3,107,972.50	(941,073.52)

* Positive payments are to JEA, negative payments are from JEA and are calculated to the end of the PPA

EXHIBIT M

Example of True-Up Payment Calculation

under second paragraph of Section 404(b)

Exhibit M - Adjustment for Unapplied Proceeds at the end of PPE Term - Unit 3

Debt Service that would have been avoided if we were able to pay down debt

DOE - 30 year amortization

Accrual Year	# of Years	Principal	Bullet (shown as extended)	Yield	Interest	Debt Service	Payment
2018	1			4.00%			
2019	2			4.00%			
2020	3	350,000.00		4.00%	1,200,000.00	1,550,000.00	350,000.00
2021	4	365,000.00		4.00%	1,186,000.00	1,551,000.00	365,000.00
2022	5	375,000.00		4.00%	1,171,400.00	1,546,400.00	375,000.00
2023	6	395,000.00		4.00%	1,156,400.00	1,551,400.00	395,000.00
2024	7	410,000.00		4.00%	1,140,600.00	1,550,600.00	410,000.00
2025	8	425,000.00		4.00%	1,124,200.00	1,549,200.00	425,000.00
2026	9	440,000.00		4.00%	1,107,200.00	1,547,200.00	440,000.00
2027	10	460,000.00		4.00%	1,089,600.00	1,549,600.00	460,000.00
2028	11	480,000.00		4.00%	1,071,200.00	1,551,200.00	480,000.00
2029	12	495,000.00		4.00%	1,052,000.00	1,547,000.00	495,000.00
2030	13	515,000.00		4.00%	1,032,200.00	1,547,200.00	515,000.00
2031	14	535,000.00		4.00%	1,011,600.00	1,546,600.00	535,000.00
2032	15	560,000.00		4.00%	990,200.00	1,550,200.00	560,000.00
2033	16	580,000.00		4.00%	967,800.00	1,547,800.00	580,000.00
2034	17	605,000.00		4.00%	944,600.00	1,549,600.00	605,000.00
2035	18	630,000.00		4.00%	920,400.00	1,550,400.00	630,000.00
2036	19	655,000.00		4.00%	895,200.00	1,550,200.00	655,000.00
2037	20	680,000.00		4.00%	869,000.00	1,549,000.00	680,000.00
2038	21	705,000.00		4.00%	841,800.00	1,546,800.00	
2039	22	735,000.00		4.00%	813,600.00	1,548,600.00	
2040	23	765,000.00		4.00%	784,200.00	1,549,200.00	
2041	24	795,000.00		4.00%	753,600.00	1,548,600.00	
2042	25	825,000.00		4.00%	721,800.00	1,546,800.00	
2043	26	860,000.00		4.00%	688,800.00	1,548,800.00	
2044	27	895,000.00		4.00%	654,400.00	1,549,400.00	
2045	28		930,000.00	4.00%	618,600.00	1,548,600.00	
2046	29		970,000.00	4.00%	581,400.00	1,551,400.00	
2047	30		1,005,000.00	4.00%	542,600.00	1,547,600.00	
2048	31		1,045,000.00	4.00%	502,400.00	1,547,400.00	
2049	32		1,090,000.00	4.00%	460,600.00	1,550,600.00	
2050	33		1,130,000.00	4.00%	417,000.00	1,547,000.00	
2051	34		1,175,000.00	4.00%	371,800.00	1,546,800.00	
2052	35		1,225,000.00	4.00%	324,800.00	1,549,800.00	
2053	36		1,275,000.00	4.00%	275,800.00	1,550,800.00	
2054	37		1,325,000.00	4.00%	224,800.00	1,549,800.00	
2055	38		1,375,000.00	4.00%	171,800.00	1,546,800.00	
2056	39		1,430,000.00	4.00%	116,800.00	1,546,800.00	
2057	40		1,490,000.00	4.00%	59,600.00	1,549,600.00	
		14,535,000.00	15,465,000.00		28,855,800.00	58,855,800.00	8,955,000.00

Assumptions: DOE Closing is assumed to occur on 1/1/2015 with COD for Unit 3 and 4 on 1/1/2018 and 1/1/2019, respectively. Assumes proceeds received 1/1/2020 in amount of $30 million. Monies not applied to reduce DOE Advances. JEA receives interest earnings on funds unapplied each year to offset interest expense paid each year, as a result true up calculations are computed on assumed principal that would have been reduced if funds were able to be applied to reduce debt service.

Exhibit M - Adjustment for Unapplied Proceeds at the end of PPE Term - Unit 4

Debt Service that would have been avoided if we were able to pay down debt

DOE - 30 year amortization

Accrual Year	# of Years	Principal	Bullet (shown as extended)	Yield	Interest	Debt Service	Payment
2019	1			4.00%			
2020	2	330,000.00		4.00%	1,200,000.00	1,530,000.00	330,000.00
2021	3	345,000.00		4.00%	1,186,800.00	1,531,800.00	345,000.00
2022	4	360,000.00		4.00%	1,173,000.00	1,533,000.00	360,000.00
2023	5	375,000.00		4.00%	1,158,600.00	1,533,600.00	375,000.00
2024	6	390,000.00		4.00%	1,143,600.00	1,533,600.00	390,000.00
2025	7	405,000.00		4.00%	1,128,000.00	1,533,000.00	405,000.00
2026	8	420,000.00		4.00%	1,111,800.00	1,531,800.00	420,000.00
2027	9	435,000.00		4.00%	1,095,000.00	1,530,000.00	435,000.00
2028	10	455,000.00		4.00%	1,077,600.00	1,532,600.00	455,000.00
2029	11	475,000.00		4.00%	1,059,400.00	1,534,400.00	475,000.00
2030	12	490,000.00		4.00%	1,040,400.00	1,530,400.00	490,000.00
2031	13	510,000.00		4.00%	1,020,800.00	1,530,800.00	510,000.00
2032	14	530,000.00		4.00%	1,000,400.00	1,530,400.00	530,000.00
2033	15	555,000.00		4.00%	979,200.00	1,534,200.00	555,000.00
2034	16	575,000.00		4.00%	957,000.00	1,532,000.00	575,000.00
2035	17	600,000.00		4.00%	934,000.00	1,534,000.00	600,000.00
2036	18	620,000.00		4.00%	910,000.00	1,530,000.00	620,000.00
2037	19	645,000.00		4.00%	885,200.00	1,530,200.00	645,000.00
2038	20	670,000.00		4.00%	859,400.00	1,529,400.00	670,000.00
2039	21	700,000.00		4.00%	832,600.00	1,532,600.00	
2040	22	725,000.00		4.00%	804,600.00	1,529,600.00	
2041	23	755,000.00		4.00%	775,600.00	1,530,600.00	
2042	24	785,000.00		4.00%	745,400.00	1,530,400.00	
2043	25	820,000.00		4.00%	714,000.00	1,534,000.00	
2044	26	850,000.00		4.00%	681,200.00	1,531,200.00	
2045	27		885,000.00	4.00%	647,200.00	1,532,200.00	
2046	28		920,000.00	4.00%	611,800.00	1,531,800.00	
2047	29		955,000.00	4.00%	575,000.00	1,530,000.00	
2048	30		995,000.00	4.00%	536,800.00	1,531,800.00	
2049	31		1,035,000.00	4.00%	497,000.00	1,532,000.00	
2050	32		1,075,000.00	4.00%	455,600.00	1,530,600.00	
2051	33		1,120,000.00	4.00%	412,600.00	1,532,600.00	
2052	34		1,165,000.00	4.00%	367,800.00	1,532,800.00	
2053	35		1,210,000.00	4.00%	321,200.00	1,531,200.00	
2054	36		1,260,000.00	4.00%	272,800.00	1,532,800.00	
2055	37		1,310,000.00	4.00%	222,400.00	1,532,400.00	
2056	38		1,360,000.00	4.00%	170,000.00	1,530,000.00	
2057	39		1,415,000.00	4.00%	115,600.00	1,530,600.00	
2058	40		1,475,000.00	4.00%	59,000.00	1,534,000.00	
		13,820,000.00	16,180,000.00		29,738,400.00	59,738,400.00	9,185,000.00

Assumptions: DOE Closing is assumed to occur on 1/1/2015 with COD for Unit 3 and 4 on 1/1/2018 and 1/1/2019, respectively. Assumes proceeds received 1/1/2020 in amount of $30 million. Monies not applied to reduce DOE Advances. JEA receives interest earnings on funds unapplied each year to offset interest expense paid each year, as a result true up calculations are computed on assumed principal that would have been reduced if funds were able to be applied to reduce debt service.

EXHIBIT N

Example of True-Up Payment Calculations under third paragraph of Section 404(b) in the case where amounts applied to DOE debt retirement were derived, directly or indirectly, from assets of the Additional Units that were acquired or constructed as part of the original construction of the Additional Units

Exhibit N - Adjustment for Buyback with Funds from Originial Construction Proceeds - Unit 3

Expected Level Debt Service before Public Market issuance and DOE Advances

Accrual Year	# of Years	Public Markets Principal	Yield	Public Markets Interest	Public Markets Debt Service	DOE - 30 year amortization Principal	Yield	DOE - 30 year amortization Interest	DOE - 30 year amortization Debt Service	Total Debt Service Principal	Total Debt Service Interest	Total Debt Service Debt Service
2018	1	-		4,498,620.00	4,498,620.00	2,300,000.00	3.50%	3,524,675.00	5,824,675.00	2,300,000.00	8,023,295.00	10,323,295.00
2019	2	-		4,498,620.00	4,498,620.00	2,380,000.00	3.50%	3,444,175.00	5,824,175.00	2,380,000.00	7,942,795.00	10,322,795.00
2020	3	-		4,498,620.00	4,498,620.00	2,465,000.00	3.50%	3,360,875.00	5,825,875.00	2,465,000.00	7,859,495.00	10,324,495.00
2021	4	-		4,498,620.00	4,498,620.00	2,550,000.00	3.50%	3,274,600.00	5,824,600.00	2,550,000.00	7,773,220.00	10,323,220.00
2022	5	-		4,498,620.00	4,498,620.00	2,640,000.00	3.50%	3,185,350.00	5,825,350.00	2,640,000.00	7,683,970.00	10,323,970.00
2023	6	-		4,498,620.00	4,498,620.00	2,735,000.00	3.50%	3,092,950.00	5,827,950.00	2,735,000.00	7,591,570.00	10,326,570.00
2024	7	-		4,498,620.00	4,498,620.00	2,830,000.00	3.50%	2,997,225.00	5,827,225.00	2,830,000.00	7,495,845.00	10,325,845.00
2025	8	-		4,498,620.00	4,498,620.00	2,930,000.00	3.50%	2,898,175.00	5,828,175.00	2,930,000.00	7,396,795.00	10,326,795.00
2026	9	-		4,498,620.00	4,498,620.00	3,030,000.00	3.50%	2,795,625.00	5,825,625.00	3,030,000.00	7,294,245.00	10,324,245.00
2027	10	-		4,498,620.00	4,498,620.00	3,135,000.00	3.50%	2,689,575.00	5,824,575.00	3,135,000.00	7,188,195.00	10,323,195.00
2028	11	-		4,498,620.00	4,498,620.00	3,245,000.00	3.50%	2,579,850.00	5,824,850.00	3,245,000.00	7,078,470.00	10,323,470.00
2029	12	-		4,498,620.00	4,498,620.00	3,360,000.00	3.50%	2,466,275.00	5,826,275.00	3,360,000.00	6,964,895.00	10,324,895.00
2030	13	-		4,498,620.00	4,498,620.00	3,480,000.00	3.50%	2,348,675.00	5,828,675.00	3,480,000.00	6,847,295.00	10,327,295.00
2031	14	-		4,498,620.00	4,498,620.00	3,600,000.00	3.50%	2,226,875.00	5,826,875.00	3,600,000.00	6,725,495.00	10,325,495.00
2032	15	-		4,498,620.00	4,498,620.00	3,725,000.00	3.50%	2,100,875.00	5,825,875.00	3,725,000.00	6,599,495.00	10,324,495.00
2033	16	-		4,498,620.00	4,498,620.00	3,855,000.00	3.50%	1,970,500.00	5,825,500.00	3,855,000.00	6,469,120.00	10,324,120.00
2034	17	-		4,498,620.00	4,498,620.00	3,990,000.00	3.50%	1,835,575.00	5,825,575.00	3,990,000.00	6,334,195.00	10,324,195.00
2035	18	-		4,498,620.00	4,498,620.00	4,130,000.00	3.50%	1,695,925.00	5,825,925.00	4,130,000.00	6,194,545.00	10,324,545.00
2036	19	-		4,498,620.00	4,498,620.00	4,275,000.00	3.50%	1,551,375.00	5,826,375.00	4,275,000.00	6,049,995.00	10,324,995.00
2037	20	-		4,498,620.00	4,498,620.00	4,425,000.00	3.50%	1,401,750.00	5,826,750.00	4,425,000.00	5,900,370.00	10,325,370.00
2038	21	-		4,498,620.00	4,498,620.00	4,580,000.00	3.50%	1,246,875.00	5,826,875.00	4,580,000.00	5,745,495.00	10,325,495.00
2039	22	-		4,498,620.00	4,498,620.00	4,740,000.00	3.50%	1,086,575.00	5,826,575.00	4,740,000.00	5,585,195.00	10,325,195.00
2040	23	-		4,498,620.00	4,498,620.00	4,905,000.00	3.50%	920,675.00	5,825,675.00	4,905,000.00	5,419,295.00	10,324,295.00
2041	24	-		4,498,620.00	4,498,620.00	5,075,000.00	3.50%	749,000.00	5,824,000.00	5,075,000.00	5,247,620.00	10,322,620.00
2042	25	-		4,498,620.00	4,498,620.00	5,255,000.00	3.50%	571,375.00	5,826,375.00	5,255,000.00	5,069,995.00	10,324,995.00
2043	26	-		4,498,620.00	4,498,620.00	5,440,000.00	3.50%	387,450.00	5,827,450.00	5,440,000.00	4,886,070.00	10,326,070.00
2044	27	-		4,498,620.00	4,498,620.00	5,630,000.00	3.50%	197,050.00	5,827,050.00	5,630,000.00	4,695,670.00	10,325,670.00
2045	28	5,825,000.00	4.20%	4,498,620.00	10,323,620.00			-	-	5,825,000.00	4,498,620.00	10,323,620.00
2046	29	6,070,000.00	4.25%	4,253,970.00	10,323,970.00			-	-	6,070,000.00	4,253,970.00	10,323,970.00
2047	30	6,330,000.00	4.30%	3,995,995.00	10,325,995.00			-	-	6,330,000.00	3,995,995.00	10,325,995.00
2048	31	6,600,000.00	4.35%	3,723,805.00	10,323,805.00			-	-	6,600,000.00	3,723,805.00	10,323,805.00
2049	32	6,890,000.00	4.40%	3,436,705.00	10,326,705.00			-	-	6,890,000.00	3,436,705.00	10,326,705.00
2050	33	7,190,000.00	4.45%	3,133,545.00	10,323,545.00			-	-	7,190,000.00	3,133,545.00	10,323,545.00
2051	34	7,510,000.00	4.50%	2,813,590.00	10,323,590.00			-	-	7,510,000.00	2,813,590.00	10,323,590.00
2052	35	7,850,000.00	4.55%	2,475,640.00	10,325,640.00			-	-	7,850,000.00	2,475,640.00	10,325,640.00
2053	36	8,205,000.00	4.60%	2,118,465.00	10,323,465.00			-	-	8,205,000.00	2,118,465.00	10,323,465.00
2054	37	8,585,000.00	4.65%	1,741,035.00	10,326,035.00			-	-	8,585,000.00	1,741,035.00	10,326,035.00
2055	38	8,985,000.00	4.70%	1,341,832.50	10,326,832.50			-	-	8,985,000.00	1,341,832.50	10,326,832.50
2056	39	9,405,000.00	4.75%	919,537.50	10,324,537.50			-	-	9,405,000.00	919,537.50	10,324,537.50
2057	40	9,850,000.00	4.80%	472,800.00	10,322,800.00			-	-	9,850,000.00	472,800.00	10,322,800.00
		99,295,000.00		156,388,280.00	255,683,280.00	100,705,000.00		56,599,900.00	157,304,900.00	200,000,000.00	212,988,180.00	412,988,180.00

Assumptions: DOE Closing is assumed to occur on 1/1/2015 with COD for Unit 3 and 4 on 1/1/2018 and 1/1/2019, respectively. Public debt is assumed to be issued at par. Proceeds of original construction funding received after COD and applied to reduce DOE Advances in inverse order of maturity under the assumption that no DOE Notes are available to completely retire DOE Notes which would result in level debt service reduction.

Exhibit N - Adjustment for Buyback with Funds from Originial Construction Proceeds - Unit 3

		Actual Debt Service after retirement of $50 million of DOE Advances from excess funding														
		Buyback of DOE Advances				Public Markets after reduction				DOE after reduction				Total Debt Service after reduction		
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Interest	Debt Service
2018	1		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	2,300,000.00	3.50%	1,774,675.00	4,074,675.00	2,300,000.00	6,273,295.00	8,573,295.00
2019	2		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	2,380,000.00	3.50%	1,694,175.00	4,074,175.00	2,380,000.00	6,192,795.00	8,572,795.00
2020	3		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	2,465,000.00	3.50%	1,610,875.00	4,075,875.00	2,465,000.00	6,109,495.00	8,574,495.00
2021	4		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	2,550,000.00	3.50%	1,524,600.00	4,074,600.00	2,550,000.00	6,023,220.00	8,573,220.00
2022	5		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	2,640,000.00	3.50%	1,435,350.00	4,075,350.00	2,640,000.00	5,933,970.00	8,573,970.00
2023	6		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	2,735,000.00	3.50%	1,342,950.00	4,077,950.00	2,735,000.00	5,841,570.00	8,576,570.00
2024	7		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	2,830,000.00	3.50%	1,247,225.00	4,077,225.00	2,830,000.00	5,745,845.00	8,575,845.00
2025	8		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	2,930,000.00	3.50%	1,148,175.00	4,078,175.00	2,930,000.00	5,646,795.00	8,576,795.00
2026	9		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	3,030,000.00	3.50%	1,045,625.00	4,075,625.00	3,030,000.00	5,544,245.00	8,574,245.00
2027	10		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	3,135,000.00	3.50%	939,575.00	4,074,575.00	3,135,000.00	5,438,195.00	8,573,195.00
2028	11		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	3,245,000.00	3.50%	829,850.00	4,074,850.00	3,245,000.00	5,328,470.00	8,573,470.00
2029	12		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	3,360,000.00	3.50%	716,275.00	4,076,275.00	3,360,000.00	5,214,895.00	8,574,895.00
2030	13		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	3,480,000.00	3.50%	598,675.00	4,078,675.00	3,480,000.00	5,097,295.00	8,577,295.00
2031	14		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	3,600,000.00	3.50%	476,875.00	4,076,875.00	3,600,000.00	4,975,495.00	8,575,495.00
2032	15		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	3,725,000.00	3.50%	350,875.00	4,075,875.00	3,725,000.00	4,849,495.00	8,574,495.00
2033	16		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,498,620.00	4,498,620.00	3,855,000.00	3.50%	220,500.00	4,075,500.00	3,855,000.00	4,719,120.00	8,574,120.00
2034	17	(1,545,000.00)	3.50%	(1,750,000.00)	(3,295,000.00)	-		4,498,620.00	4,498,620.00	2,445,000.00	3.50%	85,575.00	2,530,575.00	2,445,000.00	4,584,195.00	7,029,195.00
2035	18	(4,130,000.00)	3.50%	(1,695,925.00)	(5,825,925.00)	-		4,498,620.00	4,498,620.00		3.50%	-	-	-	4,498,620.00	4,498,620.00
2036	19	(4,275,000.00)	3.50%	(1,551,375.00)	(5,826,375.00)	-		4,498,620.00	4,498,620.00		3.50%	-	-	-	4,498,620.00	4,498,620.00
2037	20	(4,425,000.00)	3.50%	(1,401,750.00)	(5,826,750.00)	-		4,498,620.00	4,498,620.00		3.50%	-	-	-	4,498,620.00	4,498,620.00
2038	21	(4,580,000.00)	3.50%	(1,246,875.00)	(5,826,875.00)	-		4,498,620.00	4,498,620.00		3.50%	-	-	-	4,498,620.00	4,498,620.00
2039	22	(4,740,000.00)	3.50%	(1,086,575.00)	(5,826,575.00)	-		4,498,620.00	4,498,620.00		3.50%	-	-	-	4,498,620.00	4,498,620.00
2040	23	(4,905,000.00)	3.50%	(920,675.00)	(5,825,675.00)	-		4,498,620.00	4,498,620.00		3.50%	-	-	-	4,498,620.00	4,498,620.00
2041	24	(5,075,000.00)	3.50%	(749,000.00)	(5,824,000.00)	-		4,498,620.00	4,498,620.00		3.50%	-	-	-	4,498,620.00	4,498,620.00
2042	25	(5,255,000.00)	3.50%	(571,375.00)	(5,826,375.00)	-		4,498,620.00	4,498,620.00		3.50%	-	-	-	4,498,620.00	4,498,620.00
2043	26	(5,440,000.00)	3.50%	(387,450.00)	(5,827,450.00)	-		4,498,620.00	4,498,620.00		3.50%	-	-	-	4,498,620.00	4,498,620.00
2044	27	(5,630,000.00)	3.50%	(197,050.00)	(5,827,050.00)	-		4,498,620.00	4,498,620.00		3.50%	-	-	-	4,498,620.00	4,498,620.00
2045	28			-	-	5,825,000.00	4.20%	4,498,620.00	10,323,620.00			-	-	5,825,000.00	4,498,620.00	10,323,620.00
2046	29			-	-	6,070,000.00	4.25%	4,253,970.00	10,323,970.00			-	-	6,070,000.00	4,253,970.00	10,323,970.00
2047	30			-	-	6,330,000.00	4.30%	3,995,995.00	10,325,995.00			-	-	6,330,000.00	3,995,995.00	10,325,995.00
2048	31			-	-	6,600,000.00	4.35%	3,723,805.00	10,323,805.00			-	-	6,600,000.00	3,723,805.00	10,323,805.00
2049	32			-	-	6,890,000.00	4.40%	3,436,705.00	10,326,705.00			-	-	6,890,000.00	3,436,705.00	10,326,705.00
2050	33			-	-	7,190,000.00	4.45%	3,133,545.00	10,323,545.00			-	-	7,190,000.00	3,133,545.00	10,323,545.00
2051	34			-	-	7,510,000.00	4.50%	2,813,590.00	10,323,590.00			-	-	7,510,000.00	2,813,590.00	10,323,590.00
2052	35			-	-	7,850,000.00	4.55%	2,475,640.00	10,325,640.00			-	-	7,850,000.00	2,475,640.00	10,325,640.00
2053	36			-	-	8,205,000.00	4.60%	2,118,465.00	10,323,465.00			-	-	8,205,000.00	2,118,465.00	10,323,465.00
2054	37			-	-	8,585,000.00	4.65%	1,741,035.00	10,326,035.00			-	-	8,585,000.00	1,741,035.00	10,326,035.00
2055	38			-	-	8,985,000.00	4.70%	1,341,832.50	10,326,832.50			-	-	8,985,000.00	1,341,832.50	10,326,832.50
2056	39			-	-	9,405,000.00	4.75%	919,537.50	10,324,537.50			-	-	9,405,000.00	919,537.50	10,324,537.50
2057	40			-	-	9,850,000.00	4.80%	472,800.00	10,322,800.00			-	-	9,850,000.00	472,800.00	10,322,800.00
		(50,000,000.00)		(39,558,050.00)	(89,558,050.00)	99,295,000.00		156,388,280.00	255,683,280.00	50,705,000.00		17,041,850.00	67,746,850.00	150,000,000.00	173,430,130.00	323,430,130.00

Exhibit N - Adjustment for Buyback with Funds from Originial Construction Proceeds - Unit 3

Hypothetical Debt Service afterexcess funding applied over 40 years on a levelized Debt Service basis

Accrual Year	# of Years	Public Markets Principal	Yield	Interest	Debt Service	DOE - 30 year amortization Principal	Yield	Interest	Debt Service	Total Debt Service Principal	Interest	Debt Service	FV Rate Over/(Under) payment vs Hypothetical	4.00% Future Value of Payment *
2018	1	-		3,027,400.00	3,027,400.00	1,580,000.00	4.00%	2,972,600.00	4,552,600.00	1,580,000.00	6,000,000.00	7,580,000.00	993,295.00	2,219,533.50
2019	2	-		3,027,400.00	3,027,400.00	1,640,000.00	4.00%	2,909,400.00	4,549,400.00	1,640,000.00	5,936,800.00	7,576,800.00	995,995.00	2,139,967.98
2020	3	-		3,027,400.00	3,027,400.00	1,710,000.00	4.00%	2,843,800.00	4,553,800.00	1,710,000.00	5,871,200.00	7,581,200.00	993,295.00	2,052,083.49
2021	4	-		3,027,400.00	3,027,400.00	1,775,000.00	4.00%	2,775,400.00	4,550,400.00	1,775,000.00	5,802,800.00	7,577,800.00	995,420.00	1,977,378.46
2022	5	-		3,027,400.00	3,027,400.00	1,845,000.00	4.00%	2,704,400.00	4,549,400.00	1,845,000.00	5,731,800.00	7,576,800.00	997,170.00	1,904,668.08
2023	6	-		3,027,400.00	3,027,400.00	1,920,000.00	4.00%	2,630,600.00	4,550,600.00	1,920,000.00	5,658,000.00	7,578,000.00	998,570.00	1,833,982.86
2024	7	-		3,027,400.00	3,027,400.00	1,995,000.00	4.00%	2,553,800.00	4,548,800.00	1,995,000.00	5,581,200.00	7,576,200.00	999,645.00	1,765,343.48
2025	8	-		3,027,400.00	3,027,400.00	2,075,000.00	4.00%	2,474,000.00	4,549,000.00	2,075,000.00	5,501,400.00	7,576,400.00	1,000,395.00	1,698,719.19
2026	9	-		3,027,400.00	3,027,400.00	2,160,000.00	4.00%	2,391,000.00	4,551,000.00	2,160,000.00	5,418,400.00	7,578,400.00	995,845.00	1,625,954.87
2027	10	-		3,027,400.00	3,027,400.00	2,245,000.00	4.00%	2,304,600.00	4,549,600.00	2,245,000.00	5,332,000.00	7,577,000.00	996,195.00	1,563,967.63
2028	11	-		3,027,400.00	3,027,400.00	2,335,000.00	4.00%	2,214,800.00	4,549,800.00	2,335,000.00	5,242,200.00	7,577,200.00	996,270.00	1,503,928.24
2029	12	-		3,027,400.00	3,027,400.00	2,430,000.00	4.00%	2,121,400.00	4,551,400.00	2,430,000.00	5,148,800.00	7,578,800.00	996,095.00	1,445,830.84
2030	13	-		3,027,400.00	3,027,400.00	2,525,000.00	4.00%	2,024,200.00	4,549,200.00	2,525,000.00	5,051,600.00	7,576,600.00	1,000,695.00	1,396,642.05
2031	14	-		3,027,400.00	3,027,400.00	2,630,000.00	4.00%	1,923,200.00	4,553,200.00	2,630,000.00	4,950,600.00	7,580,600.00	994,895.00	1,335,141.49
2032	15	-		3,027,400.00	3,027,400.00	2,735,000.00	4.00%	1,818,000.00	4,553,000.00	2,735,000.00	4,845,400.00	7,580,400.00	994,095.00	1,282,757.60
2033	16	-		3,027,400.00	3,027,400.00	2,845,000.00	4.00%	1,708,600.00	4,553,600.00	2,845,000.00	4,736,000.00	7,581,000.00	993,120.00	1,232,211.04
2034	17	-		3,027,400.00	3,027,400.00	2,955,000.00	4.00%	1,594,800.00	4,549,800.00	2,955,000.00	4,622,200.00	7,577,200.00	(548,005.00)	(653,784.39)
2035	18	-		3,027,400.00	3,027,400.00	3,075,000.00	4.00%	1,476,600.00	4,551,600.00	3,075,000.00	4,504,000.00	7,579,000.00	(3,080,380.00)	(3,533,629.26)
2036	19	-		3,027,400.00	3,027,400.00	3,200,000.00	4.00%	1,353,600.00	4,553,600.00	3,200,000.00	4,381,000.00	7,581,000.00	(3,082,380.00)	(3,399,926.48)
2037	20	-		3,027,400.00	3,027,400.00	3,325,000.00	4.00%	1,225,600.00	4,550,600.00	3,325,000.00	4,253,000.00	7,578,000.00	(3,079,380.00)	(3,265,978.29)
2038	21	-		3,027,400.00	3,027,400.00	3,460,000.00	4.00%	1,092,600.00	4,552,600.00	3,460,000.00	4,120,000.00	7,580,000.00	(3,081,380.00)	
2039	22	-		3,027,400.00	3,027,400.00	3,595,000.00	4.00%	954,200.00	4,549,200.00	3,595,000.00	3,981,600.00	7,576,600.00	(3,077,980.00)	
2040	23	-		3,027,400.00	3,027,400.00	3,740,000.00	4.00%	810,400.00	4,550,400.00	3,740,000.00	3,837,800.00	7,577,800.00	(3,079,180.00)	
2041	24	-		3,027,400.00	3,027,400.00	3,890,000.00	4.00%	660,800.00	4,550,800.00	3,890,000.00	3,688,200.00	7,578,200.00	(3,079,580.00)	
2042	25	-		3,027,400.00	3,027,400.00	4,045,000.00	4.00%	505,200.00	4,550,200.00	4,045,000.00	3,532,600.00	7,577,600.00	(3,078,980.00)	
2043	26	-		3,027,400.00	3,027,400.00	4,210,000.00	4.00%	343,400.00	4,553,400.00	4,210,000.00	3,370,800.00	7,580,800.00	(3,082,180.00)	
2044	27	-		3,027,400.00	3,027,400.00	4,375,000.00	4.00%	175,000.00	4,550,000.00	4,375,000.00	3,202,400.00	7,577,400.00	(3,078,780.00)	
2045	28	4,550,000.00	4.00%	3,027,400.00	7,577,400.00			-	-	4,550,000.00	3,027,400.00	7,577,400.00	2,746,220.00	
2046	29	4,735,000.00	4.00%	2,845,400.00	7,580,400.00			-	-	4,735,000.00	2,845,400.00	7,580,400.00	2,743,570.00	
2047	30	4,925,000.00	4.00%	2,656,000.00	7,581,000.00			-	-	4,925,000.00	2,656,000.00	7,581,000.00	2,744,995.00	
2048	31	5,120,000.00	4.00%	2,459,000.00	7,579,000.00			-	-	5,120,000.00	2,459,000.00	7,579,000.00	2,744,805.00	
2049	32	5,325,000.00	4.00%	2,254,200.00	7,579,200.00			-	-	5,325,000.00	2,254,200.00	7,579,200.00	2,747,505.00	
2050	33	5,540,000.00	4.00%	2,041,200.00	7,581,200.00			-	-	5,540,000.00	2,041,200.00	7,581,200.00	2,742,345.00	
2051	34	5,760,000.00	4.00%	1,819,600.00	7,579,600.00			-	-	5,760,000.00	1,819,600.00	7,579,600.00	2,743,990.00	
2052	35	5,990,000.00	4.00%	1,589,200.00	7,579,200.00			-	-	5,990,000.00	1,589,200.00	7,579,200.00	2,746,440.00	
2053	36	6,230,000.00	4.00%	1,349,600.00	7,579,600.00			-	-	6,230,000.00	1,349,600.00	7,579,600.00	2,743,865.00	
2054	37	6,480,000.00	4.00%	1,100,400.00	7,580,400.00			-	-	6,480,000.00	1,100,400.00	7,580,400.00	2,745,635.00	
2055	38	6,740,000.00	4.00%	841,200.00	7,581,200.00			-	-	6,740,000.00	841,200.00	7,581,200.00	2,745,632.50	
2056	39	7,005,000.00	4.00%	571,600.00	7,576,600.00			-	-	7,005,000.00	571,600.00	7,576,600.00	2,747,937.50	
2057	40	7,285,000.00	4.00%	291,400.00	7,576,400.00			-	-	7,285,000.00	291,400.00	7,576,400.00	2,746,400.00	
		75,685,000.00		104,586,000.00	180,271,000.00	74,315,000.00		48,562,000.00	122,877,000.00	150,000,000.00	153,148,000.00	303,148,000.00	20,282,130.00	16,124,792.38

* Positive payments are to JEA, negative payments are from JEA and are calculated to the end of the PPA

Exhibit N - Adjustment for Buyback with Funds from Originial Construction Proceeds - Unit 4

Expected Level Debt Service before Public Market issuance and DOE Advances

Accrual Year	# of Years	Public Markets Principal	Yield	Public Markets Interest	Public Markets Debt Service	DOE - 30 year amortization Principal	Yield	DOE - 30 year amortization Interest	DOE - 30 year amortization Debt Service	Total Debt Service Principal	Total Debt Service Interest	Total Debt Service Debt Service
2019	1	-		4,745,702.50	4,745,702.50	2,295,000.00	3.50%	3,317,300.00	5,612,300.00	2,295,000.00	8,063,002.50	10,358,002.50
2020	2	-		4,745,702.50	4,745,702.50	2,375,000.00	3.50%	3,236,975.00	5,611,975.00	2,375,000.00	7,982,677.50	10,357,677.50
2021	3	-		4,745,702.50	4,745,702.50	2,455,000.00	3.50%	3,153,850.00	5,608,850.00	2,455,000.00	7,899,552.50	10,354,552.50
2022	4	-		4,745,702.50	4,745,702.50	2,545,000.00	3.50%	3,067,925.00	5,612,925.00	2,545,000.00	7,813,627.50	10,358,627.50
2023	5	-		4,745,702.50	4,745,702.50	2,635,000.00	3.50%	2,978,850.00	5,613,850.00	2,635,000.00	7,724,552.50	10,359,552.50
2024	6	-		4,745,702.50	4,745,702.50	2,725,000.00	3.50%	2,886,625.00	5,611,625.00	2,725,000.00	7,632,327.50	10,357,327.50
2025	7	-		4,745,702.50	4,745,702.50	2,820,000.00	3.50%	2,791,250.00	5,611,250.00	2,820,000.00	7,536,952.50	10,356,952.50
2026	8	-		4,745,702.50	4,745,702.50	2,920,000.00	3.50%	2,692,550.00	5,612,550.00	2,920,000.00	7,438,252.50	10,358,252.50
2027	9	-		4,745,702.50	4,745,702.50	3,020,000.00	3.50%	2,590,350.00	5,610,350.00	3,020,000.00	7,336,052.50	10,356,052.50
2028	10	-		4,745,702.50	4,745,702.50	3,125,000.00	3.50%	2,484,650.00	5,609,650.00	3,125,000.00	7,230,352.50	10,355,352.50
2029	11	-		4,745,702.50	4,745,702.50	3,235,000.00	3.50%	2,375,275.00	5,610,275.00	3,235,000.00	7,120,977.50	10,355,977.50
2030	12	-		4,745,702.50	4,745,702.50	3,350,000.00	3.50%	2,262,050.00	5,612,050.00	3,350,000.00	7,007,752.50	10,357,752.50
2031	13	-		4,745,702.50	4,745,702.50	3,465,000.00	3.50%	2,144,800.00	5,609,800.00	3,465,000.00	6,890,502.50	10,355,502.50
2032	14	-		4,745,702.50	4,745,702.50	3,590,000.00	3.50%	2,023,525.00	5,613,525.00	3,590,000.00	6,769,227.50	10,359,227.50
2033	15	-		4,745,702.50	4,745,702.50	3,715,000.00	3.50%	1,897,875.00	5,612,875.00	3,715,000.00	6,643,577.50	10,358,577.50
2034	16	-		4,745,702.50	4,745,702.50	3,845,000.00	3.50%	1,767,850.00	5,612,850.00	3,845,000.00	6,513,552.50	10,358,552.50
2035	17	-		4,745,702.50	4,745,702.50	3,980,000.00	3.50%	1,633,275.00	5,613,275.00	3,980,000.00	6,378,977.50	10,358,977.50
2036	18	-		4,745,702.50	4,745,702.50	4,115,000.00	3.50%	1,493,975.00	5,608,975.00	4,115,000.00	6,239,677.50	10,354,677.50
2037	19	-		4,745,702.50	4,745,702.50	4,260,000.00	3.50%	1,349,950.00	5,609,950.00	4,260,000.00	6,095,652.50	10,355,652.50
2038	20	-		4,745,702.50	4,745,702.50	4,410,000.00	3.50%	1,200,850.00	5,610,850.00	4,410,000.00	5,946,552.50	10,356,552.50
2039	21	-		4,745,702.50	4,745,702.50	4,565,000.00	3.50%	1,046,500.00	5,611,500.00	4,565,000.00	5,792,202.50	10,357,202.50
2040	22	-		4,745,702.50	4,745,702.50	4,725,000.00	3.50%	886,725.00	5,611,725.00	4,725,000.00	5,632,427.50	10,357,427.50
2041	23	-		4,745,702.50	4,745,702.50	4,890,000.00	3.50%	721,350.00	5,611,350.00	4,890,000.00	5,467,052.50	10,357,052.50
2042	24	-		4,745,702.50	4,745,702.50	5,060,000.00	3.50%	550,200.00	5,610,200.00	5,060,000.00	5,295,902.50	10,355,902.50
2043	25	-		4,745,702.50	4,745,702.50	5,240,000.00	3.50%	373,100.00	5,613,100.00	5,240,000.00	5,118,802.50	10,358,802.50
2044	26	-		4,745,702.50	4,745,702.50	5,420,000.00	3.50%	189,700.00	5,609,700.00	5,420,000.00	4,935,402.50	10,355,402.50
2045	27	5,610,000.00	4.15%	4,745,702.50	10,355,702.50			-	-	5,610,000.00	4,745,702.50	10,355,702.50
2046	28	5,845,000.00	4.20%	4,512,887.50	10,357,887.50			-	-	5,845,000.00	4,512,887.50	10,357,887.50
2047	29	6,090,000.00	4.25%	4,267,397.50	10,357,397.50			-	-	6,090,000.00	4,267,397.50	10,357,397.50
2048	30	6,350,000.00	4.30%	4,008,572.50	10,358,572.50			-	-	6,350,000.00	4,008,572.50	10,358,572.50
2049	31	6,620,000.00	4.35%	3,735,522.50	10,355,522.50			-	-	6,620,000.00	3,735,522.50	10,355,522.50
2050	32	6,910,000.00	4.40%	3,447,552.50	10,357,552.50			-	-	6,910,000.00	3,447,552.50	10,357,552.50
2051	33	7,215,000.00	4.45%	3,143,512.50	10,358,512.50			-	-	7,215,000.00	3,143,512.50	10,358,512.50
2052	34	7,535,000.00	4.50%	2,822,445.00	10,357,445.00			-	-	7,535,000.00	2,822,445.00	10,357,445.00
2053	35	7,875,000.00	4.55%	2,483,370.00	10,358,370.00			-	-	7,875,000.00	2,483,370.00	10,358,370.00
2054	36	8,230,000.00	4.60%	2,125,057.50	10,355,057.50			-	-	8,230,000.00	2,125,057.50	10,355,057.50
2055	37	8,610,000.00	4.65%	1,746,477.50	10,356,477.50			-	-	8,610,000.00	1,746,477.50	10,356,477.50
2056	38	9,010,000.00	4.70%	1,346,112.50	10,356,112.50			-	-	9,010,000.00	1,346,112.50	10,356,112.50
2057	39	9,435,000.00	4.75%	922,642.50	10,357,642.50			-	-	9,435,000.00	922,642.50	10,357,642.50
2058	40	9,885,000.00	4.80%	474,480.00	10,359,480.00			-	-	9,885,000.00	474,480.00	10,359,480.00
		105,220,000.00		163,169,997.50	268,389,997.50	94,780,000.00		51,117,325.00	145,897,325.00	200,000,000.00	214,287,322.50	414,287,322.50

Assumptions: DOE Closing is assumed to occur on 1/1/2015 with COD for Unit 3 and 4 on 1/1/2018 and 1/1/2019, respectively. Public debt is assumed to be issued at par. Proceeds of original construction funding received after COD and applied to reduce DOE Advances in inverse order of maturity under the assumption that no DOE Notes are available to completely retire DOE Notes which would result in level debt service reduction.

Exhibit N - Adjustment for Buyback with Funds from Originial Construction Proceeds - Unit 4

		Actual Debt Service after retirement of $50 million of DOE Advances from excess funding														
		Buyback of DOE Advances				Public Markets after reduction				DOE after reduction				Total Debt Service after reduction		
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Interest	Debt Service
2019	1		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	2,295,000.00	3.50%	1,567,300.00	3,862,300.00	2,295,000.00	6,313,002.50	8,608,002.50
2020	2		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	2,375,000.00	3.50%	1,486,975.00	3,861,975.00	2,375,000.00	6,232,677.50	8,607,677.50
2021	3		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	2,455,000.00	3.50%	1,403,850.00	3,858,850.00	2,455,000.00	6,149,552.50	8,604,552.50
2022	4		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	2,545,000.00	3.50%	1,317,925.00	3,862,925.00	2,545,000.00	6,063,627.50	8,608,627.50
2023	5		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	2,635,000.00	3.50%	1,228,850.00	3,863,850.00	2,635,000.00	5,974,552.50	8,609,552.50
2024	6		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	2,725,000.00	3.50%	1,136,625.00	3,861,625.00	2,725,000.00	5,882,327.50	8,607,327.50
2025	7		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	2,820,000.00	3.50%	1,041,250.00	3,861,250.00	2,820,000.00	5,786,952.50	8,606,952.50
2026	8		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	2,920,000.00	3.50%	942,550.00	3,862,550.00	2,920,000.00	5,688,252.50	8,608,252.50
2027	9		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	3,020,000.00	3.50%	840,350.00	3,860,350.00	3,020,000.00	5,586,052.50	8,606,052.50
2028	10		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	3,125,000.00	3.50%	734,650.00	3,859,650.00	3,125,000.00	5,480,352.50	8,605,352.50
2029	11		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	3,235,000.00	3.50%	625,275.00	3,860,275.00	3,235,000.00	5,370,977.50	8,605,977.50
2030	12		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	3,350,000.00	3.50%	512,050.00	3,862,050.00	3,350,000.00	5,257,752.50	8,607,752.50
2031	13		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	3,465,000.00	3.50%	394,800.00	3,859,800.00	3,465,000.00	5,140,502.50	8,605,502.50
2032	14		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	3,590,000.00	3.50%	273,525.00	3,863,525.00	3,590,000.00	5,019,227.50	8,609,227.50
2033	15		3.50%	(1,750,000.00)	(1,750,000.00)	-		4,745,702.50	4,745,702.50	3,715,000.00	3.50%	147,875.00	3,862,875.00	3,715,000.00	4,893,577.50	8,608,577.50
2034	16	(3,335,000.00)	3.50%	(1,750,000.00)	(5,085,000.00)	-		4,745,702.50	4,745,702.50	510,000.00	3.50%	17,850.00	527,850.00	510,000.00	4,763,552.50	5,273,552.50
2035	17	(3,980,000.00)	3.50%	(1,633,275.00)	(5,613,275.00)	-		4,745,702.50	4,745,702.50		3.50%	-	-	-	4,745,702.50	4,745,702.50
2036	18	(4,115,000.00)	3.50%	(1,493,975.00)	(5,608,975.00)	-		4,745,702.50	4,745,702.50		3.50%	-	-	-	4,745,702.50	4,745,702.50
2037	19	(4,260,000.00)	3.50%	(1,349,950.00)	(5,609,950.00)	-		4,745,702.50	4,745,702.50		3.50%	-	-	-	4,745,702.50	4,745,702.50
2038	20	(4,410,000.00)	3.50%	(1,200,850.00)	(5,610,850.00)	-		4,745,702.50	4,745,702.50		3.50%	-	-	-	4,745,702.50	4,745,702.50
2039	21	(4,565,000.00)	3.50%	(1,046,500.00)	(5,611,500.00)	-		4,745,702.50	4,745,702.50		3.50%	-	-	-	4,745,702.50	4,745,702.50
2040	22	(4,725,000.00)	3.50%	(886,725.00)	(5,611,725.00)	-		4,745,702.50	4,745,702.50		3.50%	-	-	-	4,745,702.50	4,745,702.50
2041	23	(4,890,000.00)	3.50%	(721,350.00)	(5,611,350.00)	-		4,745,702.50	4,745,702.50		3.50%	-	-	-	4,745,702.50	4,745,702.50
2042	24	(5,060,000.00)	3.50%	(550,200.00)	(5,610,200.00)	-		4,745,702.50	4,745,702.50		3.50%	-	-	-	4,745,702.50	4,745,702.50
2043	25	(5,240,000.00)	3.50%	(373,100.00)	(5,613,100.00)	-		4,745,702.50	4,745,702.50		3.50%	-	-	-	4,745,702.50	4,745,702.50
2044	26	(5,420,000.00)	3.50%	(189,700.00)	(5,609,700.00)	-		4,745,702.50	4,745,702.50		3.50%	-	-	-	4,745,702.50	4,745,702.50
2045	27			-	-	5,610,000.00	4.15%	4,745,702.50	10,355,702.50			-	-	5,610,000.00	4,745,702.50	10,355,702.50
2046	28			-	-	5,845,000.00	4.20%	4,512,887.50	10,357,887.50			-	-	5,845,000.00	4,512,887.50	10,357,887.50
2047	29			-	-	6,090,000.00	4.25%	4,267,397.50	10,357,397.50			-	-	6,090,000.00	4,267,397.50	10,357,397.50
2048	30			-	-	6,350,000.00	4.30%	4,008,572.50	10,358,572.50			-	-	6,350,000.00	4,008,572.50	10,358,572.50
2049	31			-	-	6,620,000.00	4.35%	3,735,522.50	10,355,522.50			-	-	6,620,000.00	3,735,522.50	10,355,522.50
2050	32			-	-	6,910,000.00	4.40%	3,447,552.50	10,357,552.50			-	-	6,910,000.00	3,447,552.50	10,357,552.50
2051	33			-	-	7,215,000.00	4.45%	3,143,512.50	10,358,512.50			-	-	7,215,000.00	3,143,512.50	10,358,512.50
2052	34			-	-	7,535,000.00	4.50%	2,822,445.00	10,357,445.00			-	-	7,535,000.00	2,822,445.00	10,357,445.00
2053	35			-	-	7,875,000.00	4.55%	2,483,370.00	10,358,370.00			-	-	7,875,000.00	2,483,370.00	10,358,370.00
2054	36			-	-	8,230,000.00	4.60%	2,125,057.50	10,355,057.50			-	-	8,230,000.00	2,125,057.50	10,355,057.50
2055	37			-	-	8,610,000.00	4.65%	1,746,477.50	10,356,477.50			-	-	8,610,000.00	1,746,477.50	10,356,477.50
2056	38			-	-	9,010,000.00	4.70%	1,346,112.50	10,356,112.50			-	-	9,010,000.00	1,346,112.50	10,356,112.50
2057	39			-	-	9,435,000.00	4.75%	922,642.50	10,357,642.50			-	-	9,435,000.00	922,642.50	10,357,642.50
2058	40			-	-	9,885,000.00	4.80%	474,480.00	10,359,480.00			-	-	9,885,000.00	474,480.00	10,359,480.00
		(50,000,000.00)		(37,445,625.00)	(87,445,625.00)	105,220,000.00		163,169,997.50	268,389,997.50	44,780,000.00		13,671,700.00	58,451,700.00	150,000,000.00	176,841,697.50	326,841,697.50

Exhibit N - Adjustment for Buyback with Funds from Originial Construction Proceeds - Unit 4

Hypothetical Debt Service afterexcess funding applied over 40 years on a levelized Debt Service basis

		Public Markets				DOE - 30 year amortization				Total Debt Service			FV Rate Over/(Under) payment vs	4.00% Future Value of
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service	Principal	Interest	Debt Service	Hypothetical	Payment *
2019	1	-		3,202,400.00	3,202,400.00	1,580,000.00	4.00%	2,797,600.00	4,377,600.00	1,580,000.00	6,000,000.00	7,580,000.00	1,028,002.50	**2,208,738.43**
2020	2	-		3,202,400.00	3,202,400.00	1,640,000.00	4.00%	2,734,400.00	4,374,400.00	1,640,000.00	5,936,800.00	7,576,800.00	1,030,877.50	**2,129,726.51**
2021	3	-		3,202,400.00	3,202,400.00	1,710,000.00	4.00%	2,668,800.00	4,378,800.00	1,710,000.00	5,871,200.00	7,581,200.00	1,023,352.50	**2,032,865.72**
2022	4	-		3,202,400.00	3,202,400.00	1,775,000.00	4.00%	2,600,400.00	4,375,400.00	1,775,000.00	5,802,800.00	7,577,800.00	1,030,827.50	**1,968,956.38**
2023	5	-		3,202,400.00	3,202,400.00	1,845,000.00	4.00%	2,529,400.00	4,374,400.00	1,845,000.00	5,731,800.00	7,576,800.00	1,032,752.50	**1,896,762.76**
2024	6	-		3,202,400.00	3,202,400.00	1,920,000.00	4.00%	2,455,600.00	4,375,600.00	1,920,000.00	5,658,000.00	7,578,000.00	1,029,327.50	**1,817,761.90**
2025	7	-		3,202,400.00	3,202,400.00	1,995,000.00	4.00%	2,378,800.00	4,373,800.00	1,995,000.00	5,581,200.00	7,576,200.00	1,030,752.50	**1,750,267.70**
2026	8	-		3,202,400.00	3,202,400.00	2,075,000.00	4.00%	2,299,000.00	4,374,000.00	2,075,000.00	5,501,400.00	7,576,400.00	1,031,852.50	**1,684,745.72**
2027	9	-		3,202,400.00	3,202,400.00	2,160,000.00	4.00%	2,216,000.00	4,376,000.00	2,160,000.00	5,418,400.00	7,578,400.00	1,027,652.50	**1,613,354.06**
2028	10	-		3,202,400.00	3,202,400.00	2,245,000.00	4.00%	2,129,600.00	4,374,600.00	2,245,000.00	5,332,000.00	7,577,000.00	1,028,352.50	**1,552,358.67**
2029	11	-		3,202,400.00	3,202,400.00	2,335,000.00	4.00%	2,039,800.00	4,374,800.00	2,335,000.00	5,242,200.00	7,577,200.00	1,028,777.50	**1,493,269.45**
2030	12	-		3,202,400.00	3,202,400.00	2,430,000.00	4.00%	1,946,400.00	4,376,400.00	2,430,000.00	5,148,800.00	7,578,800.00	1,028,952.50	**1,436,080.25**
2031	13	-		3,202,400.00	3,202,400.00	2,525,000.00	4.00%	1,849,200.00	4,374,200.00	2,525,000.00	5,051,600.00	7,576,600.00	1,028,902.50	**1,380,779.30**
2032	14	-		3,202,400.00	3,202,400.00	2,630,000.00	4.00%	1,748,200.00	4,378,200.00	2,630,000.00	4,950,600.00	7,580,600.00	1,028,627.50	**1,327,317.55**
2033	15	-		3,202,400.00	3,202,400.00	2,735,000.00	4.00%	1,643,000.00	4,378,000.00	2,735,000.00	4,845,400.00	7,580,400.00	1,028,177.50	**1,275,708.54**
2034	16	-		3,202,400.00	3,202,400.00	2,845,000.00	4.00%	1,533,600.00	4,378,600.00	2,845,000.00	4,736,000.00	7,581,000.00	(2,307,447.50)	**(2,752,845.61)**
2035	17	-		3,202,400.00	3,202,400.00	2,955,000.00	4.00%	1,419,800.00	4,374,800.00	2,955,000.00	4,622,200.00	7,577,200.00	(2,831,497.50)	**(3,248,126.02)**
2036	18	-		3,202,400.00	3,202,400.00	3,075,000.00	4.00%	1,301,600.00	4,376,600.00	3,075,000.00	4,504,000.00	7,579,000.00	(2,833,297.50)	**(3,125,183.53)**
2037	19	-		3,202,400.00	3,202,400.00	3,200,000.00	4.00%	1,178,600.00	4,378,600.00	3,200,000.00	4,381,000.00	7,581,000.00	(2,835,297.50)	**(3,007,105.35)**
2038	20	-		3,202,400.00	3,202,400.00	3,325,000.00	4.00%	1,050,600.00	4,375,600.00	3,325,000.00	4,253,000.00	7,578,000.00	(2,832,297.50)	**(2,888,388.04)**
2039	21	-		3,202,400.00	3,202,400.00	3,460,000.00	4.00%	917,600.00	4,377,600.00	3,460,000.00	4,120,000.00	7,580,000.00	(2,834,297.50)	
2040	22	-		3,202,400.00	3,202,400.00	3,595,000.00	4.00%	779,200.00	4,374,200.00	3,595,000.00	3,981,600.00	7,576,600.00	(2,830,897.50)	
2041	23	-		3,202,400.00	3,202,400.00	3,740,000.00	4.00%	635,400.00	4,375,400.00	3,740,000.00	3,837,800.00	7,577,800.00	(2,832,097.50)	
2042	24	-		3,202,400.00	3,202,400.00	3,890,000.00	4.00%	485,800.00	4,375,800.00	3,890,000.00	3,688,200.00	7,578,200.00	(2,832,497.50)	
2043	25	-		3,202,400.00	3,202,400.00	4,045,000.00	4.00%	330,200.00	4,375,200.00	4,045,000.00	3,532,600.00	7,577,600.00	(2,831,897.50)	
2044	26	-		3,202,400.00	3,202,400.00	4,210,000.00	4.00%	168,400.00	4,378,400.00	4,210,000.00	3,370,800.00	7,580,800.00	(2,835,097.50)	
2045	27	4,375,000.00	4.00%	3,202,400.00	7,577,400.00			-	-	4,375,000.00	3,202,400.00	7,577,400.00	2,778,302.50	
2046	28	4,550,000.00	4.00%	3,027,400.00	7,577,400.00			-	-	4,550,000.00	3,027,400.00	7,577,400.00	2,780,487.50	
2047	29	4,735,000.00	4.00%	2,845,400.00	7,580,400.00			-	-	4,735,000.00	2,845,400.00	7,580,400.00	2,776,997.50	
2048	30	4,925,000.00	4.00%	2,656,000.00	7,581,000.00			-	-	4,925,000.00	2,656,000.00	7,581,000.00	2,777,572.50	
2049	31	5,120,000.00	4.00%	2,459,000.00	7,579,000.00			-	-	5,120,000.00	2,459,000.00	7,579,000.00	2,776,522.50	
2050	32	5,325,000.00	4.00%	2,254,200.00	7,579,200.00			-	-	5,325,000.00	2,254,200.00	7,579,200.00	2,778,352.50	
2051	33	5,540,000.00	4.00%	2,041,200.00	7,581,200.00			-	-	5,540,000.00	2,041,200.00	7,581,200.00	2,777,312.50	
2052	34	5,760,000.00	4.00%	1,819,600.00	7,579,600.00			-	-	5,760,000.00	1,819,600.00	7,579,600.00	2,777,845.00	
2053	35	5,990,000.00	4.00%	1,589,200.00	7,579,200.00			-	-	5,990,000.00	1,589,200.00	7,579,200.00	2,779,170.00	
2054	36	6,230,000.00	4.00%	1,349,600.00	7,579,600.00			-	-	6,230,000.00	1,349,600.00	7,579,600.00	2,775,457.50	
2055	37	6,480,000.00	4.00%	1,100,400.00	7,580,400.00			-	-	6,480,000.00	1,100,400.00	7,580,400.00	2,776,077.50	
2056	38	6,740,000.00	4.00%	841,200.00	7,581,200.00			-	-	6,740,000.00	841,200.00	7,581,200.00	2,774,912.50	
2057	39	7,005,000.00	4.00%	571,600.00	7,576,600.00			-	-	7,005,000.00	571,600.00	7,576,600.00	2,781,042.50	
2058	40	7,285,000.00	4.00%	291,400.00	7,576,400.00			-	-	7,285,000.00	291,400.00	7,576,400.00	2,783,080.00	
		80,060,000.00		109,311,000.00	189,371,000.00	69,940,000.00		43,837,000.00	113,777,000.00	150,000,000.00	153,148,000.00	303,148,000.00	23,693,697.50	10,547,044.37

* Positive payments are to JEA, negative payments are from JEA and are calculated to the end of the PPA

EXHIBIT O

Example of True-Up Payment Calculations under third paragraph of Section 404(b) in the case where amounts applied to DOE debt retirement were derived, directly or indirectly, from assets of the Additional Units that were acquired or constructed subsequent to the Commercial Operation Date of the applicable Additional Unit(s)

Exhibit O - Adjustment for Buyback with funds from assets acquired subsequent to COD - Unit 3

		Debt Service Issued in 2023 for Capital				Actual Debt Service reduction from retirement of $50 million DOE Advances from excess funding			
		Public Markets				DOE after reduction in 2028			
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service
2018	1								
2019	2								
2020	3								
2021	4								
2022	5								
2023	6	3,120,000.00	3.30%	4,997,882.50	8,117,882.50				
2024	7	3,225,000.00	3.35%	4,894,922.50	8,119,922.50				
2025	8	3,330,000.00	3.40%	4,786,885.00	8,116,885.00				
2026	9	3,445,000.00	3.45%	4,673,665.00	8,118,665.00				
2027	10	3,565,000.00	3.50%	4,554,812.50	8,119,812.50				
2028	11	3,685,000.00	3.55%	4,430,037.50	8,115,037.50		3.50%	1,750,000.00	1,750,000.00
2029	12	3,820,000.00	3.60%	4,299,220.00	8,119,220.00		3.50%	1,750,000.00	1,750,000.00
2030	13	3,955,000.00	3.65%	4,161,700.00	8,116,700.00		3.50%	1,750,000.00	1,750,000.00
2031	14	4,100,000.00	3.70%	4,017,342.50	8,117,342.50		3.50%	1,750,000.00	1,750,000.00
2032	15	4,250,000.00	3.75%	3,865,642.50	8,115,642.50		3.50%	1,750,000.00	1,750,000.00
2033	16	4,410,000.00	3.80%	3,706,267.50	8,116,267.50		3.50%	1,750,000.00	1,750,000.00
2034	17	4,580,000.00	3.85%	3,538,687.50	8,118,687.50	1,545,000.00	3.50%	1,750,000.00	3,295,000.00
2035	18	4,755,000.00	3.90%	3,362,357.50	8,117,357.50	4,130,000.00	3.50%	1,695,925.00	5,825,925.00
2036	19	4,940,000.00	3.95%	3,176,912.50	8,116,912.50	4,275,000.00	3.50%	1,551,375.00	5,826,375.00
2037	20	5,135,000.00	4.00%	2,981,782.50	8,116,782.50	4,425,000.00	3.50%	1,401,750.00	5,826,750.00
2038	21	5,340,000.00	4.05%	2,776,382.50	8,116,382.50	4,580,000.00	3.50%	1,246,875.00	5,826,875.00
2039	22	5,555,000.00	4.10%	2,560,112.50	8,115,112.50	4,740,000.00	3.50%	1,086,575.00	5,826,575.00
2040	23	5,785,000.00	4.15%	2,332,357.50	8,117,357.50	4,905,000.00	3.50%	920,675.00	5,825,675.00
2041	24	6,025,000.00	4.20%	2,092,280.00	8,117,280.00	5,075,000.00	3.50%	749,000.00	5,824,000.00
2042	25	6,280,000.00	4.25%	1,839,230.00	8,119,230.00	5,255,000.00	3.50%	571,375.00	5,826,375.00
2043	26	6,545,000.00	4.30%	1,572,330.00	8,117,330.00	5,440,000.00	3.50%	387,450.00	5,827,450.00
2044	27	6,825,000.00	4.35%	1,290,895.00	8,115,895.00	5,630,000.00	3.50%	197,050.00	5,827,050.00
2045	28	7,125,000.00	4.40%	994,007.50	8,119,007.50			-	-
2046	29	7,435,000.00	4.45%	680,507.50	8,115,507.50			-	-
2047	30	7,770,000.00	4.50%	349,650.00	8,119,650.00			-	-
2048	31								
2049	32								
2050	33								
2051	34								
2052	35								
2053	36								
2054	37								
2055	38								
2056	39								
2057	40								
		125,000,000.00		77,935,870.00	202,935,870.00	50,000,000.00		22,058,050.00	72,058,050.00

Exhibit O - Adjustment for Buyback with funds from assets acquired subsequent to COD - Unit 3

Hypothetical Debt Service reduction over the remaining 20 year life

		Public Market after reduction in 2028				FV Rate	4.16%
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Over/(Under) payment vs Hypothetical	**Future Value of Payment**
2018	1						
2019	2						
2020	3						
2021	4						
2022	5						
2023	6						
2024	7						
2025	8						
2026	9						
2027	10						
2028	11	1,700,000.00	3.55%	2,044,987.50	3,744,987.50	1,994,987.50	**3,061,907.41**
2029	12	1,760,000.00	3.60%	1,984,637.50	3,744,637.50	1,994,637.50	**2,938,979.98**
2030	13	1,825,000.00	3.65%	1,921,277.50	3,746,277.50	1,996,277.50	**2,823,802.60**
2031	14	1,895,000.00	3.70%	1,854,665.00	3,749,665.00	1,999,665.00	**2,715,510.22**
2032	15	1,965,000.00	3.75%	1,784,550.00	3,749,550.00	1,999,550.00	**2,606,797.16**
2033	16	2,035,000.00	3.80%	1,710,862.50	3,745,862.50	1,995,862.50	**2,497,965.08**
2034	17	2,115,000.00	3.85%	1,633,532.50	3,748,532.50	453,532.50	**544,935.29**
2035	18	2,195,000.00	3.90%	1,552,105.00	3,747,105.00	(2,078,820.00)	**(2,397,917.17)**
2036	19	2,280,000.00	3.95%	1,466,500.00	3,746,500.00	(2,079,875.00)	**(2,303,219.35)**
2037	20	2,370,000.00	4.00%	1,376,440.00	3,746,440.00	(2,080,310.00)	**(2,211,601.60)**
2038	21	2,465,000.00	4.05%	1,281,640.00	3,746,640.00	(2,080,235.00)	
2039	22	2,565,000.00	4.10%	1,181,807.50	3,746,807.50	(2,079,767.50)	
2040	23	2,670,000.00	4.15%	1,076,642.50	3,746,642.50	(2,079,032.50)	
2041	24	2,780,000.00	4.20%	965,837.50	3,745,837.50	(2,078,162.50)	
2042	25	2,900,000.00	4.25%	849,077.50	3,749,077.50	(2,077,297.50)	
2043	26	3,020,000.00	4.30%	725,827.50	3,745,827.50	(2,081,622.50)	
2044	27	3,150,000.00	4.35%	595,967.50	3,745,967.50	(2,081,082.50)	
2045	28	3,290,000.00	4.40%	458,942.50	3,748,942.50	3,748,942.50	
2046	29	3,435,000.00	4.45%	314,182.50	3,749,182.50	3,749,182.50	
2047	30	3,585,000.00	4.50%	161,325.00	3,746,325.00	3,746,325.00	
2048	31						
2049	32						
2050	33						
2051	34						
2052	35						
2053	36						
2054	37						
2055	38						
2056	39						
2057	40						
		50,000,000.00		24,940,807.50	74,940,807.50	2,882,757.50	10,277,159.62

Exhibit O - Adjustment for Buyback with funds from assets acquired subsequent to COD - Unit 4

		Debt Service Issued in 2023 for Capital				Actual Debt Service reduction from retirement of $50 million DOE Advances from excess funding			
		Public Markets				DOE after reduction in 2028			
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Principal	Yield	Interest	Debt Service
2018	1								
2019	2								
2020	3								
2021	4								
2022	5								
2023	6	3,120,000.00	3.30%	4,997,882.50	8,117,882.50				
2024	7	3,225,000.00	3.35%	4,894,922.50	8,119,922.50				
2025	8	3,330,000.00	3.40%	4,786,885.00	8,116,885.00				
2026	9	3,445,000.00	3.45%	4,673,665.00	8,118,665.00				
2027	10	3,565,000.00	3.50%	4,554,812.50	8,119,812.50				
2028	11	3,685,000.00	3.55%	4,430,037.50	8,115,037.50		3.50%	1,750,000.00	1,750,000.00
2029	12	3,820,000.00	3.60%	4,299,220.00	8,119,220.00		3.50%	1,750,000.00	1,750,000.00
2030	13	3,955,000.00	3.65%	4,161,700.00	8,116,700.00		3.50%	1,750,000.00	1,750,000.00
2031	14	4,100,000.00	3.70%	4,017,342.50	8,117,342.50		3.50%	1,750,000.00	1,750,000.00
2032	15	4,250,000.00	3.75%	3,865,642.50	8,115,642.50		3.50%	1,750,000.00	1,750,000.00
2033	16	4,410,000.00	3.80%	3,706,267.50	8,116,267.50		3.50%	1,750,000.00	1,750,000.00
2034	17	4,580,000.00	3.85%	3,538,687.50	8,118,687.50	1,545,000.00	3.50%	1,750,000.00	3,295,000.00
2035	18	4,755,000.00	3.90%	3,362,357.50	8,117,357.50	4,130,000.00	3.50%	1,695,925.00	5,825,925.00
2036	19	4,940,000.00	3.95%	3,176,912.50	8,116,912.50	4,275,000.00	3.50%	1,551,375.00	5,826,375.00
2037	20	5,135,000.00	4.00%	2,981,782.50	8,116,782.50	4,425,000.00	3.50%	1,401,750.00	5,826,750.00
2038	21	5,340,000.00	4.05%	2,776,382.50	8,116,382.50	4,580,000.00	3.50%	1,246,875.00	5,826,875.00
2039	22	5,555,000.00	4.10%	2,560,112.50	8,115,112.50	4,740,000.00	3.50%	1,086,575.00	5,826,575.00
2040	23	5,785,000.00	4.15%	2,332,357.50	8,117,357.50	4,905,000.00	3.50%	920,675.00	5,825,675.00
2041	24	6,025,000.00	4.20%	2,092,280.00	8,117,280.00	5,075,000.00	3.50%	749,000.00	5,824,000.00
2042	25	6,280,000.00	4.25%	1,839,230.00	8,119,230.00	5,255,000.00	3.50%	571,375.00	5,826,375.00
2043	26	6,545,000.00	4.30%	1,572,330.00	8,117,330.00	5,440,000.00	3.50%	387,450.00	5,827,450.00
2044	27	6,825,000.00	4.35%	1,290,895.00	8,115,895.00	5,630,000.00	3.50%	197,050.00	5,827,050.00
2045	28	7,125,000.00	4.40%	994,007.50	8,119,007.50			-	-
2046	29	7,435,000.00	4.45%	680,507.50	8,115,507.50			-	-
2047	30	7,770,000.00	4.50%	349,650.00	8,119,650.00			-	-
2048	31							-	-
2049	32							-	-
2050	33							-	-
2051	34							-	-
2052	35							-	-
2053	36							-	-
2054	37							-	-
2055	38							-	-
2056	39							-	-
2057	40							-	-
		125,000,000.00		77,935,870.00	202,935,870.00	50,000,000.00		22,058,050.00	72,058,050.00

Exhibit O - Adjustment for Buyback with funds from assets acquired subsequent to COD - Unit 4

Hypothetical Debt Service reduction over the remaining 20 year life

		Public Market after reduction in 2028				FV Rate	4.16%
Accrual Year	# of Years	Principal	Yield	Interest	Debt Service	Over/(Under) payment vs Hypothetical	**Future Value of Payment**
2018	1						
2019	2						
2020	3						
2021	4						
2022	5						
2023	6						
2024	7						
2025	8						
2026	9						
2027	10						
2028	11	1,700,000.00	3.55%	2,044,987.50	3,744,987.50	1,994,987.50	**2,939,495.69**
2029	12	1,760,000.00	3.60%	1,984,637.50	3,744,637.50	1,994,637.50	**2,821,482.77**
2030	13	1,825,000.00	3.65%	1,921,277.50	3,746,277.50	1,996,277.50	**2,710,910.05**
2031	14	1,895,000.00	3.70%	1,854,665.00	3,749,665.00	1,999,665.00	**2,606,947.08**
2032	15	1,965,000.00	3.75%	1,784,550.00	3,749,550.00	1,999,550.00	**2,502,580.25**
2033	16	2,035,000.00	3.80%	1,710,862.50	3,745,862.50	1,995,862.50	**2,398,099.16**
2034	17	2,115,000.00	3.85%	1,633,532.50	3,748,532.50	453,532.50	**523,149.37**
2035	18	2,195,000.00	3.90%	1,552,105.00	3,747,105.00	(2,078,820.00)	**(2,302,051.06)**
2036	19	2,280,000.00	3.95%	1,466,500.00	3,746,500.00	(2,079,875.00)	**(2,211,139.15)**
2037	20	2,370,000.00	4.00%	1,376,440.00	3,746,440.00	(2,080,310.00)	**(2,123,184.18)**
2038	21	2,465,000.00	4.05%	1,281,640.00	3,746,640.00	(2,080,235.00)	
2039	22	2,565,000.00	4.10%	1,181,807.50	3,746,807.50	(2,079,767.50)	
2040	23	2,670,000.00	4.15%	1,076,642.50	3,746,642.50	(2,079,032.50)	
2041	24	2,780,000.00	4.20%	965,837.50	3,745,837.50	(2,078,162.50)	
2042	25	2,900,000.00	4.25%	849,077.50	3,749,077.50	(2,077,297.50)	
2043	26	3,020,000.00	4.30%	725,827.50	3,745,827.50	(2,081,622.50)	
2044	27	3,150,000.00	4.35%	595,967.50	3,745,967.50	(2,081,082.50)	
2045	28	3,290,000.00	4.40%	458,942.50	3,748,942.50	3,748,942.50	
2046	29	3,435,000.00	4.45%	314,182.50	3,749,182.50	3,749,182.50	
2047	30	3,585,000.00	4.50%	161,325.00	3,746,325.00	3,746,325.00	
2048	31			-	-	-	
2049	32			-	-	-	
2050	33			-	-	-	
2051	34			-	-	-	
2052	35			-	-	-	
2053	36			-	-	-	
2054	37			-	-	-	
2055	38			-	-	-	
2056	39			-	-	-	
2057	40			-	-	-	
		50,000,000.00		24,940,807.50	74,940,807.50	2,882,757.50	9,866,289.98

EXHIBIT P

FORM OF PPA PROJECT ENTITY POWER PURCHASE AGREEMENT

Orrick Revised Draft
10/27/14

WHOLESALE POWER SALES AGREEMENT

between

MEAG Power SPVJ, LLC

as Seller

and

Municipal Electric Authority of Georgia

as Purchaser

Dated as of November __, 2014

Plant Vogtle Additional Units, Project J

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WHOLESALE POWER SALES AGREEMENT

This **WHOLESALE POWER SALES AGREEMENT**, dated as of November __, 2014 (together with permitted amendments hereto, the "***Agreement***"), is entered into by and between **MEAG POWER SPVJ, LLC**, a limited liability company organized and existing under the laws of the State of Georgia (the "***Seller***"), and **MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA**, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia, created by that certain Act of the 1975 session of the General Assembly of the State of Georgia, compiled and published in Georgia Law 1975, p. 107, *et seq.*, codified at O.C.G.A. §§ 46-3-110 through 46-3-155, as the same heretofore has been or hereafter may be amended (the "***Purchaser***"). The Seller and the Purchaser are sometimes referred to in this Agreement individually as a "party" and collectively as the "parties."

RECITALS

WHEREAS, the Seller is a wholly owned subsidiary of the Purchaser, formed for the sole purpose of, and whose business and activities are limited to, acquiring, constructing and owning the Project Undivided Interest (such term, and all other capitalized terms used in these recitals without definition, having the respective meanings ascribed thereto in Section 1 hereof); and

WHEREAS, pursuant to the Ownership Agreement, the Purchaser acquired a 22.7 percent undivided ownership interest in the properties, facilities and rights of the two Additional Units being constructed at Plant Vogtle in Burke County, Georgia (the "***Undivided Interest***"); and

WHEREAS, the Purchaser is (i) dividing the Undivided Interest and (ii) transferring 41.174636 percent of the Undivided Interest (the "***Project Undivided Interest***") to the Seller, which equals a 9.3466423 percent undivided ownership interest in the properties, facilities and rights of the two Additional Units; and

WHEREAS, the Purchaser is assigning to the Seller the portion of its rights and obligations under the Project Agreements attributable to the Project Undivided Interest; and

WHEREAS, the Purchaser has issued and may issue Bonds payable from and secured by a pledge of the Bondholders' Trust Estate and the Shared Trust Estate under the Bond Resolution to fund (i) Costs of Acquisition and Construction and Financing Costs incurred by the Purchaser prior to the transfer of the Project Undivided Interest to the Seller and (ii) future capital contributions of the Purchaser to the Seller; and

WHEREAS, pursuant to the Loan Documents, the U.S. Department of Energy ("***DOE***") is issuing an irrevocable and unconditional guaranty, pledging the full faith and credit of the United States of America to the payment of the principal of and interest on loans to the Seller (the "***Guaranteed Loan***") to be made by the Federal Financing Bank pursuant to Title XVII of the Energy Policy Act of 2005, as amended, and the regulations and solicitations promulgated thereunder by DOE; and

WHEREAS, the Seller is financing the completion of the Project through the proceeds of the Guaranteed Loan and the Purchaser's capital contributions to the Seller; and

WHEREAS, the Seller desires and undertakes to sell the Output of the Project for the Term of this Agreement, and the Purchaser desires and undertakes to purchase such Output on the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the premises and the mutual undertakings herein contained, the Seller and the Purchaser hereby agree as follows:

1. DEFINITIONS. Capitalized terms used herein shall have the following meanings:

"Accounts Agreement" shall mean that certain Collateral Agency and Accounts Agreement to be entered into by and among DOE, the Collateral Agent and the Seller, as supplemented, amended or restated.

"Additional Units" shall mean the two 1,102 MW nominally rated additional nuclear units to be located at Plant Vogtle, in Burke County, Georgia, pursuant to the Development Agreement.

"Agreement" shall have the meaning set forth in the introductory paragraph of this Agreement.

"Ancillary Services" shall mean reactive supply and voltage support service (as defined by the Purchaser's open access transmission tariff) and such other services the Additional Units may provide that are customarily characterized in the electric utility industry as ancillary services.

"Annual Budget" shall mean the budget prepared by the Seller and delivered to the Purchaser pursuant to Section 5.1 hereof, as such budget may be amended or revised from time to time.

"Billing Statement" shall mean a written statement prepared each calendar month by the Seller which shall be based on the Annual Budget and which shall show for such month the amount to be paid by the Purchaser in accordance with the provisions of Section 5.2 hereof.

"Bond Resolution" shall mean the Plant Vogtle Additional Units PPA Project Bond Resolution, adopted by the Purchaser on October 16, 2008 (as supplemented, modified or amended from time to time), as amended and restated by the Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution, adopted by the Purchaser on December 23, 2009 (as supplemented, modified or amended from time to time), as further amended and restated by the Second Amended and Restated Plant Vogtle Additional Units PPA Project Bond Resolution, adopted by the Purchaser on November __, 2014, as heretofore or hereafter supplemented, modified, amended or amended and restated from time to time.

"Bondholders' Trust Estate" shall have the meaning ascribed to such term in the Bond Resolution.

"Bonds" shall mean the bonds, notes or other evidences of indebtedness issued by the Purchaser pursuant to or as permitted by the provisions of the Bond Resolution to finance or refinance the Costs of Acquisition and Construction and Financing Costs of the Project, including by the Purchaser's contribution of capital to the Seller for application to the payment

of such costs, whether or not any issue of such bonds, notes or other evidences of indebtedness shall be subordinated as to payment to any other issue of such bonds, notes or other evidences of indebtedness, and shall include refunding Bonds issued pursuant to the provisions of the Power Sales Contracts.

"Capacity" shall mean that portion of the net electrical capacity in MW of the Additional Units corresponding to the Project Undivided Interest.

"Collateral Agent" shall mean PNC Bank, National Association, doing business as Midland Loan Services, a division of PNC Bank, National Association, as appointed pursuant to the Accounts Agreement.

"Commercial Operation" shall mean achieving "Commercial Operation" within the meaning of the Operating Agreement.

"Costs of Acquisition and Construction" shall have the meaning ascribed to such term in the Bond Resolution.

"Dalton" shall mean the City of Dalton, Georgia, an incorporated municipality in the State of Georgia acting by and through its Board of Water, Light and Sinking Fund Commissioners.

"Debt Service" shall mean, with respect to any period, payments of principal of and premium, if any, and interest on all debt issued by the Seller (including the Guaranteed Loan), including the amounts required by the Accounts Agreement to be paid during said period into any account or accounts established pursuant to, or fund or funds created by, the Accounts Agreement for the sole purpose of paying the principal of, and premium, if any, and interest on, and any other amounts due with respect to, the Guaranteed Loan.

"Delivery Point" shall have the meaning set forth in Section 6.1.

"Development Agreement" shall mean the Plant Vogtle Owners Agreement Authorizing Development, Construction, Licensing and Operation of Additional Generating Units by and among the Purchaser, OPC, GPC and Dalton, dated as of May 13, 2005, as heretofore or hereafter supplemented, amended or restated.

"DOE" shall have the meaning set forth in the Recitals to this Agreement.

"DOE Event of Default" shall have the meaning ascribed to the term "Event of Default" in the Loan Guarantee Agreement.

"Effective Date" shall have the meaning set forth in Section 10.

"Energy" shall mean that portion of the actual hourly net electric energy generated by the Additional Units corresponding to the Project Undivided Interest.

"Energy Output" shall mean the Capacity, Energy, and Ancillary Services actually generated by the Additional Units.

"Environmental Attributes" shall mean any and all credits, benefits, emissions reductions, environmental air quality credits, emission reduction credits, renewable energy credits, offsets, and allowances attributable to the generation, purchase, sale, or use of the Energy Output, including tags, certificates, credits, allowances, offsets, and similar products or rights attributable to the generation, purchase, sale, or use of the Energy Output that can be used to claim responsibility for, ownership of, or any avoidance or reduction of emissions or pollutants, including mercury, nitrogen oxide, sulfur oxide, carbon dioxide, carbon monoxide, particulate matter or similar pollutants or contaminants of air, water or soil, under any governmental, regulatory or voluntary program, including the United Nations Framework Convention on Climate Change and related Kyoto Protocol or other program.

"Fiduciaries" shall have the meaning ascribed to such term in the Bond Resolution.

"Financing Costs" shall have the meaning ascribed to such term in the Bond Resolution.

"Fuel" shall have the meaning ascribed to such term in the Bond Resolution.

"Guaranteed Loan" shall have the meaning set forth in the Recitals to this Agreement.

"GPC" shall mean Georgia Power Company, a corporation organized and existing under the laws of the State of Georgia.

"Initial Power Purchaser" shall mean JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida.

"Initial PPA" shall mean that certain Power Purchase Agreement between the Purchaser and the Initial Power Purchaser, dated as of May 12, 2008, as heretofore or hereafter supplemented, amended or restated, including as amended and restated by the Amended and Restated Power Purchase Agreement between the Purchaser and the Initial Power Purchaser dated on or about the date hereof.

"Loan Documents" shall have the meaning ascribed to such term in the Loan Guarantee Agreement.

"Loan Guarantee Agreement" shall mean that certain Loan Guarantee Agreement to be entered into by the Seller and DOE, in its capacity as guarantor of the Advances (as defined therein), as supplemented, amended or restated.

"Local Account" shall have the meaning ascribed to such term in the Loan Guarantee Agreement.

"MW" shall mean megawatt.

"Nuclear Managing Board Agreement" shall mean the Second Amended and Restated Nuclear Managing Board Agreement by and among the Purchaser, OPC, GPC and Dalton, dated as of April 21, 2006, as heretofore or hereafter supplemented, amended or restated.

"O&M Costs" shall mean the costs and expenses for operation and maintenance of the Project, including ordinary repairs, renewals and replacements of the Project and all costs of purchasing, producing and delivering Output to the Delivery Point and payments into reserves for items of O&M Costs the payment of which is not immediately required, and shall include any expenses or obligations required to be paid in connection with the Project, by law or under or in connection with any contract related to the Project, all to the extent properly allocable to the Project; the fees and expenses of the Fiduciaries; and the fees and expenses of the Secured Parties incurred after Commercial Operation of the second Additional Unit to achieve Commercial Operation. O&M Costs shall not include any costs or expenses for new construction or any allowance for depreciation.

"OPC" shall mean Oglethorpe Power Corporation (an Electric Membership Corporation), an electric membership corporation organized and existing under the laws of the State of Georgia.

"Operating Agreement" shall mean the Plant Alvin W. Vogtle Nuclear Units Amended and Restated Operating Agreement by and among the Purchaser, OPC, GPC and Dalton, dated April 21, 2006, as heretofore or hereafter supplemented, amended or restated.

"Output" shall mean collectively the portion of Energy Output and any Environmental Attributes in each case corresponding or attributable to the Project Undivided Interest.

"Ownership Agreement" shall mean the Plant Alvin W. Vogtle Additional Units Ownership Participation Agreement by and among the Purchaser, OPC, GPC and Dalton, dated as of April 21, 2006, as heretofore or hereafter supplemented, amended or restated.

"Participant" shall mean each of the thirty-nine (39) participants of the Purchaser that are party to a Power Sales Contract.

"Payment Default" shall have the meaning set forth in Section 9.1.

"Performance Default" shall have the meaning set forth in Section 9.3.

"Person" shall mean an individual, partnership, limited liability company, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, membership cooperative, governmental authority or other entity of whatever nature.

"Power Sales Contracts" shall mean each of those certain Plant Vogtle Additional Units PPA Power Sales Contracts, effective as of June 15, 2008, between the Purchaser and a Participant, each as heretofore or hereafter supplemented, amended and restated, including as amended and restated by the Amended and Restated Plant Vogtle Additional Units PPA Power Sales Contracts between the Purchaser and such Participants dated on or about the date hereof.

"Power Supply Year" shall have the meaning ascribed to such term in the Initial PPA and the Power Sales Contracts.

"Project" shall mean (1) the Project Undivided Interest and (2) working capital required by the Seller or the Purchaser with respect to the Project Undivided Interest during construction of the Additional Units and for the placing of the Additional Units in operation, and working capital for the Project Undivided Interest for operation of the Additional Units.

"Project Accounts" shall have the meaning ascribed to such term in the Accounts Agreement.

"Project Agreements" shall mean collectively the Development Agreement, the Nuclear Managing Board Agreement, the Operating Agreement, and the Ownership Agreement.

"Project Costs" shall have the meaning set forth in Section 3.4.

"Project Undivided Interest" shall have the meaning set forth in the Recitals to this Agreement.

"Prudent Utility Practice" shall mean at a particular time any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry prior to such time, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts having due regard for manufacturers' warranties and the requirements of governmental agencies of competent jurisdiction.

"Purchaser" shall have the meaning set forth in the introductory paragraph of this Agreement.

"Purchaser's O&M Costs" shall mean all O&M Costs other than Seller's O&M Costs.

"Purchaser's Revenue Fund" shall mean the Revenue Fund established under Section 502 of the Bond Resolution.

"Secured Obligation" shall have the meaning ascribed to such term in the Loan Guarantee Agreement.

"Secured Party" shall have the meaning ascribed to such term in the Loan Guarantee Agreement.

"Seller" shall have the meaning set forth in the introductory paragraph of this Agreement.

"Seller's O&M Costs" shall mean all O&M Costs paid or incurred or to be paid or incurred by or on behalf of the Seller.

"Shared Collateral Accounts" shall have the meaning ascribed to such term in the Loan Guarantee Agreement.

"Shared Trust Estate" shall have the meaning ascribed to such term in the Bond Resolution.

"Standstill Period" shall have the meaning ascribed to such term in the Loan Guarantee Agreement.

"Term" shall have the meaning set forth in Section 10.

"Trustee" shall have the meaning ascribed to such term in the Bond Resolution.

"Undivided Interest" shall have the meaning set forth in the Recitals to this Agreement.

"***Uniform System of Accounts***" shall mean the Uniform System of Accounts prescribed for Public Utilities and Licensees subject to the provisions of the Federal Power Act as set forth in 18 C.F.R. Part 101.

2. INTERPRETATION.

2.1 Rules of Construction. For all purposes of the this Agreement, unless otherwise indicated or required by the context:

(a) Headings. The table of contents, article and section headings and other captions have been inserted as a matter of convenience for the purpose of reference only and do not limit or affect the meaning of the terms and provisions thereof.

(b) Including. The words "include," "includes" and "including" are not limiting and mean include, includes and including "without limitation" and "without limitation by specification."

(c) Plurals and Gender. Defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders.

(d) Successors and Assigns. A reference to a Person includes its successors and permitted assigns.

(e) Articles, Sections, Exhibits. A reference in this Agreement to an Article, Section, Exhibit, Schedule, Annex or Appendix is to the Article, Section, Exhibit, Schedule, Annex or Appendix of this Agreement unless otherwise indicated.

(f) Hereof, Herein, Hereunder. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to the Agreement as a whole and not to any particular provision of this Agreement.

(g) Periods and Time. References to "days," "weeks," "months" and "years" shall mean calendar days, weeks, months and years, respectively. References to a period

of "days," "weeks," "months" and "years" shall mean consecutive days, weeks, months and years, respectively, and such period shall be deemed to begin on the day that the event to which the period relates first occurs. For purposes of computation of time periods, the word "from" means "from but not including" and the words "to" and "until" each mean "to and including". References to a time of day shall mean such time in Washington, D.C.

(h) Change of Law. Each reference to a governmental rule or law includes any amendment, supplement or modification of such governmental rule or law, as the case may be, and all regulations, rulings and other governmental rules or laws promulgated thereunder.

(i) Use of Or The word "or" is not exclusive.

(j) Attachments, Replacements, Amendments. References to any document, instrument or agreement (a) shall include all exhibits, schedules, annexes and appendices thereto, and all exhibits, schedules, annexes or appendices to any document shall be deemed incorporated by reference in such document, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (c) shall mean such document, instrument or agreement, or replacement thereto, as amended, modified and supplemented from time to time and in effect at any given time.

(k) Ambiguities. This Agreement is the result of negotiations among, and has been reviewed by each party hereto and their respective counsel. Accordingly, this Agreement shall be deemed to be the product of all parties hereto and no ambiguity shall be construed in favor of or against any Person.

(l) Continuing Definitions. With respect to any term that is defined by reference to any document, for purposes hereof, such term shall continue to have the definition given in such document notwithstanding any termination or expiration of such document.

(m) Terms Defined Elsewhere. Terms that are defined in the preamble, the recitals, or the Sections of this Agreement have the meanings ascribed to them therein.

(n) Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with applicable accounting requirements.

(o) Certifications. Any certifications made or to be made by any natural person pursuant to or in connection with this Agreement shall be deemed to have been made or to be made in such person's official, and not individual, capacity.

3. PURCHASE AND SALE OBLIGATION.

3.1 Purchase and Sale. The Seller shall sell and deliver to the Purchaser, and the Purchaser shall take and pay for or pay for, even if not available, delivered or taken, as provided for in Section 3.2, all Output. The Purchaser's payment obligations under this Agreement shall commence on the date hereof and shall continue until all Project Costs are paid in full notwithstanding the occurrence of any event, or the taking of any action permitted by this Agreement, with respect to the Project, including any event or action described in Section 3.2. This Agreement, on the one hand, and the Initial PPA and the Power Sales Contracts, on the

other hand (during the respective periods that the Initial Power Purchaser and the Participants are entitled to the Output) are intended to be "back-to-back" power purchase agreements during the Term of this Agreement such that all of the Output shall be purchased by the Purchaser from the Seller pursuant to the terms and conditions of this Agreement and resold to the Initial Power Purchaser and the Participants pursuant to the terms and conditions of the Initial PPA and the Power Sales Contracts, respectively. For the avoidance of doubt and notwithstanding anything to the contrary herein, and to confirm the understanding of the parties, if the Initial Power Purchaser or the Participants, as applicable, has (or have) satisfied its (or their) respective payment and performance obligations under and in accordance with the Initial PPA or the Power Sales Contracts, as applicable, the Purchaser is required to purchase such Output from the Seller under and in accordance with this Agreement and as long as all the payment and performance obligations of the Purchaser to the Seller have been satisfied under this Agreement, the Seller is required to sell and provide such Output to the Purchaser and the Purchaser in turn is required to sell and provide such Output to the Initial Power Purchaser under the Initial PPA and to the Participants under the Power Sales Contracts, as allocated between the Initial Power Purchaser and the Participants as provided in the Initial PPA and Power Sales Contracts.

3.2 Purchaser's Unconditional Obligation to Pay.

3.2.1 The Purchaser shall make all payments for all of the Project Costs pursuant to this Agreement in a timely manner, whether or not the Project Undivided Interest is completed or is operating or operable, and whether or not its Energy Output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction, whether by offset or otherwise, and shall not be conditioned upon the performance or non-performance by any party of any agreement for any cause whatsoever.

3.2.2 Section 3.2.1 shall not be construed to release the Seller from the performance of any of its obligations expressed in this Agreement or, except to the extent expressly provided in this Agreement, to prevent or restrict the Purchaser from asserting any rights that it may have against the Seller or any other Person under this Agreement, any other agreement, or any provision of law, or to prevent or restrict the Purchaser, at its own cost and expense, from prosecuting or defending any action or proceeding against or by third parties, or taking any other action to secure or protect its rights under this Agreement. For the avoidance of doubt, nothing in this Section 3.2.2 shall affect (i) the Purchaser's obligation to take and pay for or pay for Output in accordance with Section 3.1 or (ii) the limitation on the Purchaser's right to terminate this Agreement set forth in Section 9.2.

3.3 Purchaser Limited Recourse. Without otherwise limiting the Seller's remedies upon the occurrence of a Payment Default (including suspension of service to the Purchaser and the sale of Output to any Person) or a Performance Default by the Purchaser, the Purchaser's liability arising from or in connection with its payment obligations hereunder (including the payment of any judgments arising from a default hereunder) shall be limited to making the payments required hereunder from the Shared Trust Estate or the Bondholders' Trust Estate in accordance with the Bond Resolution.

3.4 Project Costs. The term "***Project Costs***" shall include all costs and expenses paid or incurred or to be paid or incurred by the Seller (excluding costs and expenses funded

(i) with the proceeds of debt issued by the Seller, (ii) with capital contributions to the Seller made by the Purchaser (for the sake of clarity it is confirmed that payments under this Agreement are not to be construed as or considered capital contributions) or (iii) with amounts held in any funds or accounts established by the Seller or the Purchaser for the payment of such costs and expenses) with respect to the Project, including all costs and expenses resulting from obligations under the Project Agreements and the ownership, operation, maintenance, termination and retirement from service and decommissioning of, and repairs, renewals, replacements, additions, improvements, betterments and modifications to, the Project, all costs and expenses relating to the acquisition and sale of Output hereunder by the Seller, including the following items of cost:

(a) Debt Service;

(b) amounts which the Seller may be required to pay for the prevention or correction of any loss or damage to the Additional Units, or for renewals, replacements, repairs, additions, improvements, betterments, and modifications which are necessary, in accordance with Prudent Utility Practice, to keep such facilities in good operating condition or to prevent a loss of revenues therefrom;

(c) Seller's O&M Costs;

(d) all costs incurred or associated with the salvage, discontinuance, and disposition or sale of properties;

(e) all costs, settlements and expenses relating to claims asserted against the Seller or the Project;

(f) any additional cost or expense not specified in the other items of this definition imposed by any regulatory agency or which is paid or incurred by the Seller and which is not otherwise included in any of the costs specified herein;

(g) amounts required to be paid by the Seller under any contract to which it is a party not covered under any other clause of this definition, including amounts payable with respect to interest rate swaps, option contracts and hedging contracts;

(h) reserves the Seller shall determine to be necessary for the payment of those items of costs and expenses referred to in this definition to the extent not already included in any other clause of this definition;

(i) any additional amounts that the Seller is required to pay or deposit into any fund or account maintained under the Accounts Agreement; and

(j) any other cost or expense of the Seller relating or pertaining to the Project which is not otherwise specified herein.

For the avoidance of doubt and notwithstanding anything herein or in the Initial PPA or the Power Sales Contracts to the contrary, Project Costs must be related to the Project (including all amounts required to be paid by the Seller (whether to DOE, as operating expenses or otherwise) in the Loan Documents and all costs associated with the Guaranteed Loan).

4. PURCHASER PAYMENTS.

4.1 Flow of Funds. The Purchaser shall perform its payment obligations under Section 3 by making monthly payments from the Purchaser's Revenue Fund, and as otherwise provided in the Bond Resolution, to the Seller or the Collateral Agent for the Project Costs in accordance with each such month's Billing Statement, the Bond Resolution and the Accounts Agreement or to the Decommissioning Trust (as defined in the Loan Guarantee Agreement) for Project Costs with respect thereto.

5. BUDGET AND BILLING.

5.1 Annual Budget.

5.1.1 At least ninety (90) days before the beginning of each calendar year, the Seller shall prepare and provide to the Purchaser a proposed Annual Budget for the succeeding calendar year which provides for all Project Costs for such calendar year. Within thirty (30) days after receipt of the proposed Annual Budget, the Purchaser may submit to the Seller any matters or suggestions relating to such proposed Annual Budget that the Purchaser may care to present and the Purchaser shall submit to the Seller any matters or suggestions relating to Project Costs and such proposed Annual Budget that the Purchaser received from the Initial Power Purchaser or any Participant under with the Initial PPA or the Power Sales Contracts, as applicable, and the Seller shall give due consideration to said matters or suggestions. At its sole discretion and subject to the terms of this Agreement, the Seller shall then proceed with the consideration and adoption of such Annual Budget not less than thirty (30) nor more than forty-five (45) days prior to the beginning of such calendar year, and shall cause copies of such adopted Annual Budget to be delivered to the Purchaser; *provided, however*, that the Annual Budget for the first calendar year shall be prepared, considered, adopted and delivered in the most practicable manner available in the discretion of the Seller.

5.1.2 If at any time during a year it becomes apparent that the then current adopted Annual Budget no longer accurately reflects such Project Costs, the Seller may adopt an amended Annual Budget for and applicable to such calendar year for the remainder of such calendar year. The Seller shall prepare and submit to the Purchaser such amended Annual Budget at least thirty (30) days prior to the effective date of such amended Annual Budget. Within fifteen (15) days after receipt of the amended Annual Budget, the Purchaser may submit to the Seller any matters or suggestions relating to such amended Annual Budget that the Purchaser may care to present and the Purchaser shall submit to the Seller any matters or suggestions relating to Project Costs and such proposed Annual Budget that the Purchaser received from the Initial Power Purchaser or any Participant under with the Initial PPA or the Power Sales Contracts, as applicable, and the Seller shall give due consideration to said matters or suggestions. At its sole discretion and subject to the terms of this Agreement, the Seller shall then proceed with the consideration and adoption of such amended Annual Budget, and shall provide copies of such adopted amended Annual Budget to the Purchaser.

5.1.3 In addition to Section 5.1.1 of this Agreement, by April 1 of the year before each calendar year, the Seller shall prepare and submit to the Purchaser a reasonable best estimate under the circumstances of its Annual Budget from October 1 of the

year before that Power Supply Year to September 30 of the calendar year based on the Seller's current revenue requirements projections. Within thirty (30) days after receipt of such estimate, the Purchaser may submit to the Seller any matters or suggestions relating to such best estimate that the Purchaser may care to present and the Purchaser shall submit to the Seller any matters or suggestions relating to Project Costs and such proposed Annual Budget that the Purchaser received from the Initial Power Purchaser or any Participant under with the Initial PPA or the Power Sales Contracts, as applicable, and the Seller shall give due consideration to said matters or suggestions.

5.2 Monthly Billing Statements. The Seller shall prepare a Billing Statement each calendar month with respect to the succeeding calendar month and shall send such Billing Statement to the Purchaser on or prior to the tenth (10th) calendar day of that month. Such Billing Statement shall be based on the Annual Budget and shall be equal to the sum of (x) the Project Costs budgeted for such succeeding calendar month and (y) the difference, whether positive or negative, between (i) the actual Project Costs incurred by the Seller in the prior month and (ii) the budgeted Project Costs for the prior month to the extent paid by the Purchaser. The Purchaser shall pay each Billing Statement on or before the last business day of the month to which such Billing Statement relates.

5.3 Annual Adjustment of Billings. On or before 180 days after the end of each calendar year, the Seller shall submit to the Purchaser a detailed statement of the actual Project Costs for the prior calendar year. If on the basis of such statement the actual Project Costs for such year exceed the amount billed and paid by the Purchaser for such year, the Purchaser shall promptly pay to the Seller an amount equal to such excess. If on the basis of such statement the amount billed and paid by the Purchaser for such year exceeds the actual Project Costs for such year, then the Seller shall promptly pay to the Purchaser an amount equal to such excess; *provided, however*, that the Seller shall cause the Collateral Agent to fund such payment from the Project Accounts in accordance with the Accounts Agreement; *provided further, however*, that the sum of such disbursements shall not exceed the amount of the Seller's payment to the Purchaser.

5.4 Disputed Monthly Billing Statement. In case any portion of any Billing Statement received by the Purchaser from the Seller shall be the subject of a bona fide dispute, the Purchaser shall pay the Seller the full amount of such Billing Statement and, upon determination of the correct amount, the negative difference between such correct amount and such full amount, if any, will be credited to the Purchaser by the Seller after such determination. In the event any such Billing Statement is in dispute, the Seller will give consideration to such dispute and will advise the Purchaser with regard to the Seller's position relative thereto within 30 days following written notification by the Purchaser of such dispute.

6. DELIVERY POINT AND SCHEDULING.

6.1 Delivery Point. The point of delivery to the Purchaser of Capacity and Energy is the busbar of the Additional Units [at the point where each of the Additional Units interconnects to the Georgia Integrated Transmission System] (the "***Delivery Point***"). The Seller shall be responsible for the facilities and arrangements necessary to deliver Capacity and Energy to the Delivery Point. It is the obligation of the Purchaser to arrange for transmission of its Capacity and Energy from the Delivery Point. The Purchaser shall be responsible for the

facilities and arrangements necessary to take and use the Capacity and Energy beyond the Delivery Point.

6.2 Scheduling. The Purchaser acknowledges that GPC, acting in its capacity as agent for the Seller, or a replacement or successor agent, shall have sole authority for the scheduling of the operation and the dispatching of Output of each of the Additional Units.

7. RIGHTS OF ACCESS, RECORDS AND ACCOUNTS.

7.1 Rights of Access. Duly authorized representatives of either party hereto shall be permitted to enter the premises of the other party hereto at all reasonable times upon advance notice, to the extent necessary or appropriate in order to carry out the provisions hereof.

7.2 Accounting Records. The Seller shall keep accurate records and accounts in accordance with the Uniform System of Accounts. Promptly after the close of each fiscal year (and not later than 150 days after the end of each fiscal year), the Seller shall cause such records and accounts of all transactions of the Seller with respect to the Project for such fiscal year to be subject to an audit by a firm of independent certified public accountants experienced in electric utility accounting and possessing a national reputation in accounting and auditing. The Seller shall without delay provide a copy of each such annual audit, including all written comments and recommendations of such accountants, to the Purchaser.

7.3 Access to Books and Records.

7.3.1 The Purchaser shall at all times have reasonable access upon advance notice and during business hours to examine any and all of the books, records and supporting worksheets and data of the Seller as may be appropriate to determine the accuracy of any charges by the Seller or payments required to be made by the Purchaser to the Seller. If, after such examination of the Seller's records, there is still a dispute as to the accuracy of any charge and the Purchaser proceeds with mediation, arbitration or litigation, any requirements of confidentiality imposed by a mediator, arbitrator or court shall be applied.

7.3.2 The Purchaser shall at all times have such rights of access as shall be required to enable it to perform its obligations under the Initial PPA and the Power Sales Contracts, including Sections 308, 309 and 310 of the Initial PPA, but subject to the same limitations and restrictions contained therein.

8. ASSIGNMENTS.

8.1 General.

8.1.1 This Agreement shall be binding upon and inure to the benefit of the permitted successors and permitted assigns of the parties, except that this Agreement may not be assigned by either party unless (i) prior consent to such assignment is given in writing by the other party or (ii) the assignment is an Assignment for Security (as defined below). Any assignment made without a consent required hereunder shall be void and of no force or effect as against the non-consenting party.

8.1.2 No sale, assignment, transfer or other disposition permitted by this Agreement shall affect, release or discharge either party from its rights or obligations under this Agreement, except as may be expressly provided by this Agreement.

8.2 Assignment for Security.

8.2.1 Notwithstanding any other provision of this Agreement, the Seller, without the Purchaser's consent, may assign, transfer, mortgage or pledge its interest in this Agreement as security to the Collateral Agent to create a security interest for the benefit of the Secured Parties securing the Guaranteed Loan and the Secured Obligations, without limitation on the right of the Secured Parties to further assign this Agreement (an "***Assignment for Security***").

8.2.2 Except during a Standstill Period, after any Assignment for Security to a Secured Party, such Secured Party, without the approval of any party to this Agreement, may, if the party who made the Assignment for Security is in default of its obligations to the Secured Parties that are secured by such security interest, cause this Agreement to be sold, assigned, transferred or otherwise disposed of to a third party pursuant to the terms governing such Assignment for Security.

9. EVENTS OF DEFAULT AND REMEDIES.

9.1 Payment Default. If the Purchaser fails to make full payment to the Seller or the Collateral Agent when required to be made under the applicable provisions of this Agreement, and such failure continues for a period of ten (10) business days, the Seller may give or cause to be given written notice of payment default to the Purchaser. If the Purchaser does not, within ten (10) business days from the date of the receipt of such written notice of payment default, pay the full amount then due to the Seller or the Collateral Agent, then such failure shall constitute a "***Payment Default***" on the part of the Purchaser.

9.1.1 Except during a Standstill Period, upon a Payment Default, the Seller may suspend service to the Purchaser for all or any part of the period of continuing default and may, but is not obligated to, sell the Output to any Person. The Seller's right to suspend service shall not be exclusive, but in addition to all other remedies available to the Seller at law or in equity. No suspension of service under or termination of this Agreement or recovery of additional revenues from sales of Capacity, Energy, Ancillary Services and Environmental Attributes to any Person shall relieve the Purchaser of its obligations hereunder, which are absolute and unconditional. The Seller shall credit the obligations of the Purchaser during any suspension of service with the monies actually received by the Seller from sales of Capacity, Energy, Ancillary Services and Environmental Attributes that would have been available to the Purchaser.

9.1.2 The Seller may terminate this Agreement if a Payment Default shall have occurred and be continuing for a period of sixty (60) days; *provided, however*, that the Seller may not terminate this Agreement during a Standstill Period; *provided further, however*, that if any Secured Obligations are outstanding, the Seller may not terminate this Agreement without the prior written consent of DOE.

9.1.3 The Seller may commence such suits, actions or proceedings, at law or in equity, including suits for specific performance, as may be necessary or appropriate to enforce the obligations of the Purchaser under this Agreement.

9.2 Seller's Failure to Deliver. If the Seller fails to deliver Output for any reason, the Purchaser shall not be entitled to terminate this Agreement or to withhold payments required to be made pursuant to this Agreement; *provided, however*, that the Purchaser may commence such suits, actions or proceedings, at law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce the obligations of the Seller under this Agreement.

9.3 Performance Default. If either party fails to comply with any of the terms, conditions and covenants of this Agreement (and such failure does not constitute a Payment Default by the Purchaser), the non-defaulting party shall give the defaulting party written notice of the default (a "***Performance Default***"). The defaulting party shall have a period of thirty (30) days after receipt of such notice to commence reasonable efforts to cure such Performance Default, and it shall have an additional thirty (30) days to cure such Performance Default. Thereafter, if such Performance Default is continuing, the non-defaulting party, subject to the provisions of Sections 3 and 9.5.1, shall have all of the rights and remedies provided at law and in equity, other than termination of this Agreement.

9.4 DOE Exercise of Remedies. Following the exercise by DOE of any remedy of foreclosure and a sale of the Project Undivided Interest, the Seller shall pay over to the Purchaser any proceeds received by the Seller from the sale of the Project Undivided Interest that are in excess of the amount necessary to fully pay all Secured Obligations and that are not required to be used to satisfy the Seller's obligations to any other Person.

9.5 Remedies.

9.5.1 No remedy conferred upon or reserved to the Seller or the Purchaser under this Agreement is intended to be exclusive of any other remedy or remedies available hereunder or now or hereafter existing and every such remedy shall be cumulative and shall be in addition to every other such remedy, provided that no Performance Default by the Seller shall permit the Purchaser to terminate this Agreement or relieve the Purchaser of its obligation to make payments pursuant to this Agreement, which obligation is absolute and unconditional.

9.5.2 No waiver by either party hereto of any one or more defaults by the other party hereto in the performance of any provision of this Agreement shall be construed as a waiver of any other default or defaults, whether of a like kind or different nature.

9.5.3 To the fullest extent permitted by law, neither party shall be liable to the other for any indirect, consequential, multiple or punitive damages.

9.5.4 The Purchaser shall take all appropriate actions to enforce its rights under the Initial PPA and the Power Sales Contracts, upon the occurrence and continuance of a default by the Initial Power Purchaser or any Participant under the Initial PPA and the Power Sales Contracts, respectively.

9.5.5 As to the Purchaser's remedy of specific performance hereunder, the Seller hereby acknowledges that the damages recoverable at law in the event of a default by the Seller will be difficult to ascertain and will not adequately compensate the Purchaser, and, therefore, specific performance is an appropriate remedy to enforce any covenant, agreement, or obligation of this Agreement against the Seller in the event of a default hereunder.

10. EFFECTIVENESS AND TERM. This Agreement is dated as of the date specified in the introductory paragraph and shall be fully binding and enforceable as of such date; *provided, however*, that, the terms and conditions hereof other than this Section 10 shall not be effective until the occurrence of the "Effective Date." The Effective Date shall occur automatically, without any further action, consent or agreement of the parties, on the date of issuance of the "DOE Guarantee" (as defined in the Loan Guarantee Agreement). This Agreement shall remain in effect until such time (a) as all of the Debt Service has been paid, or provision for payment shall have been made in accordance with the provisions thereof, (b) the Additional Units have been permanently shut down and are no longer capable of generating Energy Output, and (c) all obligations with respect to the decommissioning of the Additional Units have been satisfied, or provision for satisfaction of such obligations shall have been made (the ***"Term"***).

11. AMENDMENTS, ENTIRE AGREEMENT AND COUNTERPARTS.

11.1 Amendments. This Agreement may be amended by agreement between the Seller and the Purchaser, but no such amendment to this Agreement shall be effective unless it is in writing, executed by both parties and, during the Term of the Initial PPA (as such term is defined therein), so long as an event of default by the Initial Power Purchaser is not continuing under the Initial PPA, approved by the Initial Power Purchaser and, if any Secured Obligations remain outstanding, approved by DOE.

11.2 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter contemplated by this Agreement and supersedes all prior agreements, whether oral or written.

11.3 Counterparts. This Agreement may be executed in multiple counterparts to be construed as one.

12. SEVERABILITY. If any part, term, or provision of this Agreement is held by a court of competent jurisdiction to be unenforceable, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular part, term, or provision held to be unenforceable.

13. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA.

14. MISCELLANEOUS.

14.1 Indemnification. The Purchaser shall indemnify and hold the Seller harmless from and against any and all losses, costs, liabilities, damages and expenses (including

attorneys' fees and expenses) of any kind incurred or suffered by the Seller pursuant to, as a result of or in connection with any resale by the Seller of any Output or in the exercise of the Seller's rights under Section 9.1.1, except for losses, costs, liabilities, damages and expenses (including attorneys' fees and expenses) incurred or suffered by the Seller as a proximate cause of any action of the Seller that is not consistent with Prudent Utility Practice or is a breach of this Agreement.

14.2 Third Party Beneficiaries. Except for each Participant and the Initial Power Purchaser (all of which are, and are intended to be, express third party beneficiaries of this Agreement, the provisions of which are for the benefit of, and are enforceable by, each such Participant and the Initial Power Purchaser), no third party is an intended third-party beneficiary of this Agreement.

14.3 Immunity. In any proceedings in connection with this Agreement, the Purchaser covenants and agrees that it shall not exercise its right to claim for itself or any of its assets immunity from suit, execution, attachment or other legal processes.

15. PERMITTED BUSINESS. The Seller shall not engage in any business or activities other than acquiring, financing, designing, developing, constructing, owning, operating, maintaining, improving, terminating, retiring and decommissioning the Project, and without limiting any of the foregoing, the Seller shall not change the nature of its business.

16. NOTICES. All notices, requests, or statements provided for, required or permitted by this Agreement shall be sufficient for any and all purposes under this Agreement when transmitted by facsimile, first class United States mail, hand delivery, or a private express delivery service to the facsimile numbers or addresses provided below. Any party (which, for purposes of this sentence, shall include the Initial Power Purchaser) shall have the right to change its facsimile number or address to any other facsimile number or address by giving prior written notice to the other parties in the manner set forth above. All notices of breach or default by one party to the other party under this Agreement as well as copies of the proposed Annual Budget and amendments thereto and matters or suggestions with respect thereto provided by one party to the other party under this Agreement shall, during the Term of the Initial PPA (as such term is defined therein), be accompanied with simultaneous copy to the Initial Power Purchaser; *provided, however*, that any failure to comply with the provisions of this sentence shall not affect the Purchaser's or the Seller's obligations hereunder, which obligations are absolute and unconditional, except as expressly otherwise provided herein.

Seller:

MEAG Power SPVJ, LLC
c/o Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, GA 30328
Attention: President and Chief Executive Officer
Fax: (866) 422-2976
Email: bjohnston@meagpower.org

Purchaser:

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, GA 30328
Attention: President and Chief Executive Officer
Fax: (866) 422-2976
Email: bjohnston@meagpower.org

Initial Power Purchaser:

JEA
21 West Church Street
Jacksonville, FL 32202-3139
Attention: Paul E. McElroy, CEO & Managing Director
Fax: 904-665-4238
Email: mcelp@jea.com

With copies to:

Melissa H. Dykes, Chief Financial Officer
21 West Church Street
Jacksonville, FL 32202-3139
Fax: 904-665-4238
Email: dykemh@jea.com

Attention: General Counsel
117 West Duval Street
Jacksonville, FL 32202
Fax: 904-630-1731
Email: JodyB@coj.net

Gibson, Dunn & Crutcher LLP
Attention: William R. Hollaway, Esq.
1050 Connecticut Avenue, N.W.
Washington, DC 20036-5306
Fax: (202) 530-9654
Email: whollaway@gibsondunn.com

[*Intentionally left blank. Signature page follows.*]

IN WITNESS WHEREOF, the Seller and the Purchaser have caused this Agreement to be executed, attested, sealed and delivered by their respective duly authorized officers as of the day and year first written above.

SELLER:

MEAG POWER SPVJ, LLC

By: MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA, as its sole Member

[COMPANY SEAL]

By:_____
Name:_____
Title:_____

ATTEST:

_____
Name:_____
Title:_____

PURCHASER:

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

[CORPORATE SEAL]

By:_____
Name:_____
Title:_____

ATTEST:

_____
Name:_____
Title:_____

STATE OF GEORGIA

COUNTY OF FULTON

The foregoing instrument was acknowledged before me this ___ day of November, 2014, by _____, _____ of MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA, as sole Member of MEAG POWER SPVJ, LLC, a limited liability company organized and existing under the laws of the State of Georgia, on behalf of said company.

My commission expires _____.

_____
Notary Public

STATE OF GEORGIA

COUNTY OF FULTON

The foregoing instrument was acknowledged before me this ___ day of November, 2014, by _____, _____ of MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia, created by that certain Act of the 1975 session of the General Assembly of the State of Georgia, compiled and published in Georgia Law 1975, p. 107, *et seq.*, codified at O.C.G.A. §§ 46-3-110 through 46-3-155, as the same has been heretofore or may be hereafter amended, on behalf of said corporation.

My commission expires _____.

_____
Notary Public

JEA Electric Dashboard

Confidential

Reports Prepared on February 1, 2018

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
MWH Sold - Territorial	12,050,132	12,492,263	12,628,266	12,736,367	12,816,532	12,924,755	13,044,067	13,158,545	13,267,347	13,374,469	13,481,921
Base Rate Changes		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%
Net Revenue Requirements	$751,445,528	$777,998,356	$786,458,914	$793,183,775	$798,170,691	$804,903,093	$812,325,328	$819,446,857	$826,215,287	$832,879,174	$856,172,925
Fuel Rates	$32.50	$32.50	$33.75	$33.75	$33.75	$33.75	$33.75	$33.75	$33.75	$33.75	$35.75
Fuel Expense (Budget Basis)	$442,353,257	$440,222,773	$416,457,957	$419,467,782	$437,379,163	$411,299,580	$423,520,592	$435,742,347	$447,939,697	$460,250,835	$473,955,464
Fuel Fund	$131,715,864	$91,721,404	$95,325,205	$99,525,045	$88,477,607	$107,119,899	$117,503,655	$119,466,874	$112,844,639	$97,466,933	$98,564,312
Fund% of Fuel Expense	*30%*	*21%*	*23%*	*24%*	*20%*	*26%*	*28%*	*27%*	*25%*	*21%*	*21%*
Fuel Fund Target	*$95,000,000*	*$95,000,000*	*$95,000,000*	*$95,000,000*	*$95,000,000*	*$95,000,000*	*$95,000,000*	*$95,000,000*	*$95,000,000*	*$95,000,000*	*$95,000,000*
Modified Days of Cash	234	225	227	271	263	243	203	169	136	124	121
Modified Days of Liquidity	337	327	334	379	363	338	291	253	217	181	173
New Debt		-	-	-	-	-	-	-	-	71,607,492	83,001,304
Early Debt Retirement/Principal Defeasance		-	-	-	(27,470,000)	(33,155,000)	(37,780,000)	-	-	-	-
Capital Spending	$134,781,952	$204,106,568	$298,711,641	$222,844,746	$225,000,000	$225,000,000	$225,000,000	$225,000,000	$225,000,000	$225,000,000	$225,000,000
Capital Fund	$201,368,000	$198,433,487	$165,952,507	$275,704,435	$330,015,583	$309,089,269	$232,169,968	$156,560,676	$76,139,261	$60,000,000	$60,000,000
5% of Previous Yr Operating Revenues		*$64,979,541*	*$65,314,076*	*$64,618,968*	*$65,492,977*	*$66,944,728*	*$65,429,990*	*$65,990,216*	*$67,010,386*	*$67,992,056*	*$68,974,059*

Residential Bill Impact	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential Rates											
Energy	$0.06988	$0.06988	$0.06988	$0.06988	$0.06988	$0.06988	$0.06988	$0.06988	$0.06988	$0.06988	$0.07128
Fuel	$0.03250	$0.03250	$0.03375	$0.03375	$0.03375	$0.03375	$0.03375	$0.03375	$0.03375	$0.03375	$0.03575
Environmental	$0.00062	$0.00062	$0.00062	$0.00062	$0.00062	$0.00062	$0.00062	$0.00062	$0.00062	$0.00062	$0.00062
Residential kWh	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*
Basic Monthly Charge	$5.50	$5.50	$5.50	$5.50	$5.50	$5.50	$5.50	$5.50	$5.50	$5.50	$5.50
Energy Charge	$69.88	$69.88	$69.88	$69.88	$69.88	$69.88	$69.88	$69.88	$69.88	$69.88	$71.28
Fuel Charge	$32.50	$32.50	$33.75	$33.75	$33.75	$33.75	$33.75	$33.75	$33.75	$33.75	$35.75
Environmental Charge	$0.62	$0.62	$0.62	$0.62	$0.62	$0.62	$0.62	$0.62	$0.62	$0.62	$0.62
Residential Bill Before Taxes	**$108.50**	**$108.50**	**$109.75**	**$109.75**	**$109.75**	**$109.75**	**$109.75**	**$109.75**	**$109.75**	**$109.75**	**$113.15**
Franchise Fee	$3.26	$3.26	$3.29	$3.29	$3.29	$3.29	$3.29	$3.29	$3.29	$3.29	$3.39
Gross Receipts Tax	$2.87	$2.87	$2.90	$2.90	$2.90	$2.90	$2.90	$2.90	$2.90	$2.90	$2.99
Public Service Tax	$8.72	$8.72	$8.73	$8.73	$8.73	$8.73	$8.73	$8.73	$8.73	$8.73	$8.89
Residential Bill After Taxes	**$123.34**	**$123.34**	**$124.67**	**$124.67**	**$124.67**	**$124.67**	**$124.67**	**$124.67**	**$124.67**	**$124.67**	**$128.42**
										Total Bill CAGR	**0.40%**

JEA Confidential

Electric System and Bulk Power Supply System Reports Prepared on February 1, 2018

Statement of Net Position

(in thousands)

	Actual 2017	Projection 2018	Projection 2019	Projection 2020	Projection 2021	Projection 2022	Projection 2023	Projection 2024	Projection 2025	Projection 2026	Projection 2027
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES											
Current assets											
Cash and cash equivalents											
Operations	$ 54,800	$ 42,630	$ 42,630	$ 42,630	$ 42,630	$ 42,630	$ 42,630	$ 42,630	$ 42,630	$ 42,630	$ 42,630
Debt management strategy stabilization fund	$ 29,884	$ 29,884	$ 29,884	$ 29,884	$ 29,884	$ 29,884	$ 29,884	$ 29,884	$ 29,884	$ 29,884	$ 29,884
Self insurance reserve funds	$ 19,214	$ 19,214	$ 19,214	$ 19,214	$ 19,214	$ 19,214	$ 19,214	$ 19,214	$ 19,214	$ 19,214	$ 19,214
Fuel Stabilization Fund	$ 131,716	$ 91,721	$ 95,325	$ 99,525	$ 88,478	$ 107,120	$ 117,504	$ 119,467	$ 112,845	$ 97,467	$ 98,564
Non-Fuel Purchase Power Stabilization Fund	$ 25,189	$ 53,445	$ 56,747	$ 36,747	$ 12,553	$ 1,021	$ 0	$ 0	$ 0	$ 0	$ 0
Environmental Stabilization Fund	$ 36,417	$ 42,424	$ 48,930	$ 54,249	$ 58,339	$ 61,201	$ 62,821	$ 63,173	$ 63,645	$ 64,236	$ 64,946
Environmental Liability Reserve	$ 17,672	$ 17,672	$ 17,672	$ 17,672	$ 17,672	$ 17,672	$ 17,672	$ 17,672	$ 17,672	$ 17,672	$ 17,672
DSM Conservation Fund	$ 3,695	$ 3,625	$ 3,712	$ 3,852	$ 4,032	$ 4,267	$ 4,561	$ 4,912	$ 5,318	$ 5,777	$ 6,291
Customer deposits	$ 42,105	$ 42,105	$ 42,105	$ 42,105	$ 42,105	$ 42,105	$ 42,105	$ 42,105	$ 42,105	$ 42,105	$ 42,105
Total unrestricted cash and investments	**$ 360,692**	**$ 342,720**	**$ 356,218**	**$ 345,878**	**$ 314,906**	**$ 325,113**	**$ 336,391**	**$ 339,057**	**$ 333,313**	**$ 318,985**	**$ 321,306**
Customer accounts receivable, less allowance for doubtful accounts	$ 170,673	$ 171,552	$ 169,726	$ 172,022	$ 175,835	$ 171,856	$ 173,328	$ 176,007	$ 178,586	$ 181,165	$ 186,394
Miscellaneous accounts receivable	$ 55,072	$ 55,072	$ 55,072	$ 55,072	$ 55,072	$ 55,072	$ 55,072	$ 55,072	$ 55,072	$ 55,072	$ 55,072
Interest receivable	$ 1,065	$ 577	$ 583	$ 589	$ 595	$ 601	$ 607	$ 613	$ 619	$ 625	$ 631
Inventories, less reserve											
Fuel inventory - Electric System	$ 33,138	$ 32,736	$ 30,991	$ 31,226	$ 32,560	$ 30,611	$ 31,520	$ 32,428	$ 33,335	$ 34,251	$ 35,269
Fuel inventory - Plant Scherer	$ 4,906	$ 3,704	$ 3,752	$ 4,153	$ 4,385	$ 4,073	$ 4,198	$ 4,323	$ 4,448	$ 4,574	$ 4,714
Materials and supplies - Electric System	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Materials and supplies - Plant Scherer	$ 2,136	$ 2,136	$ 2,136	$ 2,136	$ 2,136	$ 2,136	$ 2,136	$ 2,136	$ 2,136	$ 2,136	$ 2,136
Total current assets	**$ 627,682**	**$ 608,497**	**$ 618,479**	**$ 611,076**	**$ 585,489**	**$ 589,462**	**$ 603,251**	**$ 609,637**	**$ 607,508**	**$ 596,808**	**$ 605,522**
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt Service Reserve Fund	$ 65,433	$ 52,833	$ 50,943	$ 48,573	$ 47,142	$ 45,755	$ 44,123	$ 42,847	$ 41,568	$ 40,167	$ 38,479
Debt Service Fund	$ 174,529	$ 189,339	$ 166,037	$ 109,372	$ 106,881	$ 104,347	$ 94,447	$ 102,679	$ 97,773	$ 108,504	$ 109,224
Accounts and interest receivable	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20
Internal Capital Fund	$ 201,368	$ 198,433	$ 165,953	$ 275,704	$ 330,016	$ 309,089	$ 232,170	$ 156,561	$ 76,139	$ 60,000	$ 60,000
Construction Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrealized Gain/(Loss) on Investments	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750
Total restricted assets	**$ 442,100**	**$ 441,376**	**$ 383,703**	**$ 434,419**	**$ 484,809**	**$ 459,961**	**$ 371,510**	**$ 302,857**	**$ 216,250**	**$ 209,441**	**$ 208,473**
Costs to be recovered from future revenues	$ 252,559	$ 252,559	$ 252,559	$ 252,559	$ 252,559	$ 252,559	$ 252,559	$ 252,559	$ 252,559	$ 252,559	$ 252,559
Other Assets	$ 10,429	$ 10,429	$ 10,429	$ 10,429	$ 10,429	$ 10,429	$ 10,429	$ 10,429	$ 10,429	$ 10,429	$ 10,429
Notes receivable - City of Jacksonville	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investment in The Energy Authority	$ 6,283	$ 6,283	$ 6,283	$ 6,283	$ 6,283	$ 6,283	$ 6,283	$ 6,283	$ 6,283	$ 6,283	$ 6,283
Total noncurrent assets	**$ 269,271**	**$ 269,271**	**$ 269,271**	**$ 269,271**	**$ 269,271**	**$ 269,271**	**$ 269,271**	**$ 269,271**	**$ 269,271**	**$ 269,271**	**$ 269,271**
Capital assets											
Land and easements	$ 123,585	$ 123,585	$ 123,585	$ 123,585	$ 123,585	$ 123,585	$ 123,585	$ 123,585	$ 123,585	$ 123,585	$ 123,585
Plant in service	$ 5,326,764	$ 5,430,684	$ 5,634,791	$ 5,933,502	$ 6,156,347	$ 6,381,347	$ 6,606,347	$ 6,831,347	$ 7,056,347	$ 7,281,347	$ 7,506,347
Less accumulated depreciation	$ (2,867,037)	$ (3,068,047)	$ (3,272,978)	$ (3,485,612)	$ (3,709,518)	$ (3,941,833)	$ (4,182,638)	$ (4,431,934)	$ (4,689,721)	$ (4,955,998)	$ (5,230,766)
Plant in service, net	**$ 2,583,312**	**$ 2,486,222**	**$ 2,485,397**	**$ 2,571,475**	**$ 2,570,414**	**$ 2,563,099**	**$ 2,547,294**	**$ 2,522,998**	**$ 2,490,211**	**$ 2,448,934**	**$ 2,399,166**
Construction work in progress	$ 103,920	$ 204,107	$ 298,712	$ 222,845	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000
Capital assets, net	**$ 2,687,232**	**$ 2,690,329**	**$ 2,784,109**	**$ 2,794,320**	**$ 2,795,414**	**$ 2,788,099**	**$ 2,772,294**	**$ 2,747,998**	**$ 2,715,211**	**$ 2,673,934**	**$ 2,624,166**
Total assets	**$ 4,026,285**	**$ 4,009,473**	**$ 4,055,562**	**$ 4,109,086**	**$ 4,134,983**	**$ 4,106,794**	**$ 4,016,326**	**$ 3,929,762**	**$ 3,808,241**	**$ 3,749,454**	**$ 3,707,433**
Deferred outflows of resources:											
Unrealized pension contributions and losses	$ 95,814	$ 95,814	$ 95,814	$ 95,814	$ 95,814	$ 95,814	$ 95,814	$ 95,814	$ 95,814	$ 95,814	$ 95,814
Unamortized Debt Issuance Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Environmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unamortized deferred losses on refundings	$ 78,503	$ 85,165	$ 77,246	$ 71,457	$ 65,700	$ 59,978	$ 54,278	$ 48,579	$ 42,879	$ 37,221	$ 33,543
Accumulated decrease in fair value of fuel hedging derivatives	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accumulated decrease in fair value of interest swaps derivatives	$ 101,350	$ 101,350	$ 101,350	$ 101,350	$ 101,350	$ 101,350	$ 101,350	$ 101,350	$ 101,350	$ 101,350	$ 101,350
Total deferred outflows of resources	**$ 275,667**	**$ 282,329**	**$ 274,410**	**$ 268,621**	**$ 262,864**	**$ 257,142**	**$ 251,442**	**$ 245,743**	**$ 240,043**	**$ 234,385**	**$ 230,707**
Total assets and deferred outflows of resources	**$ 4,301,952**	**$ 4,291,802**	**$ 4,329,972**	**$ 4,377,707**	**$ 4,397,847**	**$ 4,363,936**	**$ 4,267,768**	**$ 4,175,505**	**$ 4,048,284**	**$ 3,983,839**	**$ 3,938,140**

JEA

Electric System and Bulk Power Supply System

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

(in thousands)

Confidential

Reports Prepared on February 1, 2018

	Actual 2017	Projection 2018	Projection 2019	Projection 2020	Projection 2021	Projection 2022	Projection 2023	Projection 2024	Projection 2025	Projection 2026	Projection 2027
Operating revenues:											
Electric - base	$ 822,513	$ 841,990	$ 853,888	$ 867,992	$ 878,784	$ 874,602	$ 873,317	$ 881,227	$ 888,387	$ 895,437	$ 921,277
Electric - fuel and purchased power	$ 447,631	$ 442,200	$ 418,634	$ 421,799	$ 439,829	$ 413,500	$ 425,772	$ 438,046	$ 450,297	$ 462,663	$ 476,412
Other, net of allowances	$ 29,447	$ 22,092	$ 19,858	$ 20,069	$ 20,282	$ 20,498	$ 20,715	$ 20,935	$ 21,157	$ 21,381	$ 21,608
Total operating revenues	**$ 1,299,591**	**$ 1,306,282**	**$ 1,292,379**	**$ 1,309,860**	**$ 1,338,895**	**$ 1,308,600**	**$ 1,319,804**	**$ 1,340,208**	**$ 1,359,841**	**$ 1,379,481**	**$ 1,419,297**
Operating expenses:											
Fuel	$ 289,948	$ 337,972	$ 342,357	$ 378,967	$ 400,091	$ 371,620	$ 383,047	$ 394,460	$ 405,831	$ 417,300	$ 430,146
Purchased power - Vogtle	$ 9,211	$ 11,745	$ 14,327	$ 20,000	$ 34,992	$ 101,484	$ 151,660	$ 163,017	$ 166,690	$ 165,962	$ 167,545
Purchased power - Other	$ 208,407	$ 153,217	$ 95,864	$ 43,192	$ 69,229	$ 53,687	$ 54,555	$ 79,946	$ 80,808	$ 81,619	$ 82,450
O&M	$ 219,434	$ 245,464	$ 231,884	$ 237,500	$ 234,136	$ 265,493	$ 270,054	$ 271,646	$ 282,957	$ 284,188	$ 300,146
Depreciation	$ 199,743	$ 201,010	$ 204,931	$ 212,634	$ 223,906	$ 232,315	$ 240,806	$ 249,296	$ 257,787	$ 266,277	$ 274,768
State utility taxes and franchise fees	$ 59,121	$ 60,879	$ 62,355	$ 62,921	$ 63,353	$ 63,921	$ 64,545	$ 65,147	$ 65,723	$ 66,292	$ 69,046
Recognition of deferred costs and revenues, net	$ (3,344)	$ (21,265)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total operating expenses	**$ 982,520**	**$ 989,022**	**$ 951,720**	**$ 955,214**	**$ 1,025,707**	**$ 1,088,521**	**$ 1,164,667**	**$ 1,223,512**	**$ 1,259,795**	**$ 1,281,639**	**$ 1,324,100**
Operating income	**$ 317,071**	**$ 317,260**	**$ 340,660**	**$ 354,646**	**$ 313,187**	**$ 220,079**	**$ 155,137**	**$ 116,696**	**$ 100,046**	**$ 97,843**	**$ 95,197**
Nonoperating revenues (expenses):											
Earnings from The Energy Authority	$ 6,335	$ 753	$ 481	$ 1,509	$ 1,257	$ 1,509	$ 1,540	$ 1,570	$ 1,602	$ 1,634	$ 1,667
Investment income	$ 5,177	$ 6,928	$ 6,997	$ 7,067	$ 7,138	$ 7,209	$ 7,281	$ 7,354	$ 7,428	$ 7,502	$ 7,577
Write Offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net increase (decrease) in fair value of investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other nonoperating revenue	$ 5,207	$ 9,153	$ 9,109	$ 9,057	$ 9,014	$ 8,941	$ 8,863	$ 8,775	$ 8,618	$ 8,566	$ 8,299
Other nonoperating expense	$ (611)	$ (1,870)	$ (1,870)	$ (1,870)	$ (1,870)	$ (1,870)	$ (1,870)	$ (1,870)	$ (1,870)	$ (1,870)	$ (1,870)
Interest on debt	$ (81,329)	$ (108,218)	$ (82,298)	$ (80,222)	$ (78,364)	$ (74,985)	$ (71,214)	$ (67,250)	$ (64,651)	$ (65,374)	$ (65,085)
Interest rate swap (net payment)/receipts	$ (13,021)	$ (9,081)	$ (5,016)	$ (2,991)	$ (2,958)	$ (2,899)	$ (2,840)	$ (2,778)	$ (2,665)	$ (2,535)	$ (2,353)
Other interest, net	$ (417)	$ (535)	$ (535)	$ (535)	$ (3,442)	$ (3,977)	$ (3,932)	$ (535)	$ (535)	$ (535)	$ (535)
Allowance for funds used during construction	$ 6,102	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gain (loss) on sale of asset	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total nonoperating revenues (expenses), net	**$ (72,558)**	**$ (102,870)**	**$ (73,133)**	**$ (67,985)**	**$ (69,226)**	**$ (66,072)**	**$ (62,172)**	**$ (54,734)**	**$ (52,074)**	**$ (52,612)**	**$ (52,300)**
Income before contributions	**$ 244,513**	**$ 214,389**	**$ 267,527**	**$ 286,661**	**$ 243,961**	**$ 154,007**	**$ 92,965**	**$ 61,963**	**$ 47,972**	**$ 45,231**	**$ 42,897**
Contributions (to) from:											
General fund, City of Jacksonville	$ (92,271)	$ (91,472)	$ (92,387)	$ (93,310)	$ (94,243)	$ (95,186)	$ (96,138)	$ (97,099)	$ (98,070)	$ (99,051)	$ (100,041)
Developers and other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total contributions	**$ (92,271)**	**$ (91,472)**	**$ (92,387)**	**$ (93,310)**	**$ (94,243)**	**$ (95,186)**	**$ (96,138)**	**$ (97,099)**	**$ (98,070)**	**$ (99,051)**	**$ (100,041)**
Special Item	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in net position	**$ 152,242**	**$ 122,918**	**$ 175,141**	**$ 193,350**	**$ 149,718**	**$ 58,821**	**$ (3,172)**	**$ (35,137)**	**$ (50,099)**	**$ (53,820)**	**$ (57,144)**
Net position - beginning of period	$ 832,508	$ 984,750	$ 1,107,667	$ 1,282,808	$ 1,476,158	$ 1,625,876	$ 1,684,697	$ 1,681,525	$ 1,646,388	$ 1,596,290	$ 1,542,470
Net position - end of period	**$ 984,750**	**$ 1,107,667**	**$ 1,282,808**	**$ 1,476,158**	**$ 1,625,876**	**$ 1,684,697**	**$ 1,681,525**	**$ 1,646,388**	**$ 1,596,290**	**$ 1,542,470**	**$ 1,485,325**

JEA

Electric System and Bulk Power Supply System

Statement of Cash Flows

(in thousands)

Confidential

Reports Prepared on 02/01/18

	Actual 2017	Projection 2018	Projection 2019	Projection 2020	Projection 2021	Projection 2022	Projection 2023	Projection 2024	Projection 2025	Projection 2026	Projection 2027
Cash Flow from Operating Activities											
Net Income	$ 214,389	$ 267,527	$ 286,661	$ 243,961	$ 154,007	$ 92,965	$ 61,963	$ 47,972	$ 45,231	$ 42,897	
Depreciation and amortization	$ 201,010	$ 204,931	$ 212,634	$ 223,906	$ 232,315	$ 240,806	$ 249,296	$ 257,787	$ 266,277	$ 274,768	
Recognition of deferred costs and revenues, net	$ (21,265)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
(Gain)/Loss on sale of assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Transfers to/(from) rate stabilization funds	$ (5,802)	$ 13,498	$ (10,340)	$ (30,972)	$ 10,207	$ 11,278	$ 2,666	$ (5,744)	$ (14,327)	$ 2,321	
Changes in noncash assets and noncash liabilities:											
Decrease (increase) accounts receivable	$ (391)	$ 1,820	$ (2,301)	$ (3,819)	$ 3,973	$ (1,477)	$ (2,686)	$ (2,585)	$ (2,585)	$ (5,235)	
Decrease (increase) accounts receivable, restricted	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Decrease (increase) in inventories	$ 1,604	$ 1,697	$ (636)	$ (1,566)	$ 2,261	$ (1,034)	$ (1,034)	$ (1,032)	$ (1,041)	$ (1,159)	
Decrease (increase) in other deferred outflow assets	$ (6,662)	$ 7,919	$ 5,790	$ 5,757	$ 5,723	$ 5,699	$ 5,699	$ 5,699	$ 5,659	$ 3,677	
Increase (decrease) in other assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Increase (decrease) in accounts and expenses payable	$ 441	$ (4,715)	$ (373)	$ 6,980	$ 6,300	$ 7,918	$ 5,940	$ 3,333	$ 1,665	$ 4,090	
Increase (decrease) in liabilities payable, restricted	$ 7,509	$ (2,100)	$ (2,380)	$ (1,609)	$ (2,241)	$ (2,384)	$ (2,292)	$ (1,640)	$ (67)	$ 343	
Increase (decrease) in other liabilities and amortization of OID/OIP	$ 21,154	$ (12,963)	$ (10,143)	$ (8,741)	$ (7,624)	$ (6,623)	$ (6,020)	$ (5,406)	$ (4,602)	$ (3,713)	
Total cash from Operating Activities	**$ 411,987**	**$ 477,613**	**$ 478,911**	**$ 433,896**	**$ 404,921**	**$ 347,149**	**$ 313,532**	**$ 298,384**	**$ 296,209**	**$ 317,988**	
Cash Flow from Investing Activities											
Investments in Property, Plant and Equip.	$ (204,107)	$ (298,712)	$ (222,845)	$ (225,000)	$ (225,000)	$ (225,000)	$ (225,000)	$ (225,000)	$ (225,000)	$ (225,000)	
(Purchases)/sales of Investments	$ (2,210)	$ 25,192	$ 59,036	$ 3,921	$ 3,921	$ 11,532	$ (6,957)	$ 6,186	$ (9,330)	$ 968	
Proceeds from Sale of Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Total cash from Investing Activities	**$ (206,317)**	**$ (273,519)**	**$ (163,809)**	**$ (221,079)**	**$ (221,079)**	**$ (213,468)**	**$ (231,957)**	**$ (218,814)**	**$ (234,330)**	**$ (224,032)**	
Cash Flow from Financing Activities											
Scheduled debt repayment	$ (135,105)	$ (130,690)	$ (122,380)	$ (67,765)	$ (66,220)	$ (65,405)	$ (57,420)	$ (67,665)	$ (64,115)	$ (74,550)	
Proceeds from sale of bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 71,607	
Increase/(decrease) in Line of Credit borrowing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 70,821	$ 11,348	
Early Debt Retirement/Defeasance	$ -	$ -	$ -	$ (27,470)	$ (33,155)	$ (37,780)	$ -	$ -	$ -	$ -	
City of Jacksonville Contribution	$ (91,472)	$ (92,387)	$ (93,310)	$ (94,243)	$ (95,186)	$ (96,138)	$ (97,099)	$ (98,070)	$ (99,051)	$ (100,041)	
Total cash flow from Financing Activities	**$ (226,577)**	**$ (223,077)**	**$ (215,690)**	**$ (189,478)**	**$ (194,561)**	**$ (199,323)**	**$ (154,519)**	**$ (165,735)**	**$ (92,345)**	**$ (91,636)**	

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Water and Sewer System
Dashboard
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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
KGAL Sales - Water ('000)	37,245	38,176	39,131	40,109	41,112	42,140	43,193	44,273	45,380	46,514	47,677
KGAL Sales - Sewer	26,713	27,381	28,065	28,767	29,486	30,223	30,979	31,753	32,547	33,361	34,195
KGAL Sales - Reclaimed	3,290	3,576	3,897	4,226	4,591	4,996	5,446	5,673	5,911	6,162	6,424
Revenue Requirements Total ($'000)	$467,798	$473,258	$486,165	$499,392	$513,115	$527,347	$542,115	$555,999	$570,255	$585,022	$599,950
Revenue Requirements Billings Only ($'000)	$424,671	$436,486	$448,742	$461,307	$474,336	$487,857	$501,900	$515,041	$528,540	$542,409	$556,659
Sales and Customer Growth Revenue		$11,815	$12,256	$12,565	$13,029	$13,521	$14,043	$13,141	$13,500	$13,869	$14,249
Sales and Customer Growth Revenue %		2.8%	2.8%	2.8%	2.8%	2.9%	2.9%	2.6%	2.6%	2.6%	2.6%
Rate Change Revenue		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue Change		$11,815	$12,256	$12,565	$13,029	$13,521	$14,043	$13,141	$13,500	$13,869	$14,249
Total Revenue Change %		2.8%	2.8%	2.8%	2.8%	2.9%	2.9%	2.6%	2.6%	2.6%	2.6%
Rate Change Revenue %		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Check	$0	$0	($0)	$0	($0)	$0	($0)	$0	$0	($0)	$0
Days Cash on Hand	232	182	120	119	117	115	113	112	110	108	107
Adjusted Days Cash on Hand	496	394	281	151	105	104	156	234	322	437	569
Days Liquidity	596	491	377	245	198	195	245	321	407	520	650
Sale of Assets Proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt Proceeds	$ -	$ -	$ -	$ -	$ 15,318	$ 6,948	$ -	$ -	$ -	$ -	$ -
Early Debt Retirement/Defeasance	($6,135)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CAPEX SPEND	$187,593	$229,000	$237,000	$259,000	$240,000	$217,000	$190,000	$190,000	$190,000	$190,000	$190,000
5% of Previous Yr Operating Revenues		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Fund	$ 150,319	$123,570	$93,432	$25,734	$2,000	$2,000	$33,002	$80,293	$135,789	$209,755	$297,738
Environmental Cash	$5,213	$5,213	$5,213	$5,213	$5,213	$5,213	$5,213	$5,213	$5,213	$5,213	$5,213

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Water and Sewer System

Statement of Revenues, Expenses, and Changes in Net Position

at September 30,

Confidential

Reports prepared on February 1, 2018

	Actual 2017	Projection 2018	Projection 2019	Projection 2020	Projection 2021	Projection 2022	Projection 2023	Projection 2024	Projection 2025	Projection 2026	Projection 2027
Operating revenues:											
Water and Sewer	$ 448,349	$ 446,471	$ 459,007	$ 471,860	$ 485,187	$ 499,017	$ 513,382	$ 526,823	$ 540,631	$ 554,818	$ 569,393
Other, net of allowances	$ 9,560	$ 9,202	$ 9,299	$ 9,397	$ 9,496	$ 9,595	$ 9,696	$ 9,798	$ 9,901	$ 10,005	$ 10,110
Total operating revenues	**$ 457,908**	**$ 455,673**	**$ 468,306**	**$ 481,257**	**$ 494,682**	**$ 508,612**	**$ 523,078**	**$ 536,621**	**$ 550,532**	**$ 564,823**	**$ 579,503**
Operating expenses:											
Operations:											
O&M	$ 141,445	$ 155,193	$ 157,053	$ 160,579	$ 164,184	$ 167,870	$ 171,639	$ 175,493	$ 179,434	$ 183,463	$ 187,582
Depreciation Expense	$ 141,838	$ 138,093	$ 142,335	$ 146,838	$ 151,496	$ 157,078	$ 161,216	$ 163,802	$ 164,700	$ 156,955	$ 157,674
State utility taxes and franchise fees	$ 10,562	$ 10,858	$ 11,163	$ 11,476	$ 11,800	$ 12,136	$ 12,485	$ 12,812	$ 13,148	$ 13,493	$ 13,847
Recognition of deferred costs and revenues, net	$ 11,286	$ 14,165	$ 14,862	$ 15,587	$ 16,990	$ 17,774	$ 18,589	$ 19,341	$ 20,113	$ 29,458	$ 30,273
Total operating expenses	**$ 305,131**	**$ 318,310**	**$ 325,412**	**$ 334,479**	**$ 344,470**	**$ 354,858**	**$ 363,930**	**$ 371,448**	**$ 377,395**	**$ 383,368**	**$ 389,376**
Operating income	**$ 152,777**	**$ 137,363**	**$ 142,894**	**$ 146,778**	**$ 150,212**	**$ 153,755**	**$ 159,148**	**$ 165,173**	**$ 173,138**	**$ 181,454**	**$ 190,127**
Nonoperating revenues (expenses):											
Interest on debt	$ (60,023)	$ (56,760)	$ (57,473)	$ (56,916)	$ (56,036)	$ (54,581)	$ (52,828)	$ (51,010)	$ (49,271)	$ (47,126)	$ (45,142)
Debt Management Strategy Swap Expense	$ (3,161)	$ (1,904)	$ (1,049)	$ (623)	$ (617)	$ (611)	$ (604)	$ (590)	$ (574)	$ (557)	$ (540)
Investment income	$ 3,832	$ 3,545	$ 3,580	$ 3,615	$ 3,651	$ 3,687	$ 3,724	$ 3,760	$ 3,798	$ 3,835	$ 3,873
Other revenue	$ 2,500	$ 2,500	$ 2,481	$ 2,458	$ 2,452	$ 2,448	$ 2,441	$ 2,437	$ 2,429	$ 2,547	$ 2,427
Allowance for funds used during construction	$ 5,644	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other expense	$ (1,566)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other interest, net	$ (34)	$ (206)	$ (211)	$ (216)	$ (221)	$ (227)	$ (233)	$ (239)	$ (244)	$ (251)	$ (257)
Gain / Loss on Sale of Asset	$ -	$ 23,145	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total nonoperating revenues (expenses)	**$ (52,807)**	**$ (29,680)**	**$ (52,671)**	**$ (51,682)**	**$ (50,772)**	**$ (49,284)**	**$ (47,501)**	**$ (45,640)**	**$ (43,862)**	**$ (41,552)**	**$ (39,639)**
Income before contributions & special item	**$ 99,970**	**$ 107,683**	**$ 90,223**	**$ 95,096**	**$ 99,441**	**$ 104,471**	**$ 111,647**	**$ 119,532**	**$ 129,275**	**$ 139,902**	**$ 150,488**
Special item	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions (to) from:											
General fund, City of Jacksonville	$ (23,552)	$ (25,148)	$ (25,400)	$ (25,653)	$ (25,910)	$ (26,169)	$ (26,431)	$ (26,695)	$ (26,962)	$ (27,232)	$ (27,504)
Developers and other	$ 65,969	$ 51,525	$ 52,063	$ 52,615	$ 53,180	$ 53,760	$ 54,354	$ 54,962	$ 55,586	$ 56,226	$ 56,882
Reduction of plant costs recovered through contributions	$ (41,163)	$ (30,000)	$ (30,000)	$ (30,000)	$ (30,000)	$ (30,000)	$ (30,000)	$ (30,000)	$ (30,000)	$ (30,000)	$ (30,000)
Total contributions	**$ 1,253**	**$ (3,623)**	**$ (3,336)**	**$ (3,039)**	**$ (2,730)**	**$ (2,410)**	**$ (2,077)**	**$ (1,733)**	**$ (1,376)**	**$ (1,006)**	**$ (622)**
Change in Net position	**$ 101,224**	**$ 104,060**	**$ 86,887**	**$ 92,057**	**$ 96,711**	**$ 102,061**	**$ 109,570**	**$ 117,800**	**$ 127,900**	**$ 138,897**	**$ 149,865**
Net position, beginning of period,	$ 1,401,047	$ 1,502,271	$ 1,606,330	$ 1,693,217	$ 1,785,274	$ 1,881,985	$ 1,984,046	$ 2,093,615	$ 2,211,415	$ 2,339,315	$ 2,478,212
Net position - end of period	**$ 1,502,271**	**$ 1,606,330**	**$ 1,693,217**	**$ 1,785,274**	**$ 1,881,985**	**$ 1,984,046**	**$ 2,093,615**	**$ 2,211,415**	**$ 2,339,315**	**$ 2,478,212**	**$ 2,628,077**

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Water and Sewer System

Statement of Net Position

at September 30,

Confidential

Reports prepared on February 1, 2018

	Actual 2017	Projection 2018	Projection 2019	Projection 2020	Projection 2021	Projection 2022	Projection 2023	Projection 2024	Projection 2025	Projection 2026	Projection 2027
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES											
Current Assets:											
Cash and cash equivalents											
Operations	$ 69,232	$ 47,731	$ 20,231	$ 20,231	$ 20,231	$ 20,231	$ 20,231	$ 20,231	$ 20,231	$ 20,231	$ 20,231
Debt management strategy reserve	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209
Environmental	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213
Customer Deposits	$ 15,086	$ 15,463	$ 15,850	$ 16,246	$ 16,652	$ 17,069	$ 17,495	$ 17,933	$ 18,381	$ 18,840	$ 19,311
Total unrestricted cash and investments:	**$ 103,741**	**$ 82,617**	**$ 55,504**	**$ 55,900**	**$ 56,306**	**$ 56,723**	**$ 57,149**	**$ 57,587**	**$ 58,035**	**$ 58,495**	**$ 58,966**
Customer accounts receivable, less allowance for doubtful accounts	$ 50,130	$ 49,885	$ 51,268	$ 52,686	$ 54,155	$ 55,680	$ 57,264	$ 58,747	$ 60,270	$ 61,834	$ 63,441
Miscellaneous accounts receivable	$ 5,616	$ 5,616	$ 5,616	$ 5,616	$ 5,616	$ 5,616	$ 5,616	$ 5,616	$ 5,616	$ 5,616	$ 5,616
Interest receivable	$ 943	$ 295	$ 298	$ 301	$ 304	$ 307	$ 310	$ 313	$ 316	$ 320	$ 323
Inventories,											
Materials and supplies - Water and Sewer	$ 48,336	$ 48,336	$ 48,336	$ 48,336	$ 48,336	$ 48,336	$ 48,336	$ 48,336	$ 48,336	$ 48,336	$ 48,336
Total current assets:	**$ 208,766**	**$ 186,749**	**$ 161,022**	**$ 162,839**	**$ 164,718**	**$ 166,662**	**$ 168,675**	**$ 170,599**	**$ 172,573**	**$ 174,600**	**$ 176,681**
Noncurrent assets:											
Restricted assets:											
Renewal and replacement funds	$ 150,319	$ 123,570	$ 93,432	$ 25,734	$ 2,000	$ 2,000	$ 33,002	$ 80,293	$ 135,789	$ 209,755	$ 297,738
Debt Service Reserve account funds	$ 107,488	$ 107,488	$ 107,488	$ 107,488	$ 107,488	$ 107,488	$ 107,488	$ 107,488	$ 107,488	$ 107,488	$ 107,488
Debt Service funds (Principal and interest due)	$ 82,208	$ 81,052	$ 83,966	$ 85,110	$ 87,277	$ 87,457	$ 86,460	$ 84,361	$ 87,969	$ 81,800	$ 80,153
Environmental Funds	$ 1,838	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Construction funds	$ 15	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrealized holding gain (loss) on investments	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133
Accounts and Interest Receivable	$ 757	$ 757	$ 757	$ 757	$ 757	$ 757	$ 757	$ 757	$ 757	$ 757	$ 757
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total restricted assets:	**$ 344,759**	**$ 315,001**	**$ 287,776**	**$ 221,222**	**$ 199,655**	**$ 199,835**	**$ 229,840**	**$ 275,033**	**$ 334,136**	**$ 401,933**	**$ 488,269**
Other assets - prepayments for interlocal sales fee	$ 5,054	$ 3,254	$ 1,421	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OPEB Asset	$ 1,008	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unamortized debt issuance costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Costs to be recovered from future revenues - Bond Issue Costs (182006)	$ 231	$ 231	$ 231	$ 231	$ 231	$ 231	$ 231	$ 231	$ 231	$ 231	$ 231
Costs to be recovered from future revenues - Pension (182007)	$ 152,853	$ 152,853	$ 152,853	$ 152,853	$ 152,853	$ 152,853	$ 152,853	$ 152,853	$ 152,853	$ 152,853	$ 152,853
Costs to be recovered from future revenues - Environmental (182003)	$ 68,410	$ 59,859	$ 51,307	$ 42,756	$ 34,205	$ 25,654	$ 17,102	$ 8,551	$ 0	$ 0	$ 0
Total noncurrent assets:	**$ 572,315**	**$ 531,198**	**$ 493,589**	**$ 417,062**	**$ 386,945**	**$ 378,573**	**$ 400,027**	**$ 436,669**	**$ 487,221**	**$ 555,018**	**$ 641,353**
Capital assets:											
Land and easements	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258
Plant in service	$ 4,340,544	$ 4,546,433	$ 4,761,268	$ 4,983,406	$ 5,226,819	$ 5,449,829	$ 5,649,055	$ 5,820,465	$ 5,991,125	$ 6,161,012	$ 6,321,555
Less Accumulated depreciation	$ (1,991,742)	$ (2,121,285)	$ (2,255,068)	$ (2,393,355)	$ (2,536,300)	$ (2,684,826)	$ (2,837,491)	$ (2,992,742)	$ (3,148,891)	$ (3,305,846)	$ (3,463,520)
Plant in service, net	**$ 2,410,060**	**$ 2,486,407**	**$ 2,567,458**	**$ 2,651,310**	**$ 2,751,777**	**$ 2,826,260**	**$ 2,872,822**	**$ 2,888,982**	**$ 2,903,492**	**$ 2,916,424**	**$ 2,919,293**
Construction work in progress (Excludes Environmental)	$ 205,890	$ 214,835	$ 222,138	$ 243,413	$ 223,010	$ 199,226	$ 171,411	$ 170,659	$ 169,887	$ 160,542	$ 159,727
Capital assets, net	**$ 2,615,949**	**$ 2,701,242**	**$ 2,789,596**	**$ 2,894,722**	**$ 2,974,787**	**$ 3,025,487**	**$ 3,044,233**	**$ 3,059,641**	**$ 3,073,379**	**$ 3,076,967**	**$ 3,079,020**
Total assets:	**$ 3,397,030**	**$ 3,419,189**	**$ 3,444,207**	**$ 3,474,624**	**$ 3,526,450**	**$ 3,570,722**	**$ 3,612,936**	**$ 3,666,908**	**$ 3,733,173**	**$ 3,806,584**	**$ 3,897,054**
Deferred outlows of resources:											
Unrealized pension contributions and losses - (182010-182014)	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258	$ 61,258
Unamortized deferred losses on refundings (189300-189349)	$ 43,816	$ 41,284	$ 38,801	$ 36,368	$ 33,986	$ 31,653	$ 29,370	$ 27,138	$ 24,955	$ 22,822	$ 20,740
Accumulated decrease in fair value of interest swap derivatives (187002)	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919
Total deferred outflows of resources:	**$ 128,994**	**$ 126,461**	**$ 123,978**	**$ 121,546**	**$ 119,163**	**$ 116,830**	**$ 114,548**	**$ 112,315**	**$ 110,132**	**$ 108,000**	**$ 105,917**

Total Assets and deferred outflows of resources	$ 3,526,024	$ 3,545,650	$ 3,568,185	$ 3,596,169	$ 3,645,613	$ 3,687,552	$ 3,727,483	$ 3,779,223	$ 3,843,305	$ 3,914,584	$ 4,002,971

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Water and Sewer System | **Reports prepared on February 1, 2018**

Statement of Net Position

at September 30,

	Actual 2017	Projection 2018	Projection 2019	Projection 2020	Projection 2021	Projection 2022	Projection 2023	Projection 2024	Projection 2025	Projection 2026	Projection 2027
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION											
Current Liabilities:											
Accounts and accrued expenses payable	$ 17,535	$ 19,288	$ 19,587	$ 20,064	$ 20,622	$ 21,125	$ 21,641	$ 22,157	$ 22,685	$ 23,225	$ 23,778
State utility taxes payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Payable to the City of Jacksonville	$ 1,994	$ 2,096	$ 2,117	$ 2,138	$ 2,159	$ 2,181	$ 2,203	$ 2,225	$ 2,247	$ 2,269	$ 2,292
Liability for compensated absences due within one year	$ 811	$ 811	$ 811	$ 811	$ 811	$ 811	$ 811	$ 811	$ 811	$ 811	$ 811
Other current liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer deposits	$ 15,086	$ 15,086	$ 15,086	$ 15,086	$ 15,086	$ 15,086	$ 15,086	$ 15,086	$ 15,086	$ 15,086	$ 15,086
Total current liabilities	**$ 35,426**	**$ 37,281**	**$ 37,601**	**$ 38,099**	**$ 38,678**	**$ 39,203**	**$ 39,740**	**$ 40,278**	**$ 40,829**	**$ 41,391**	**$ 41,967**
Liabilities payable from restricted assets:											
Revenue bonds and line of credit due within one year	$ 51,020	$ 51,720	$ 54,705	$ 56,340	$ 58,950	$ 59,860	$ 59,743	$ 58,562	$ 63,047	$ 57,958	$ 57,312
Interest payable	$ 31,501	$ 31,225	$ 31,236	$ 30,656	$ 29,809	$ 28,669	$ 27,280	$ 25,914	$ 24,552	$ 23,029	$ 21,699
Construction contracts and accounts payable	$ 38,235	$ 38,235	$ 38,235	$ 38,235	$ 38,235	$ 38,235	$ 38,235	$ 38,235	$ 38,235	$ 38,235	$ 38,235
Total liabilities payable from restricted assets	**$ 120,756**	**$ 121,179**	**$ 124,175**	**$ 125,230**	**$ 126,993**	**$ 126,764**	**$ 125,258**	**$ 122,710**	**$ 125,833**	**$ 119,222**	**$ 117,245**
Other noncurrent liabilities:											
OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Liability for compensated absences due after one year	$ 7,719	$ 7,719	$ 7,719	$ 7,719	$ 7,719	$ 7,719	$ 7,719	$ 7,719	$ 7,719	$ 7,719	$ 7,719
Pension - GASB Liability -232026	$ 211,000	$ 211,000	$ 211,000	$ 211,000	$ 211,000	$ 211,000	$ 211,000	$ 211,000	$ 211,000	$ 211,000	$ 211,000
Other Deferred Revenue - Septic Tank Phase-out - 253301	$ 1,131	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total other noncurrent liabilities	**$ 219,850**	**$ 218,719**	**$ 218,719**	**$ 218,719**	**$ 218,719**	**$ 218,719**	**$ 218,719**	**$ 218,719**	**$ 218,719**	**$ 218,719**	**$ 218,719**
Long-term debt:											
Bonds payable, less current portion	$ 1,552,485	$ 1,477,620	$ 1,422,915	$ 1,366,575	$ 1,307,625	$ 1,263,083	$ 1,210,287	$ 1,151,726	$ 1,088,679	$ 1,030,721	$ 973,409
Unamortized original issue premium (discount)	$ 45,783	$ 35,067	$ 25,105	$ 15,818	$ 7,402	$ (135)	$ (6,591)	$ (12,078)	$ (16,523)	$ (20,135)	$ (22,900)
Revolving Credit Facility	$ 3,000	$ 3,000	$ -	$ -	$ 17,757	$ 9,420	$ -	$ -	$ -	$ -	$ -
Fair value of debt management strategy instruments	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919	$ 23,919
Total long-term debt	**$ 1,625,187**	**$ 1,539,606**	**$ 1,471,939**	**$ 1,406,312**	**$ 1,356,703**	**$ 1,296,287**	**$ 1,227,616**	**$ 1,163,566**	**$ 1,096,075**	**$ 1,034,505**	**$ 974,428**
Total liabilities	**$ 2,001,219**	**$ 1,916,785**	**$ 1,852,434**	**$ 1,788,361**	**$ 1,741,094**	**$ 1,680,972**	**$ 1,611,333**	**$ 1,545,274**	**$ 1,481,456**	**$ 1,413,838**	**$ 1,352,360**
Deferred inflows of resources:											
Revenues to be used for future costs - Debt Management Reserve Strategy	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209	$ 14,209
Revenues to be used for future costs - Environmental	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213	$ 5,213
Unrealized Pension Gains/Loss	$ 3,112	$ 3,112	$ 3,112	$ 3,112	$ 3,112	$ 3,112	$ 3,112	$ 3,112	$ 3,112	$ 3,112	$ 3,112
Total deferred inflows of resources	**$ 22,534**	**$ 22,534**	**$ 22,534**	**$ 22,534**	**$ 22,534**	**$ 22,534**	**$ 22,534**	**$ 22,534**	**$ 22,534**	**$ 22,534**	**$ 22,534**
Net position:											
Net investment in capital assets	$ 1,141,264	$ 1,304,554	$ 1,450,759	$ 1,613,094	$ 1,733,425	$ 1,836,948	$ 1,917,850	$ 1,991,906	$ 2,062,118	$ 2,125,882	$ 2,182,225
Restricted	$ 205,770	$ 176,288	$ 149,052	$ 83,078	$ 62,359	$ 63,678	$ 95,072	$ 141,631	$ 202,096	$ 271,416	$ 359,082
Unrestricted	$ 155,237	$ 125,488	$ 93,406	$ 89,102	$ 86,201	$ 83,420	$ 80,694	$ 77,878	$ 75,101	$ 80,915	$ 86,770
Total Net Position	**$ 1,502,271**	**$ 1,606,330**	**$ 1,693,217**	**$ 1,785,274**	**$ 1,881,985**	**$ 1,984,046**	**$ 2,093,616**	**$ 2,211,415**	**$ 2,339,315**	**$ 2,478,212**	**$ 2,628,077**
Total liabilities, deferred inflows, and net position	**$ 3,526,024**	**$ 3,545,650**	**$ 3,568,185**	**$ 3,596,169**	**$ 3,645,613**	**$ 3,687,552**	**$ 3,727,483**	**$ 3,779,223**	**$ 3,843,305**	**$ 3,914,584**	**$ 4,002,971**

JEA
Water and Sewer System
Statement of Cash Flow
at September 30,

Confidential
Reports prepared on February 1, 2018

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cash Flow from Operating Activities											
Income before contributions and special item	$ 99,970	$ 107,683	$ 90,223	$ 95,096	$ 99,441	$ 104,471	$ 111,647	$ 119,532	$ 129,275	$ 139,902	$ 150,488
Depreciation and amortization	$ 144,217	$ 139,893	$ 144,168	$ 148,259	$ 151,496	$ 157,078	$ 161,216	$ 163,802	$ 164,700	$ 156,955	$ 157,674
Recognition of deferred costs and revenues, net	$ 11,494	$ 14,165	$ 14,862	$ 15,587	$ 16,990	$ 17,774	$ 18,589	$ 19,341	$ 20,113	$ 29,458	$ 30,273
Gain on Sale of Noncore assets	$ -	$ (23,145)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfers to / (from) rate stabilization funds	$ (2,567)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Decrease (increase) in accounts receivable	$ (17,595)	$ 515	$ (1,773)	$ (1,817)	$ (1,879)	$ (1,944)	$ (2,013)	$ (1,923)	$ (1,974)	$ (2,027)	$ (2,081)
Decrease (increase) in accounts receivable, restricted	$ 2,975	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Decrease (increase) in inventories	$ (3,507)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Decrease (increase) in other deferred outflow assets	$ 14,650	$ 2,533	$ 2,483	$ 2,433	$ 2,383	$ 2,333	$ 2,283	$ 2,233	$ 2,183	$ 2,133	$ 2,083
Decrease (increase) in other assets	$ (1,018)	$ 1,008	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Increase (decrease) in accounts and expense payable	$ 3,897	$ 1,855	$ 320	$ 498	$ 579	$ 524	$ 538	$ 538	$ 550	$ 563	$ 576
Increase (decrease) in liabilities payable, restricted	$ (585)	$ (276)	$ 11	$ (580)	$ (847)	$ (1,140)	$ (1,389)	$ (1,366)	$ (1,362)	$ (1,522)	$ (1,331)
Increase (decrease) in other liabilities and amortization of OID/OIF	$ (19,214)	$ (11,847)	$ (9,963)	$ (9,286)	$ (8,416)	$ (7,538)	$ (6,455)	$ (5,488)	$ (4,445)	$ (3,612)	$ (2,765)
Total cash from operating	**$ 232,720**	**$ 232,384**	**$ 240,331**	**$ 250,189**	**$ 259,747**	**$ 271,558**	**$ 284,415**	**$ 296,669**	**$ 309,041**	**$ 321,849**	**$ 334,916**
Cash Flow from Investing Activities	$ (177,145)										
Investments and acquisitions in Property, Plant, and Equip	$ (182,790)	$ (229,000)	$ (237,000)	$ (259,000)	$ (240,000)	$ (217,000)	$ (190,000)	$ (190,000)	$ (190,000)	$ (190,000)	$ (190,000)
(Purchases) / Sales of investments (changes in Restricted Assets)	$ (15,243)	$ 3,009	$ (2,914)	$ (1,144)	$ (2,167)	$ (180)	$ 997	$ 2,098	$ (3,608)	$ 6,169	$ 1,647
Proceeds from Sale of Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total cash from investing activities	**$ (198,032)**	**$ (225,991)**	**$ (239,914)**	**$ (260,144)**	**$ (242,167)**	**$ (217,180)**	**$ (189,003)**	**$ (187,902)**	**$ (193,608)**	**$ (183,831)**	**$ (188,353)**
Cash Flow from Financing Activities											
Scheduled debt repayment	$ (33,875)	$ (51,020)	$ (51,720)	$ (54,705)	$ (56,340)	$ (58,950)	$ (59,860)	$ (59,743)	$ (58,562)	$ (63,047)	$ (57,958)
Proceeds / (Payback) from sale of bonds or line of credit	$ -	$ -	$ -	$ -	$ -	$ 15,318	$ 6,948	$ -	$ -	$ -	$ -
Increase/(decrease) in Line of Credit borrowing	$ -	$ -	$ -	$ -	$ 17,757	$ (8,336)	$ (9,420)	$ -	$ -	$ -	$ -
Early debt retirement/defeasance	$ (6,135)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Line of Credit Pay-off (Unrelated to Engine Borrowing)	$ -	$ -	$ (3,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt issue costs and discounts	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City of Jacksonville contribution payment	$ (23,552)	$ (25,148)	$ (25,400)	$ (25,653)	$ (25,910)	$ (26,169)	$ (26,431)	$ (26,695)	$ (26,962)	$ (27,232)	$ (27,504)
Contribution from developers and others	$ 24,805	$ 21,525	$ 22,063	$ 22,615	$ 23,180	$ 23,760	$ 24,354	$ 24,962	$ 25,586	$ 26,226	$ 26,882
Total cash flow from financing activities	**$ (38,757)**	**$ (54,643)**	**$ (58,056)**	**$ (57,744)**	**$ (41,313)**	**$ (54,378)**	**$ (64,410)**	**$ (61,476)**	**$ (59,937)**	**$ (64,052)**	**$ (58,581)**

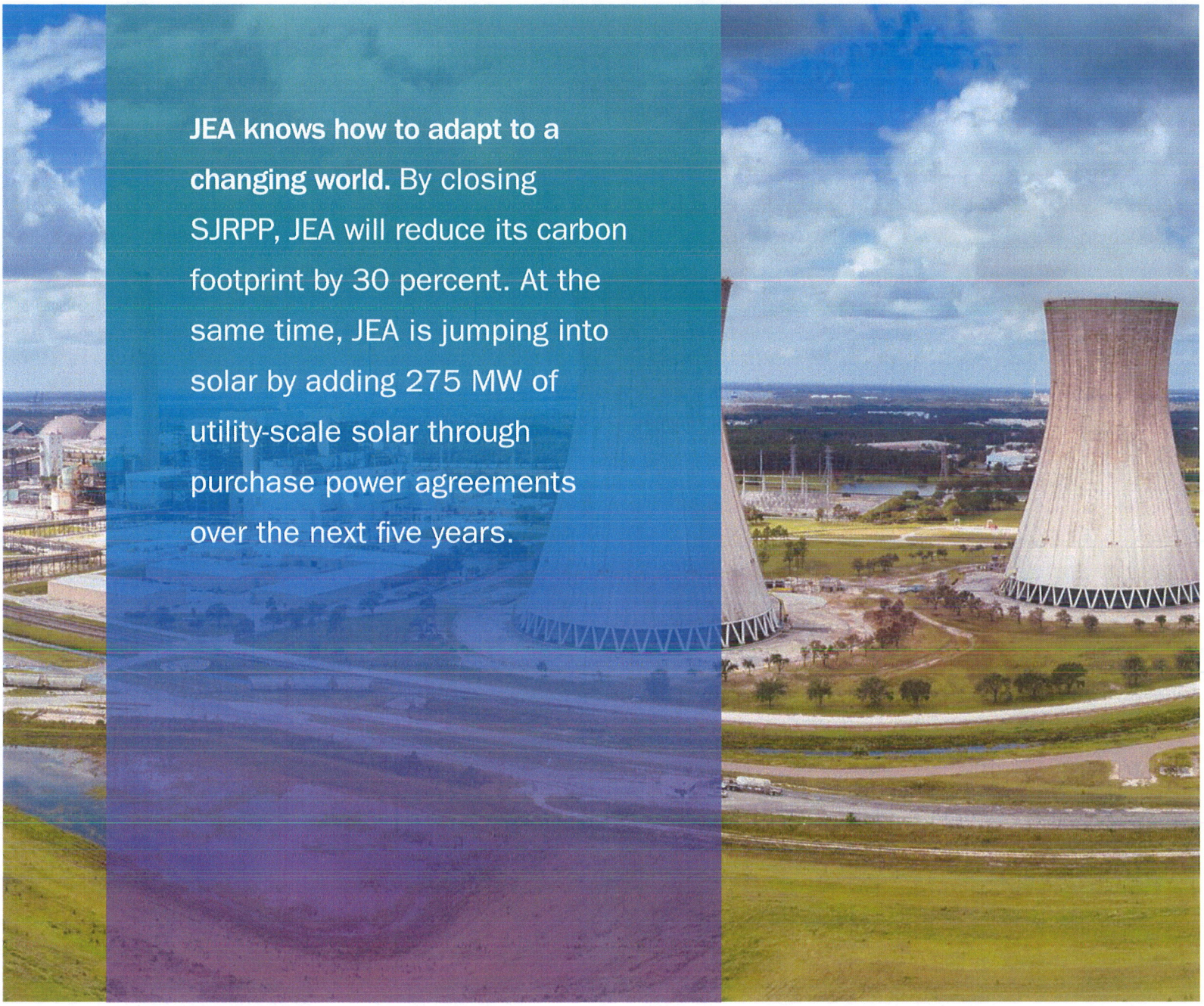


JEA

Building Community®

JEA 2017 ANNUAL REPORT

RESILIENCY



JEA knows how to adapt to a changing world. By closing SJRPP, JEA will reduce its carbon footprint by 30 percent. At the same time, JEA is jumping into solar by adding 275 MW of utility-scale solar through purchase power agreements over the next five years.

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LETTER FROM BOARD CHAIR AND MANAGING DIRECTOR/CEO

The fiscal year that ended September 30, 2017 can be fairly summed up in one word: resiliency. Hurricanes Matthew and Irma framed the year like bookends. In some ways, Matthew, which hit in early October 2016, was a warmup act for Irma that struck 11 months later. During both storms, the dedicated JEA team worked nonstop to restore power to our customers.



Paul McElroy,
JEA Managing Director & CEO

G. Alan Howard,
JEA Board Chair

Despite these storms, JEA registered an excellent, stable and predictable financial performance for the fifth consecutive year. We assumed no new debt and set in place a five-year plan that will reduce current debt by nearly $1 billion—an accomplishment made possible in part by the January 2018 decommissioning of St. Johns River Power Park (SJRPP). By closing this coal-fired plant co-owned with FPL, JEA will save $50 million every year, freeing up funds to pay down debt and fund other needed capital projects while keeping rates stable for our customers.

The closure also proves JEA's ability to adapt to changing market conditions. With the price of solar dropping, JEA began expanding its carbon-neutral generation in FY2017 by adding 27 megawatts (MW) of utility-scale solar power through purchase power agreements (PPA) in our service territory. JEA

customers can participate in this new solar generation through a new program called JEA SolarSmart.

Additionally, our solar initiatives are getting national attention. Environment America's Shining Cities 2017 report ranked Jacksonville one of the top 20 U.S. cities for solar power in America, thanks in part to a 30-year agreement begun in 2009 to buy solar power from a nearby 12 MW solar farm. We're purchasing additional tracts of land to build five new 50 MW solar plants over the next five years to provide another 250 MW of utility scale solar through PPAs to our electric grid.

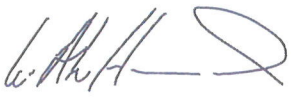
Our customers appreciate our resiliency. In FY2017, we finished in the first quartile of the J.D. Power Electric Utility Customer Satisfaction Study for both business and residential customers. In the community, our employees raised $400,000 for United Way of Northeast Florida and Community Health Charities, and participated in 453 volunteer events and ambassador projects such as speaking to groups and teaching classes on electric safety in schools.

Finally, we launched a major initiative during the fiscal year that you'll read about in the pages ahead. It's called FutureSmart and it's designed to make JEA more data-driven when it comes to optimizing our processes so that we can utilize the right resources for the right cost at the right time.

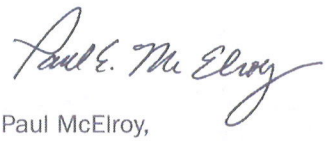
Thanks to investments in resiliency and reliability, JEA held up remarkably well during the storms that bookended our fiscal year. We will need to maintain this resiliency in the future no matter what Mother Nature has in store for us because, as we know all too well, our lives wouldn't be the same without the world-class electric, water and sewer service our customers have come to expect from us.

JEA held up remarkably well during the storms that bookended our fiscal year. We will need to maintain this resiliency in the future no matter what Mother Nature has in store for us.

Sincerely,



G. Alan Howard, JEA Board Chair
Shareholder, Milam Howard
Nicandri Gillam & Renner, P.A.



Paul McElroy,
JEA Managing Director & CEO

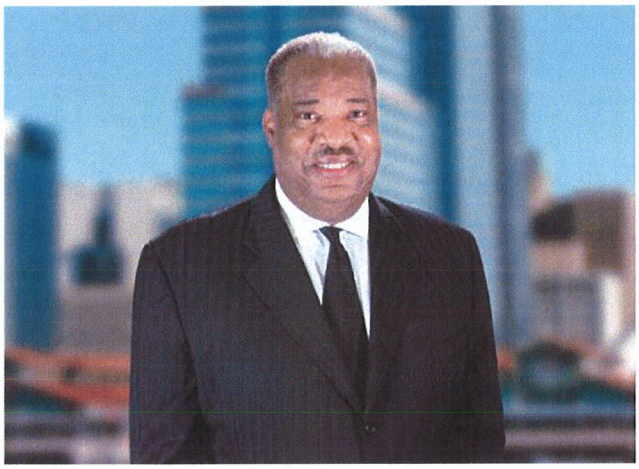
BOARD OF DIRECTORS



G. Alan Howard, JEA Board Chair,
Shareholder, Milam Howard Nicandri Gillam & Renner, P.A.



Delores Kesler, JEA Vice Chair,
Former Chairman & CEO, Adium, LLC



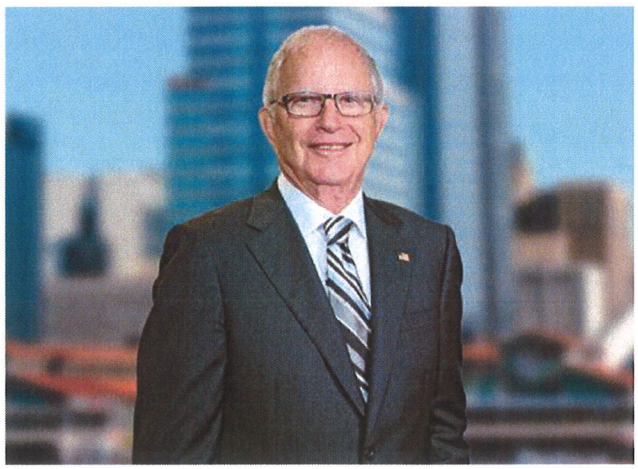
Frederick Newbill, JEA Board Secretary
Pastor, First Timothy Baptist Church



Kelly Flanagan
Chief Financial Officer, Jacksonville Jaguars



Husein Cumber
Executive Vice President, Corporate Development,
Florida East Coast Industries, LLC



Tom Petway
Chairman of the Board, The Petway Companies

SENIOR LEADERSHIP TEAM



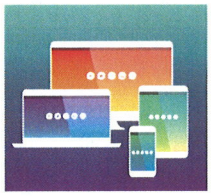
Left to right, front row, **Melissa Dykes**, Chief Financial Officer; **Ted Hobson**, Chief Compliance Officer; **Angelia Hiers**, Chief Human Resources Officer; **Brian Roche**, Vice President/General Manager Water/Wastewater Systems; **Paul McElroy**, Managing Director and CEO; second row: **Paul Cosgrave**, Chief Information Officer; **Jody Brooks**, Chief Legal Officer; **Kerri Stewart**, Chief Customer Officer; third row: **Mike Hightower**, Chief Public Affairs Officer; **Mike Brost**, Vice President/General Manager Electric Systems



ONE FISCAL YEAR. TWO BIG STORMS.

On October 6, 2016 Matthew passed within 40 miles of Duval County's coastline as a Category 2 storm, causing power outages to more than half our customer base. Our crews, with the help of mutual aid from across the country, worked around the clock to restore power. Ninety percent of JEA customers had their power restored in 48 hours, the rest within five days. Then on September 11, 2017, Irma passed through as a tropical storm, causing record flooding in Jacksonville. This storm was so big it challenged the entire state. Again, more than half our customer base lost power and JEA crews, along with 800 mutual aid personnel, worked around the clock to restore it within five days.

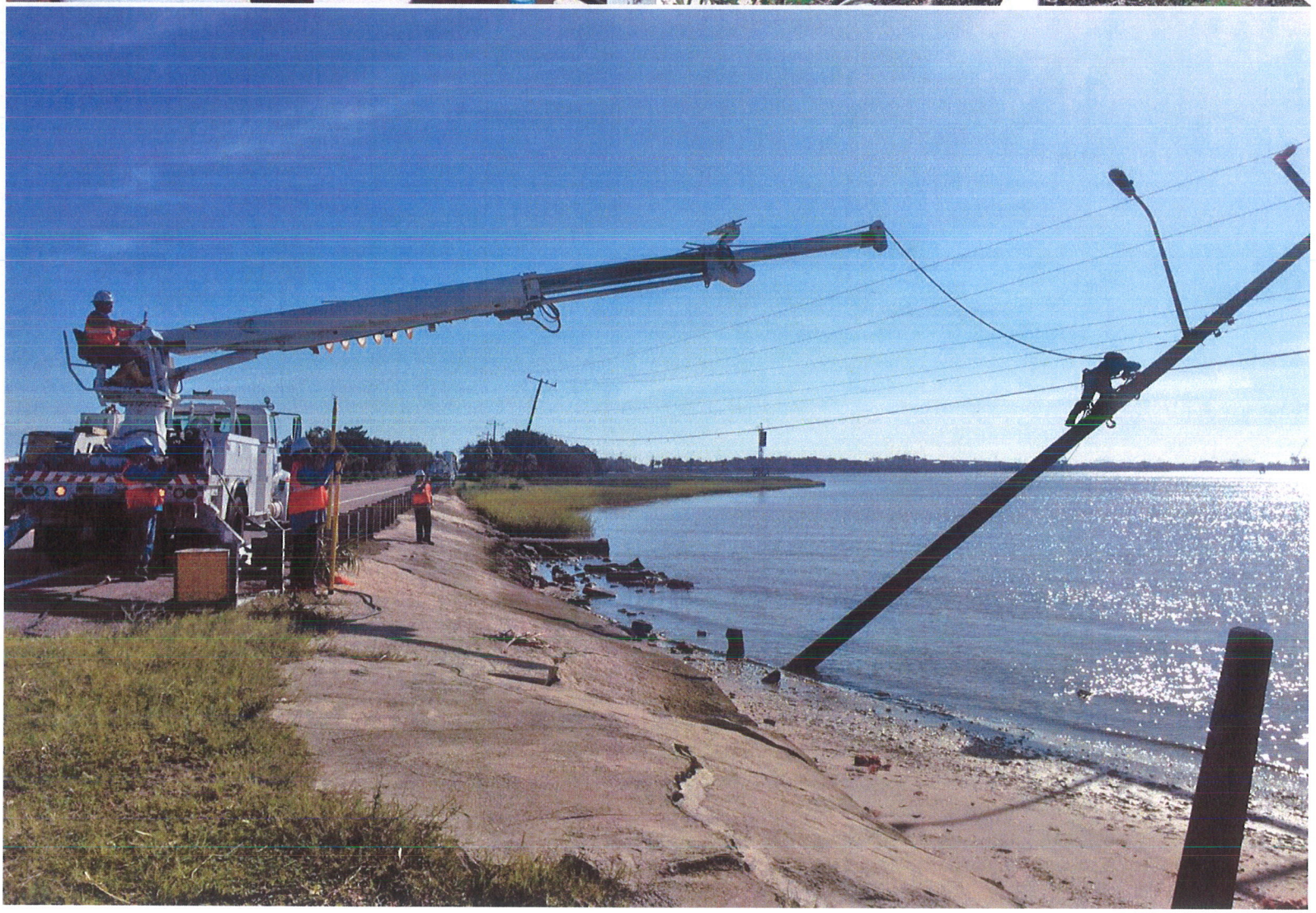
JEA has spent $100 million over the last five years hardening our electric system and installing devices like automatic 'recloser' switches. These switches mean that depending on the cause of an outage we can restore power faster than ever, sometimes within seconds–even during a major storm. They are proof a smart grid is a self-healing grid.



Social media updates reached more than 10 million people during Matthew and Irma.







JEA is proud of its linemen *and the job they do restoring power, often in dangerous conditions. After Matthew, linemen replaced 186 power poles and 327 transformers. After Irma, linemen replaced 240 power poles and 345 transformers.*



RESILIENCY: ADAPTING TO A CHANGING WORLD

In FY2017, JEA announced plans to decommission the St. Johns River Power Park. While SJRPP has served our customers well for 30 years, JEA decided it was more economical to close the coal-fired plant in early January 2018 and expand its carbon neutral generation. JEA is currently incorporating 27 additional MW of utility scale solar into its grid through purchase power agreements (PPA) in its service territory. It also began purchasing additional tracts of land to build five new 50 MW solar plants over the next five years to provide another 250 MW of utility scale solar through PPAs to our electric grid.

SJRPP was considered state-of-the-art when it first went online in 1986. Visitors came from all over the world to walk through the 1,300 MW plant's computerized control room and enjoy its landscaped location on the edge of a marsh. It quickly became a workhorse for JEA and co-owner FPL and at one time had the highest capacity factor of any plant in North America. Employees–hand-picked from across the country before the opening–formed tight bonds. Many will retire together when the plant closes.



JEA SolarSmart: Residential customers choose to have 1–100 percent of their energy come from solar.







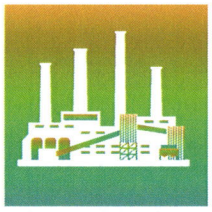
***With the closure of SJRPP**, our generation mix will shift toward natural gas and solar. Northside Generating Station and our solid fuel plant in Georgia, Plant Scherer, will also play key roles in generating power for our customers.*



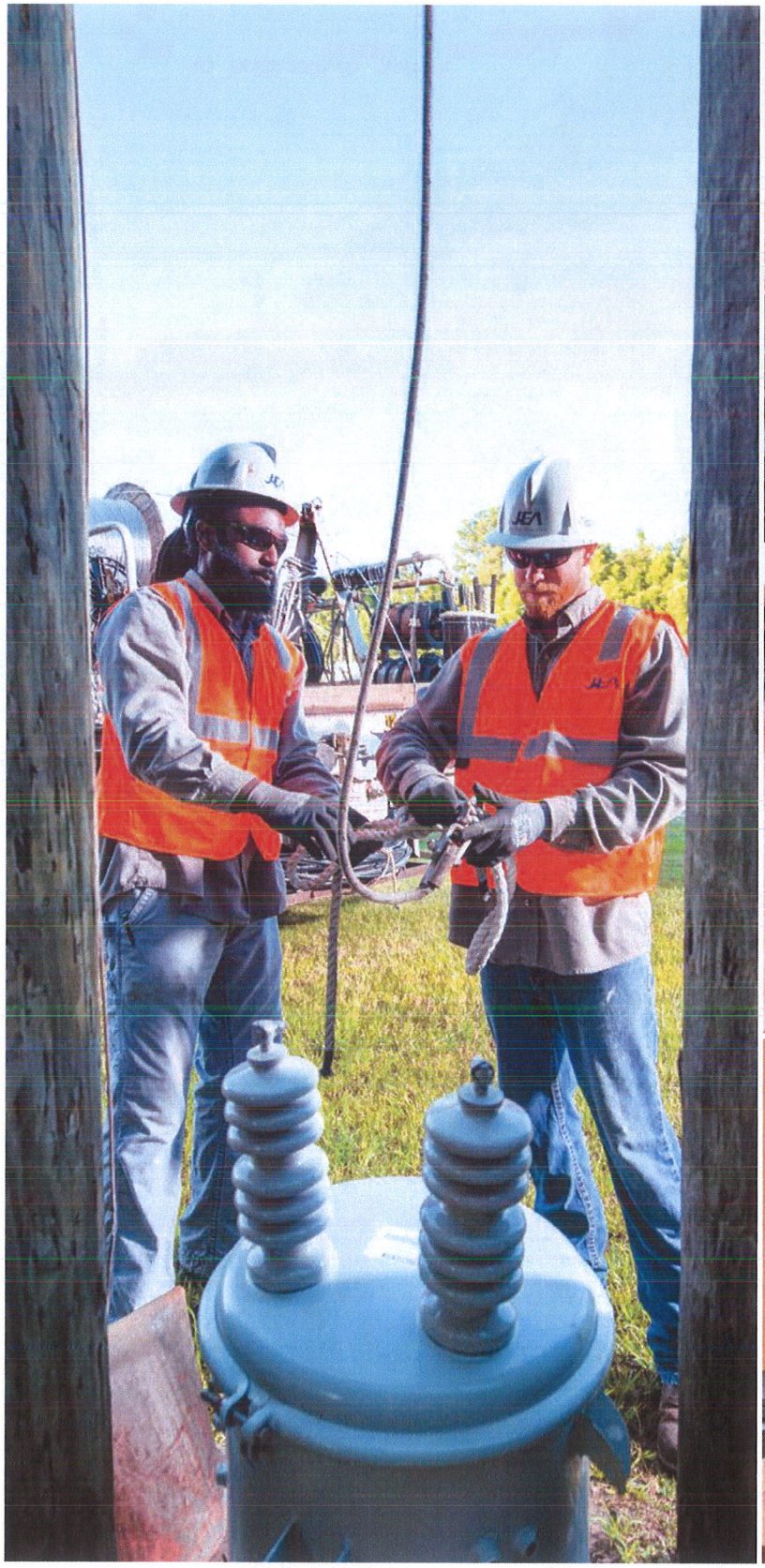
BUILDING A SMARTER ELECTRIC SYSTEM

In FY2017, JEA embarked on a company-wide initiative called FutureSmart to optimize assets and improve cost structures. FutureSmart will help JEA cut across departments to access data and help our customers. For example, the electric system took on the Transformer Refurbishment Project as part of FutureSmart. This project will help JEA determine whether any given transformer should be kept in service, repaired or replaced – before it causes a customer outage.

During FY2017, JEA spent $135 million on electric system capital improvements, including $20 million on storm hardening of the transmission and distribution system to improve reliability. JEA also began a residential Demand Rate Pilot to determine if it can encourage customers to consume energy more efficiently to lower peak demand and thereby grid costs.

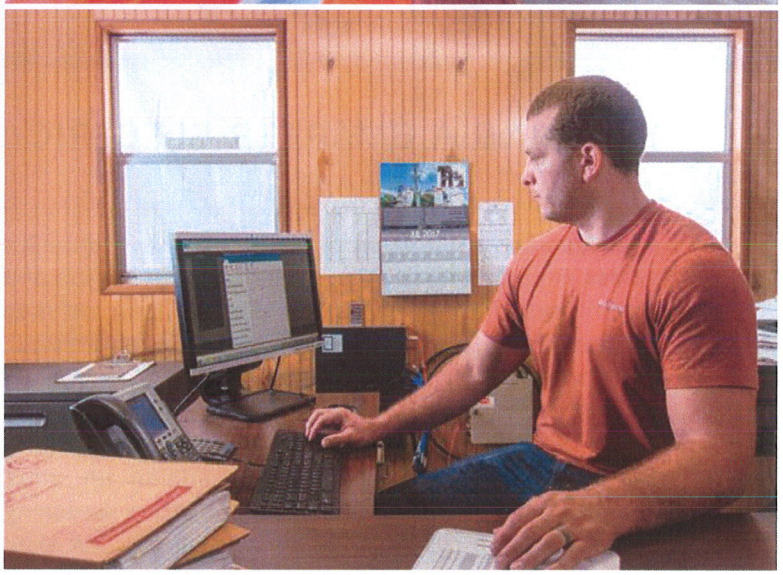


JEA opened a new $11.6 million substation in 2017 to improve reliability in fast-growing southeast Duval County.

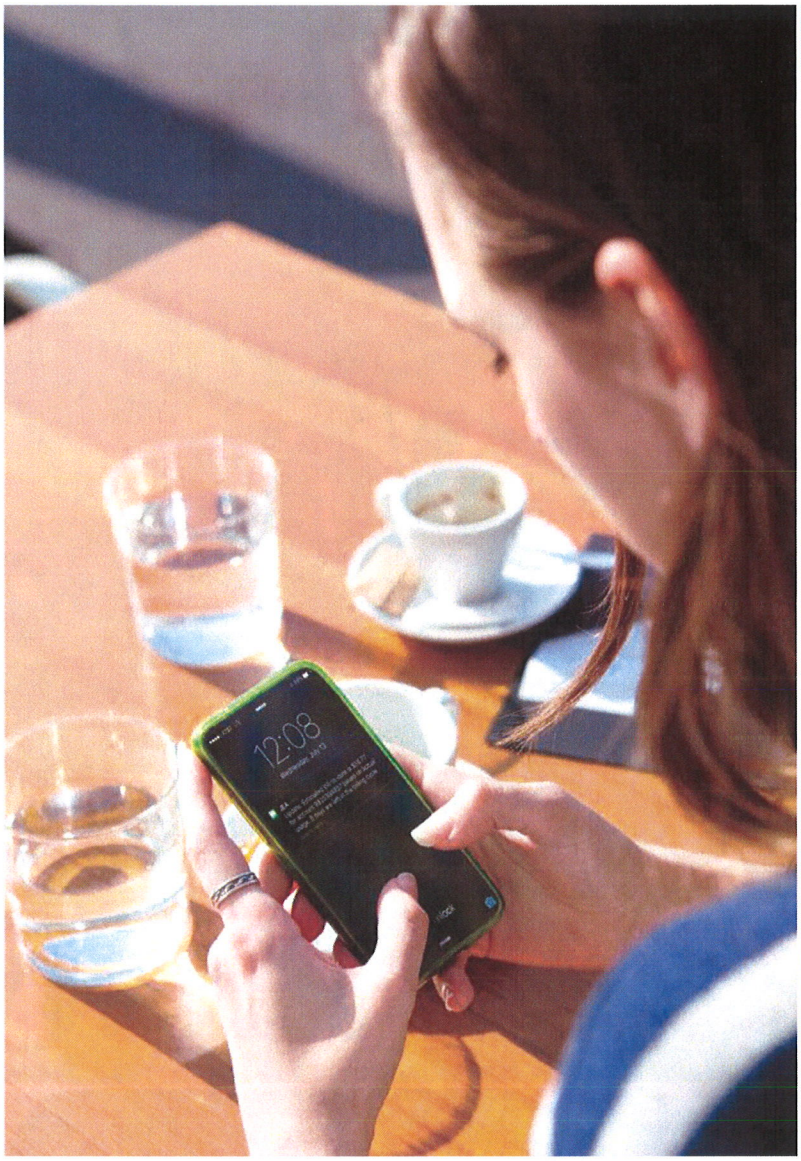








FutureSmart is a company-wide initiative *that makes JEA more data-driven when it comes to optimizing processes. The aim: to utilize the right resources at the right cost at the right time. One FutureSmart project involves transformers. It will help JEA determine whether any given transformer should be kept in service, repaired or replaced before it causes a customer outage.*

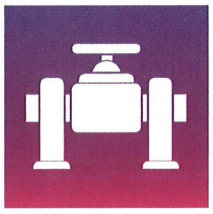




BUILDING A SMARTER WATER & WASTEWATER SYSTEM

The water/wastewater divisions have their share of FutureSmart projects as well, including a customer favorite called the High Water Usage Alert Program. Developed by JEA's Analytics team, an algorithm identifies leaks and sends a notification to affected customers before a big water bill arrives.

During 2017, JEA spent $188 million on capital improvements for the water/wastewater systems, including $29 million as part of a new plan called "Framework to Resiliency," designed to harden the wastewater system by improving pump stations and force mains. JEA will continue investing nearly $200 million in this program over the next five to seven years.



20th Anniversary Wastewater System

1997: 2,100 miles of sewer pipe
2017: 4,000 miles sewer pipe



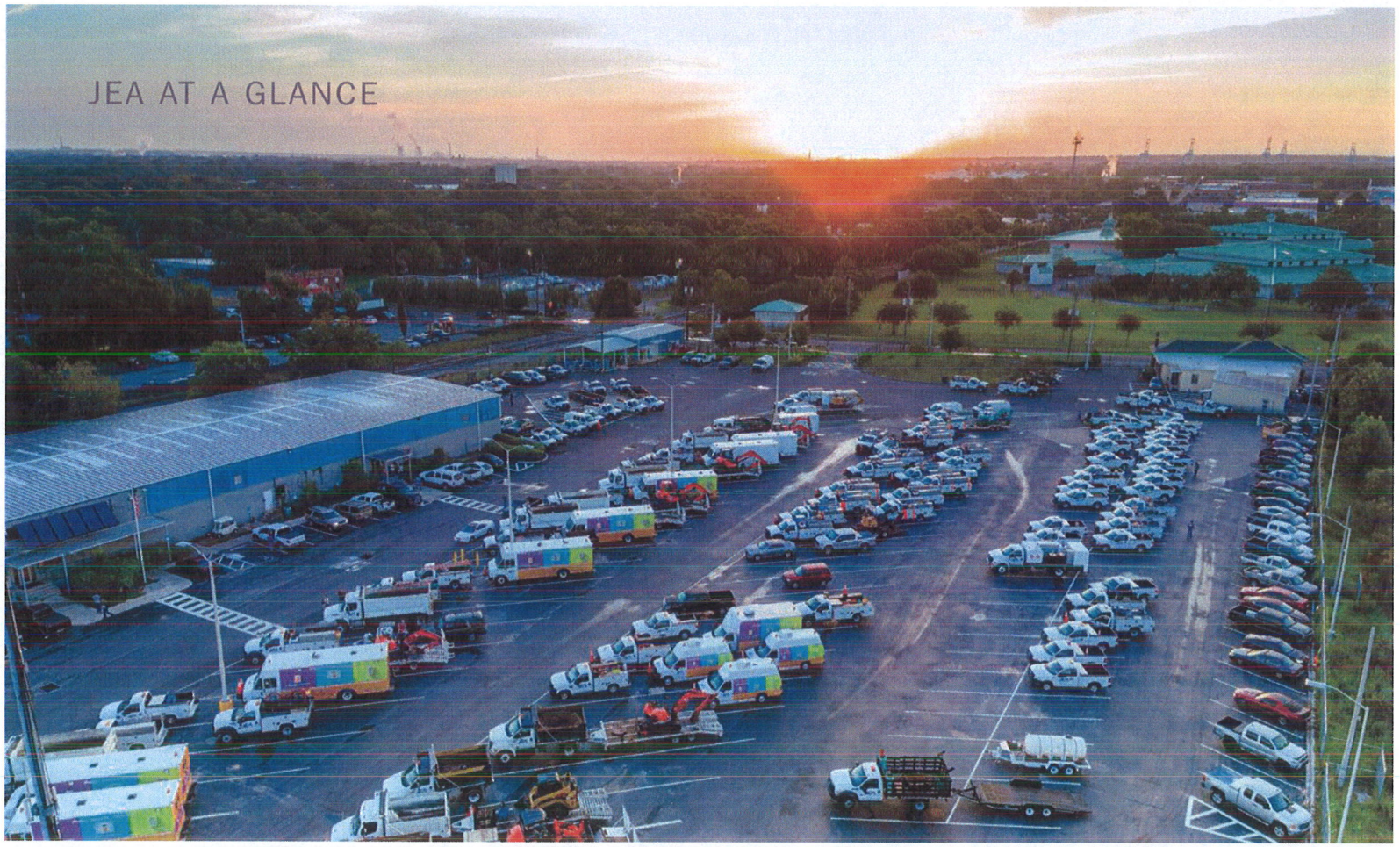




The High Water Usage Alert Program *is a popular FutureSmart project in the water/wastewater system. An algorithm identifies water leaks early and sends a notification to customers before a big bill arrives.*



In 2017, JEA marked the 50th Anniversary of "The Kiss of Life" photo taken by a local news photographer. In the photo, a JEA lineman on a pole is seen reviving an unconscious colleague using a new technique at the time called mouth-to-mouth resuscitation. Times-Union photographer Rocco Morabito won a Pulitzer Prize for the photo in 1968.



JEA AT A GLANCE

Electric System
- 459,000 customers
- 900 square miles of service area
- 6,800 miles of distribution
- 745 circuit miles of transmission

Electric Generation
- St. Johns River Power Park (SJRPP)
- Northside Generating Station (NGS)
- Plant Scherer
- Brandy Branch (BB)
- Kennedy (KS)
- Greenland Energy Center (GEC)

Generation Technologies
- 3 pulverized coal (PC) units (SJRPP 1 and 2, Scherer 4)
- 2 circulating fluidized bed (CFB) units (NGS 1 and 2)
- 1 oil/gas-fired unit (NGS3)
- 9 combustion turbines (4 at NGS, 2 at GEC, 1 at BB, 2 at Kennedy)
- 1 combined cycle unit (CC) at BB

Electric Generation Mix (kW capacity)
- Natural Gas–37%
- Solid Fuel–52%
- Other–11 %

Water System
- 341,000 customers
- 137 permitted wells
- 37 active WTPs (304 MGD total system capacity)
- 4 county service area
- 1 major grid (with 2 river crossing interconnections), 4 minor grids
- 80 MG storage capacity (76 MG at the WTPs, 4 MG at re-pump stations)
- 4,700 miles of pipe

Wastewater System
- 264,000 customers
- 11 treatment facilities (241 MGD peak capacity)
- 1,300 pump stations
- 4 county service area
- 4,000 miles of pipe

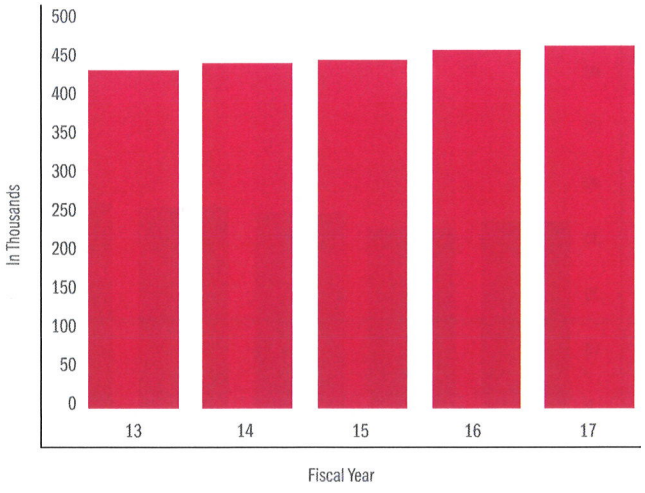
Reclaimed Water System
- 9,000 customers
- 10 reclaimed water production facilities
- 33 MGD capacity
- 2 storage and re-pump facilities (Bartram and Nocatee)
- 3 production and storage facilities (Blacks Ford, JCP and Ponte Vedra)
- 300 miles of pipe

District Energy Systems
- 4 chilled water plants 21,500 tons capacity

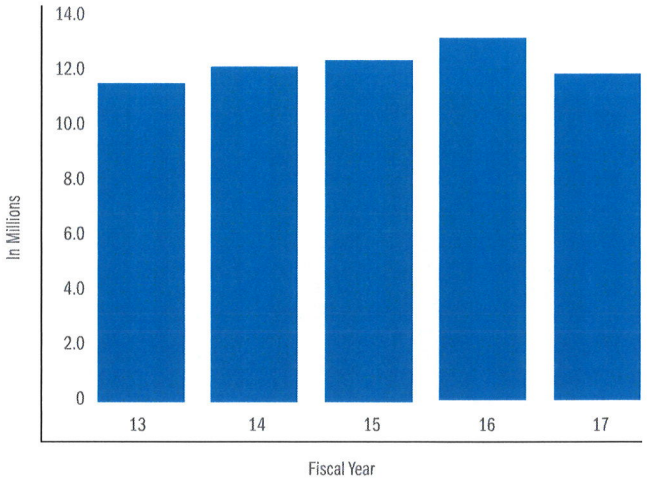
ELECTRIC FINANCIAL AND OPERATING HIGHLIGHTS

	Years Ended September 30					% Change
	2017	**2016**	**2015**	**2014**	**2013**	**2017-2016**
FINANCIAL HIGHLIGHTS						
Total operating revenues (thousands)	$1,428,329	$1,364,242	$1,370,212	$1,479,483	$1,432,617	4.70%
Fuel and purchased power expenses (thousands)	$536,250	$485,874	$517,239	$585,021	$539,646	10.37%
Total operating expenses (thousands)	$1,088,386	$1,032,774	$1,061,853	$1,196,160	$1,169,329	5.38%
Debt service coverage:						
Senior and subordinated-Electric	2.53 x	2.89 x	2.63 x	2.41 x	2.57 x	-12.46%
Senior-Electric	7.54 x	6.59 x	5.80 x	5.40 x	5.53 x	14.42%
Bulk Power Supply System	1.75 x	1.81 x	1.24 x	2.24 x	1.52 x	-3.31%
St. Johns River Power Park 1st Resolution	1.25 x	1.25 x	1.25 x	1.25 x	1.25 x	0.00%
St. Johns River Power Park 2nd Resolution	1.18 x	1.17 x	1.16 x	2.21 x	1.16 x	0.85%
OPERATING HIGHLIGHTS						
Sales (megawatt hours)	13,893,852	14,586,486	14,379,697	14,312,013	13,782,549	-4.75%
Peak demand-megawatts 60 minute net	2,682	2,674	2,863	2,823	2,596	0.30%
Total accounts-average number	458,953	451,788	443,705	434,917	426,772	1.59%
Sales per residential account (kilowatt hours)	12,672	13,433	13,468	13,301	12,985	-5.67%
Average residential revenue per kilowatt hour	$11.44	$11.24	$11.82	$11.97	$11.91	1.78%
Power supply:						
Coal	43%	42%	50%	57%	49%	2.38%
Natural gas	39%	32%	32%	27%	29%	21.88%
Petroleum coke	6%	15%	10%	10%	13%	-60.00%
Other purchases	12%	11%	8%	5%	8%	9.09%
Oil	0%	0%	0%	1%	1%	0.00%

Average Number of Electric Retail Accounts



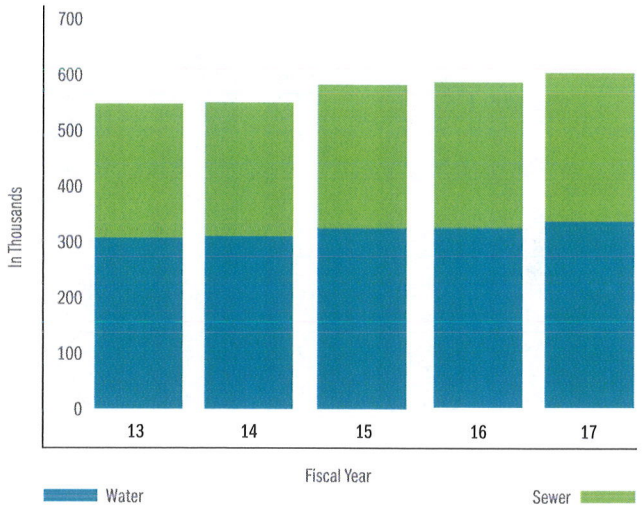
Retail Megawatt Hour Sales



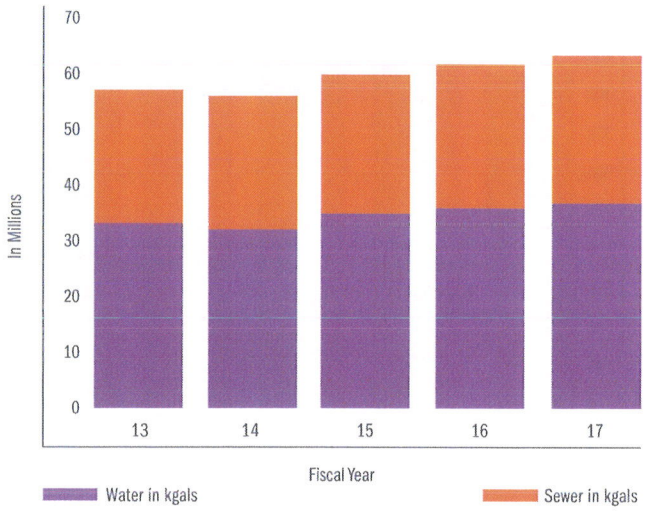
WATER AND SEWER FINANCIAL AND OPERATING HIGHLIGHTS

	Years Ended September 30					% Change
	2017	**2016**	**2015**	**2014**	**2013**	**2017–2016**
FINANCIAL HIGHLIGHTS						
Total operating revenues (thousands)	$457,908	$427,750	$389,733	$393,355	$390,692	7.05%
Operating expenses (thousands)	$305,131	$297,325	$269,509	$263,275	$266,312	2.63%
Debt service coverage:						
Senior and subordinated	2.99 x	3.28 x	2.75 x	2.46 x	2.39 x	-8.84%
Senior	3.54 x	3.78 x	3.13 x	2.71 x	2.65 x	-6.35%
OPERATING HIGHLIGHTS						
WATER						
Total sales (kgals)	37,245,188	36,357,919	34,558,284	32,468,336	33,087,804	2.44%
Total accounts–average number	341,016	333,139	325,352	318,708	312,914	2.36%
Average sales per residential account (kgals)	63.21	62.78	61.32	59.84	62.06	0.68%
Average residential revenue per kgal	$5.48	$5.26	$5.30	$5.35	$5.20	4.18%
SEWER						
Total sales (kgals)	26,712,770	25,817,658	24,922,141	23,526,976	23,623,974	3.47%
Total accounts–average number	264,336	257,719	250,974	244,836	239,283	2.57%
Average sales per residential account (kgals)	61.84	60.96	59.75	58.40	60.59	1.44%
Average residential revenue per kgal	$9.46	$9.26	$9.33	$9.46	$9.27	2.16%
REUSE						
Total sales (kgals)	3,290,311	2,644,046	1,783,730	1,300,838	1,109,653	24.44%
Total accounts–average number	9,391	7,498	5,891	4,501	3,143	25.25%

Average Number of Water and Sewer Accounts



Water and Sewer Sales Volume



FINANCIAL SUMMARY

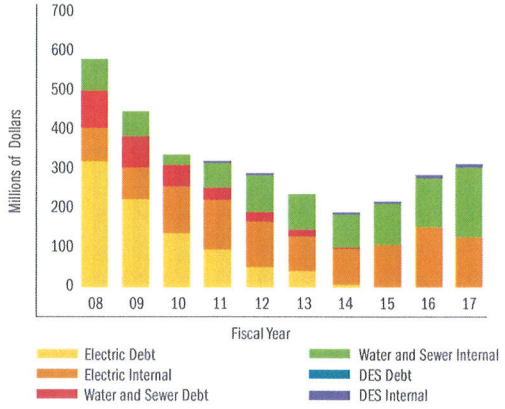
Combined Electric System, Bulk Power Supply System, St Johns River Power Park System, Water and Sewer and District Energy System (in thousands of dollars)

	2017-16	2016-15	2015-14	2014-13	2013-12
Operating revenues:					
Electric	$1,382,206	$1,321,713	$1,324,883	$1,431,167	$1,383,696
Water and sewer	448,057	417,404	379,789	383,643	381,677
District energy system	8,185	8,337	8,778	8,682	8,471
Other, net	36,729	34,298	35,930	38,389	38,975
Total operating revenues	1,875,177	1,781,752	1,749,380	1,861,881	1,812,819
Operating expenses:					
Fuel and purchased power	536,250	485,874	517,239	585,021	539,646
Maintenance and other operating expense	392,142	380,219	374,166	364,764	371,041
Depreciation	386,699	382,432	366,486	375,505	378,067
State utility and franchise taxes	69,683	71,244	72,510	72,221	70,237
Recognition of deferred costs and revenues, net	(4,075)	(1,527)	(11,168)	49,271	64,305
Total operating expenses	1,380,699	1,318,242	1,319,233	1,446,782	1,423,296
Operating income	494,478	463,510	430,147	415,099	389,523
Nonoperating revenues (expenses):					
Interest on debt	(182,992)	(184,457)	(198,199)	(223,736)	(235,228)
Investment income (loss)	10,576	14,225	12,904	20,546	(13,240)
Allowance for funds used during construction	11,774	9,407	5,723	3,894	3,986
Other nonoperating income, net	5,918	8,765	11,833	7,280	7,530
Earnings from The Energy Authority	6,335	6,136	1,461	3,567	4,325
Gain (loss) sale of asset	-	-	(199)	-	-
Other interest, net	(451)	(403)	(68)	(38)	(134)
Total nonoperating expenses, net	(148,840)	(146,327)	(166,545)	(188,487)	(232,761)
Income before contributions and special item	345,638	317,183	263,602	226,612	156,762
Contributions (to) from:					
General fund, City of Jacksonville	(115,823)	(129,187)	(111,688)	(109,188)	(106,687)
Capital contributions:					
Developers and other	66,875	53,652	52,709	38,845	29,292
Reduction of plant cost through contributions	(42,069)	(31,632)	(33,105)	-	-
Total contributions	(91,017)	(107,167)	(92,084)	(70,343)	(77,395)
Special item	-	-	151,490	-	-
Change in net position	254,621	210,016	323,008	156,269	79,367
Net position–beginning of year, originally reported	2,376,925	2,166,909	1,843,901	2,039,737	1,991,311
Effect of change in accounting	-	-	-	(352,105)	(30,941)
Net position–beginning of year, as restated	2,376,925	2,166,909	1,843,901	1,687,632	1,960,370
Net position–end of year	$2,631,546	$2,376,925	$2,166,909	$1,843,901	$2,039,737

Total Operating Revenues and Expenses



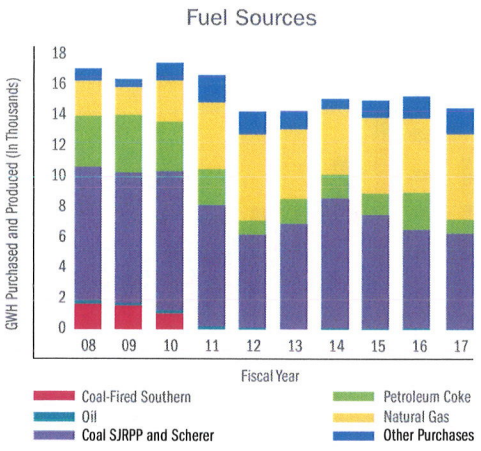
Sources of Capital Project Funding

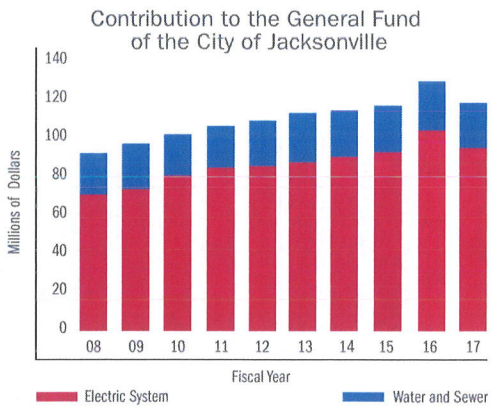


FINANCIAL SUMMARY, CONTINUED

Combined Electric System, Bulk Power Supply System, St Johns River Power Park System, Water and Sewer and District Energy System (in thousands of dollars)

	2012-11	2011-10	2010-09	2009-08	2008-07
Operating revenues:					
Electric	$1,473,134	$1,624,473	$1,548,248	$1,525,966	$1,330,280
Water and sewer	385,631	358,176	303,241	249,813	248,115
District energy system	8,571	8,067	7,595	6,914	6,162
Other, net	41,046	48,842	50,692	48,687	48,863
Total operating revenues	1,908,382	2,039,558	1,909,776	1,831,380	1,633,420
Operating expenses:					
Fuel and purchased power	548,030	733,296	741,374	719,296	694,007
Maintenance and other operating expense	366,751	334,066	322,672	295,480	311,071
Depreciation	379,570	351,931	353,606	344,158	326,301
State utility and franchise taxes	72,925	78,787	73,120	72,127	48,551
Recognition of deferred costs and revenues, net	59,153	27,014	22,149	33,108	43,345
Total operating expenses	1,426,429	1,525,094	1,512,921	1,464,169	1,423,275
Operating income	481,953	514,464	396,855	367,211	210,145
Nonoperating revenues (expenses):					
Interest on debt	(248,681)	(289,320)	(285,669)	(264,701)	(249,622)
Investment income (loss)	8,804	11,908	(3,604)	23,463	17,307
Allowance for funds used during construction	3,365	5,387	9,713	12,708	19,448
Other nonoperating income, net	16,420	7,698	3,832	-	-
Earnings from The Energy Authority	6,328	12,265	6,103	4,088	22,374
Water & Sewer Expansion Authority	-	(485)	(719)	(864)	(1,216)
Gain (loss) sale of asset	-	-	-	(986)	740
Other interest, net	(23)	(109)	(54)	(72)	(451)
Total nonoperating expenses, net	(213,787)	(252,656)	(270,398)	(226,364)	(191,420)
Income before contributions	268,166	261,808	126,457	140,847	18,725
Contributions (to) from:					
General fund, City of Jacksonville	(104,188)	(101,688)	(99,187)	(96,687)	(94,188)
Capital contributions:					
Developers and other	18,774	23,539	19,883	38,071	47,471
Water & Sewer Expansion Authority	-	11,465	-	-	-
City of Jacksonville Better Jacksonville Plan	-	-	-	1,516	2,857
Total contributions	(85,414)	(66,684)	(79,304)	(57,100)	(43,860)
Change in net position	182,752	195,124	47,153	83,747	(25,135)
Net position–beginning of year	1,808,559	1,613,435	1,566,282	1,482,535	1,507,670
Net position–end of year	$1,991,311	$1,808,559	$1,613,435	$1,566,282	$1,482,535





OPERATING SUMMARY: ELECTRIC SYSTEM

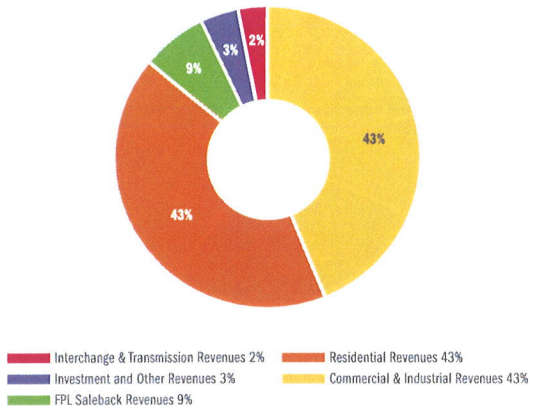
Electric System, Bulk Power System and St Johns River Power Park

	2017-16	2016-15	2015-14	2014-13	2013-12
Electric revenues (000's omitted):					
Residential	$584,663	$599,009	$619,897	$608,983	$580,893
Commercial and industrial	587,972	597,796	627,547	632,121	617,962
Public street lighting	13,069	13,488	11,982	13,943	14,661
Sales for resale	21,813	31,210	32,424	34,700	29,989
Florida Power & Light saleback	128,737	130,053	128,475	159,747	158,031
Total	1,336,254	1,371,556	1,420,325	1,449,494	1,401,536
Sales (megawatt hours):					
Residential	5,108,945	5,328,245	5,243,002	5,086,866	4,877,264
Commercial and industrial	6,725,201	6,847,583	6,767,836	6,636,445	6,599,249
Public street lighting	65,721	80,108	89,376	111,325	123,177
Sales for resale					
Territorial	150,268	305,315	333,994	337,353	329,922
Off-system	150,635	169,037	83,367	136,342	42,286
Florida Power & Light saleback	1,693,082	1,856,198	1,862,122	2,003,682	1,810,651
Total	13,893,852	14,586,486	14,379,697	14,312,013	13,782,549
Average number of accounts:					
Residential	403,164	396,664	389,287	382,438	375,600
Commercial and industrial	52,060	51,472	50,867	48,999	47,709
Public street lighting	3,727	3,649	3,549	3,477	3,460
Sales for resale (1)	2	3	2	3	3
Total	458,953	451,788	443,705	434,917	426,772
System installed capacity–MW (2)	3,722	3,722	3,759	3,759	3,759
Peak demand–MW (60 minute net)	2,682	2,674	2,863	2,823	2,596
System load factor–%	53%	56%	51%	51%	54%
Residential averages–annual:					
Revenue per account–$	1,450.19	1,510.12	1,592.39	1,592.37	1,546.57
kWh per account	12,672	13,433	13,468	13,301	12,985
Revenue per kWh–¢	11.44	11.24	11.82	11.97	11.91
All other retail–annual:					
Revenue per account–$	10,773.85	11,089.86	11,752.59	12,311.61	12,363.40
kWh per account	121,729	125,682	126,015	128,588	131,377
Revenue per kWh–¢	8.85	8.82	9.33	9.57	9.41
Heating-cooling degree days	3,737	4,117	4,159	3,998	3,830

(1) Includes Florida Power and Light, but does not include the average number of off-system non-firm sales customers.

(2) Includes JEA's 50% share of the SJRPP's two coal-fired generating units (638 net megawatts each) and JEA's 23.64% share of Scherer's 846 net megawatt coal-fired generating Unit 4. System installed capacity is reported based on winter capacity.

Electric System Revenue Sources



OPERATING SUMMARY: ELECTRIC SYSTEM, CONTINUED

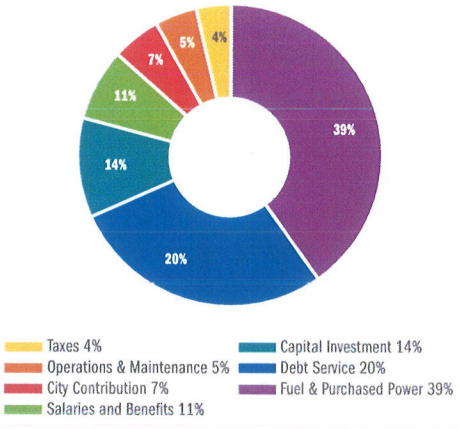
Electric System, Bulk Power System and St Johns River Power Park

	2012-11	2011-10	2010-09	2009-08	2008-07
Electric revenues (000's omitted):					
Residential	$601,581	$686,706	$659,829	$645,725	$559,042
Commercial and industrial	670,983	704,976	647,316	678,218	588,910
Public street lighting	15,311	15,347	14,203	14,440	12,066
Sales for resale	37,153	41,155	53,990	52,941	49,660
Florida Power & Light saleback	166,873	196,353	190,293	157,898	137,910
Total	1,491,901	1,644,537	1,565,631	1,549,222	1,347,588
Sales (megawatt hours):					
Residential	4,806,144	5,444,926	5,707,670	5,300,203	5,363,697
Commercial and industrial	6,670,200	6,908,240	6,932,123	6,849,291	7,314,128
Public street lighting	122,614	122,402	121,413	120,191	116,966
Sales for resale					
Territorial	374,116	394,548	418,867	406,051	437,870
Off-system	74,852	99,953	391,559	579,730	457,421
Florida Power & Light saleback	1,806,781	2,492,559	2,950,244	2,659,565	2,635,812
Total	13,854,707	15,462,628	16,521,876	15,915,031	16,325,894
Average number of accounts:					
Residential	371,658	369,566	368,682	367,864	365,632
Commercial and industrial	47,230	46,710	46,325	45,810	45,207
Public street lighting	3,424	3,424	3,495	3,550	3,576
Sales for resale (1)	3	3	3	3	3
Total	422,315	419,703	418,505	417,227	414,418
System installed capacity-MW (2)	3,759	3,759	3,376	3,376	3,241
Peak demand-MW (60 minute net)	2,665	3,062	3,224	3,064	2,914
System load factor-%	53%	50%	49%	49%	54%
Residential averages-annual:					
Revenue per account-$	1,618.64	1,858.14	1,789.70	1,755.34	1,528.97
kWh per account	12,932	14,733	15,481	14,408	14,670
Revenue per kWh-¢	12.52	12.61	11.56	12.42	11.97
All other retail-annual:					
Revenue per account-$	13,548.66	14,367.95	13,278.18	14,032.78	12,319.37
kWh per account	134,102	140,237	141,580	141,197	152,330
Revenue per kWh-¢	10.10	10.25	9.38	9.94	8.09
Heating-cooling degree days	3,618	4,345	4,705	4,094	3,785

(1) Includes Florida Power and Light, but does not include the average number of off-system non-firm sales customers.

(2) Includes JEA's 50% share of the SJRPP's two coal-fired generating units (638 net megawatts each) and JEA's 23.64% share of Scherer's 846 net megawatt coal-fired generating Unit 4. System installed capacity is reported based on winter capacity.

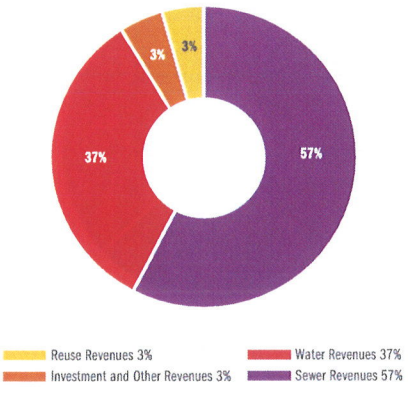
Electric System Revenue Uses



OPERATING SUMMARY: WATER AND SEWER SYSTEM

		2017-16	2016-15	2015-14	2014-13	2013-12
WATER	**Water revenues (000's omitted):**					
	Residential	$96,615	$89,946	$86,215	$83,014	$81,832
	Commercial and Industrial	47,969	46,212	45,078	43,647	42,809
	Irrigation	36,836	34,846	32,681	30,088	32,796
	Total	181,420	171,004	163,974	156,749	157,437
	Water sales (kgals):					
	Residential	17,624,952	17,086,586	16,271,698	15,507,752	15,741,904
	Commercial and Industrial	13,402,094	13,343,376	12,870,984	12,131,400	11,777,128
	Irrigation	6,218,142	5,927,957	5,415,602	4,829,184	5,568,772
	Total	37,245,188	36,357,919	34,558,284	32,468,336	33,087,804
	Average number of accounts:					
	Residential	278,838	272,157	265,373	259,159	253,662
	Commercial and Industrial	25,423	24,698	23,951	23,722	23,487
	Irrigation	36,755	36,284	36,028	35,827	35,765
	Total	341,016	333,139	325,352	318,708	312,914
	Residential averages–annual:					
	Revenue per account–$	346.49	330.49	324.88	320.32	322.60
	kgals per account	63.21	62.78	61.32	59.84	62.06
	Revenue per kgal–$	5.48	5.26	5.30	5.35	5.20
SEWER	**Sewer revenues (000's omitted):**					
	Residential	$143,967	$135,288	$129,976	$125,526	$124,642
	Commercial and Industrial	107,446	103,731	101,910	97,339	96,009
	Total	251,413	239,019	231,886	222,865	220,651
	Volume (kgals):					
	Residential	15,225,124	14,614,026	13,934,981	13,269,638	13,439,781
	Commercial and Industrial	11,487,646	11,203,632	10,987,160	10,257,338	10,184,193
	Total	26,712,770	25,817,658	24,922,141	23,526,976	23,623,974
	Average number of accounts:					
	Residential	246,187	239,738	233,203	227,216	221,821
	Commercial and Industrial	18,149	17,981	17,771	17,620	17,462
	Total	264,336	257,719	250,974	244,836	239,283
	Residential averages–annual:					
	Revenue per account–$	584.79	564.32	557.35	552.45	561.90
	kgals per account	61.84	60.96	59.75	58.40	60.59
	Revenue per kgal–$	9.46	9.26	9.33	9.46	9.27
REUSE	**Reuse revenues (000's omitted):**	$13,216	$10,267	$7,378	$5,533	$4,551
	Reuse sales (kgals):	3,290,311	2,644,046	1,783,730	1,300,838	1,109,653
	Average number of accounts:	9,391	7,498	5,891	4,501	3,143
RAINFALL	**Inches**	72.89	31.38	49.43	51.17	45.54

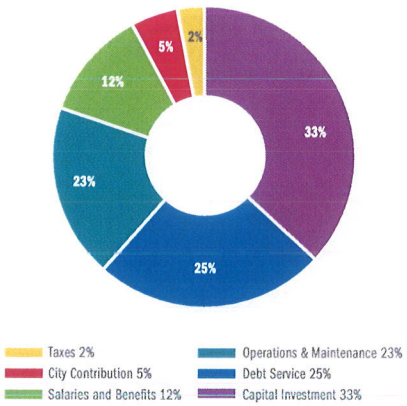
Water and Sewer System Revenue Sources



OPERATING SUMMARY: WATER AND SEWER SYSTEM, CONTINUED

		2012-11	2011-10	2010-09	2009-08	2008-07
WATER	**Water revenues (000's omitted):**					
	Residential	$83,390	$81,859	$70,396	$59,441	$59,297
	Commercial and Industrial	43,629	40,299	34,872	27,591	26,692
	Irrigation	34,802	35,932	26,876	19,080	19,679
	Total	161,821	158,090	132,144	106,112	105,668
	Water sales (kgals):					
	Residential	16,589,517	18,485,853	17,609,301	17,572,032	18,848,414
	Commercial and Industrial	12,134,488	12,271,645	12,091,091	12,184,482	12,837,866
	Irrigation	6,621,039	8,225,409	7,049,874	7,089,431	7,924,021
	Total	35,345,044	38,982,907	36,750,266	36,845,945	39,610,301
	Average number of accounts:					
	Residential	250,204	248,605	247,609	246,276	245,659
	Commercial and Industrial	23,365	23,221	22,996	23,460	23,473
	Irrigation	35,652	35,559	35,441	35,340	35,107
	Total	309,221	307,385	306,046	305,076	304,239
	Residential averages–annual:					
	Revenue per account–$	333.29	329.27	284.30	241.36	241.38
	kgals per account	66.30	74.36	71.12	71.35	76.73
	Revenue per kgal–$	5.03	4.43	4.00	3.38	3.15
SEWER	**Sewer revenues (000's omitted):**					
	Residential	$126,722	$116,024	$99,327	$84,961	$84,102
	Commercial and Industrial	94,232	81,633	70,831	59,017	58,640
	Total	220,954	197,657	170,158	143,978	142,742
	Volume (kgals):					
	Residential	14,091,702	15,597,512	14,847,431	14,353,777	15,293,138
	Commercial and Industrial	10,398,369	10,321,967	10,279,241	10,413,889	11,097,674
	Total	24,490,071	25,919,479	25,126,672	24,767,666	26,390,812
	Average number of accounts:					
	Residential	218,264	216,323	214,506	212,741	211,607
	Commercial and Industrial	17,351	17,269	17,229	17,617	17,598
	Total	235,615	233,592	231,735	230,358	229,205
	Residential averages–annual:					
	Revenue per account–$	580.59	536.35	463.05	399.36	397.44
	kgals per account	64.56	72.10	69.22	67.47	72.27
	Revenue per kgal–$	8.99	7.44	6.69	5.92	5.50
REUSE	**Reuse revenues (000's omitted):**	$3,936	$3,622	$2,093	$1,156	$1,079
	Reuse sales (kgals):	1,330,359	1,551,175	989,010	805,925	547,878
	Average number of accounts:	2,241	1,666	1,201	837	502
RAINFALL	**Inches**	55.24	42.18	40.53	53.67	65.72

Water and Sewer System Revenue Uses



Financial Statements, Supplementary Information, and Bond Compliance Information

JEA

Years Ended September 30, 2017 and 2016
With Report of Independent Certified Public Accountants

Ernst & Young LLP



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JEA

Financial Statements, Supplementary Information, and Bond Compliance Information

Years Ended September 30, 2017 and 2016

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Report of Independent Certified Public Accountants

The Board of Directors
JEA
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of JEA, a component unit of the City of Jacksonville, as of and for the years ended September 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise JEA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of JEA as of September 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

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Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, the schedule of JEA's Proportionate Share of the Net Pension Liability and Schedule of Contributions, SJRPP Plan – Schedule of Changes in Net Pension Liability and Related Ratios, SJRPP Pension Plan – Schedule of Contributions and OPEB – Schedule of Funding Progress, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of net position, revenues, expenses and changes in net position and cash flows, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining statements of net position, revenues, expenses and changes in net position and cash flows, as listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 5, 2017 on our consideration of JEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JEA's internal control over financial reporting and compliance.

Ernst & Young LLP

December 5, 2017

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Management's Discussion and Analysis

Introduction

JEA is a municipal utility operating in Jacksonville, Florida (Duval County) and parts of three adjacent counties. The operation is composed of three enterprise funds – the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System (DES). The Electric Enterprise Fund is comprised of the JEA Electric System, Bulk Power Supply System (Scherer), and St. Johns River Power Park System (SJRPP). The Electric Enterprise Fund, Water and Sewer Fund, and DES are presented on a combined basis in the accompanying statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows.

Overview of the Combined Financial Statements

This discussion and analysis serves as an introduction to JEA's basic financial statements. The information presented here should be read in conjunction with the financial statements and accompanying notes.

The basic financial statements are presented on a comparative basis for the fiscal years ended September 30, 2017 and 2016. The statements of net position present JEA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Revenue and expense information is presented in the accompanying statements of revenues, expenses, and changes in net position. The accompanying statements of cash flows present JEA's sources and uses of cash and cash equivalents and are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements pertaining to cash provided by or used in operations, investing, and financing activities.

The notes to the financial statements are an integral part of JEA's basic financial statements and contain information on accounting principles and additional information on certain components of these statements.

The following tables summarize the financial condition and operations of JEA for the 2017 and 2016 fiscal years:

Condensed Statements of Net Position

	2017	2016	2015*
		(In millions)	
Assets and deferred outflows of resources			
Current assets	**$ 902**	$ 917	$ 870
Other noncurrent assets	**1,592**	1,552	1,480
Net capital assets	**5,814**	5,875	5,959
Deferred outflows of resources	**432**	462	391
Total assets and deferred outflows of resources	**$ 8,740**	$ 8,806	$ 8,700
Liabilities and deferred inflows of resources			
Current liabilities	**$ 189**	$ 168	$ 228
Current liabilities payable from restricted assets	**449**	389	398
Net pension liability	**554**	493	409
Other noncurrent liabilities	**50**	47	48
Long-term debt	**4,410**	4,791	4,968
Deferred inflows of resources	**457**	541	482
Net position			
Net investment in capital assets	**1,622**	1,420	1,305
Restricted	**614**	612	530
Unrestricted	**395**	345	332
Total liabilities, deferred inflows of resources, and net position	**$ 8,740**	$ 8,806	$ 8,700

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2017	2016	2015*
		(In millions)	
Operating revenues	**$ 1,875**	$ 1,782	$ 1,749
Operating expenses	**(1,380)**	(1,319)	(1,319)
Operating income	**495**	463	430
Nonoperating expenses, net	**(149)**	(146)	(167)
Contributions	**(91)**	(107)	(92)
Special Item	**–**	–	152
Change in net position	**255**	210	323
Net position – beginning of the year	**2,377**	2,167	1,844
Net position – end of the year	**$ 2,632**	$ 2,377	$ 2,167

* During fiscal year 2015, JEA implemented Regulated Operations guidance in GASB Statement 62. As a result, regulatory assets and liabilities that met the requirement for deferral are included in Statement of Position and a prior period adjustment in Special item in conjunction with the implementation is included in the Statement of Revenues, Expenses and Changes in Net Position.

Financial Analysis of JEA for fiscal years 2017 and 2016

Operating Revenues

2017 Compared to 2016

Total Electric Enterprise operating revenues increased approximately $64 million (4.7%) compared to fiscal year 2016. Electric revenues increased $61 million and other operating revenues increased by $3 million. The increase in electric revenues was due to an increase in transfers from stabilization funds related to fuel and debt management of $96 million, which was partially offset by a $35 million decrease in sales. See note 2, Regulatory Deferrals, for additional information. Territorial MWh sales were down 511,116 megawatt hours (MWh) (4.1%), resulting in a 5.6% decrease in average MWhs per customer. SJRPP Sales to FPL decreased by 163,116 MWh and off-system sales decreased by 18,402 MWh, which brought the total decrease in MWh sales to 692,634 MWh (4.7%).

Total W&S operating revenues increased approximately $30 million (7.1%) compared to fiscal year 2016. Water revenues increased $10 million (6.1%) due to a 2.4% increase in consumption and a 2.4% increase in customer accounts. Water consumption increased 887,269 kgals to 37,245,188 kgals. Sewer revenues increased approximately $12 million (5.2%) primarily related to a 3.5% increase in sales and a 2.6% increase in sewer accounts. Sewer sales increased 895,112 kgals to 26,712,770 kgals. Reuse revenues increased approximately $3 million (28.7%), primarily related to a 24.4% increase in sales and a 25.2% increase in reuse accounts. Reuse sales increased 646,265 kgals to 3,290,311 kgals. Water and sewer revenues were impacted by a $5 million net increase in transfers, primarily related to a withdrawal from the debt management stabilization fund for a debt defeasance. See note 2, Regulatory Deferrals, for additional information.

DES operating revenues remained flat when compared to fiscal year 2016 at $9 million.

2016 Compared to 2015

Total Electric Enterprise operating revenues decreased approximately $6 million (0.4%) compared to fiscal year 2015. Operating revenues decreased $4 million and other revenues decreased $2 million. The decrease in operating revenues was mainly due to lower fuel revenues as a result of a reduction in the fuel rate that was approved by the JEA Board of Directors (Board) at its January 2016 meeting to be effective on February 1. This decrease was offset by a $45 million decrease in transfers to stabilization funds (see note 2, Regulatory Deferrals, for additional information). The decrease was also offset by a 1.4% increase in sales. Territorial MWh sales were up 127,043 MWh (1.0%), compared to the fiscal year 2015. Off-system sales increased 85,670 MWh while SJRPP sales to Florida Power and Light decreased by 5,924 MWh, bringing the total increase in MWh sales to 206,789 MWh, or 1.4%. Total other operating revenues decreased $2 million largely related to prior year additional pole attachment revenues recorded as a result of an attachment audit, which did not repeat in fiscal year 2016.

Total W&S operating revenues increased approximately $38 million (9.8%), compared to fiscal year 2015. The increase was due to higher sales and consumption. The increase was also impacted by a $21 million decrease in transfers to the environmental stabilization fund (see note 2, Regulatory Deferrals, for additional information). Water revenues increased approximately $7 million (4.3%), due to a 5.2% increase in consumption and a 2.4% increase in customer accounts. Water consumption, measured in thousands of gallons (kgals), increased 1,799,635 kgals to 36,357,919 kgals. Sewer revenues increased approximately $7 million (3.1%), primarily related to a 3.6% increase in sales and a 2.7% increase in sewer accounts. Sewer sales increased 895,517 kgals to 25,817,658 kgals. Reuse revenues increased approximately $3 million (39.2%), primarily related to a 48.2% increase in sales and a 27.3% increase in reuse accounts. Reuse sales increased 860,316 kgals to 2,644,046 kgals.

DES operating revenues remained flat when compared to fiscal year 2015 at $9 million.

Operating Expenses

2017 Compared to 2016

Total Electric Enterprise operating expenses increased approximately $56 million (5.4%), compared to fiscal year 2016.

Fuel and purchased power expense increased approximately $51 million (10.4%), compared to fiscal year 2016, primarily due to higher solid fuels, natural gas and purchased power costs. The increase in commodity costs was partially offset by a decrease in total MWH generated and purchased. Generation cost increased by $62 million, purchased power cost increased by $12 million, while MWh generated and purchased decreased by $23 million. 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 volumes decreased 4.4% compared to fiscal year 2016 to 12,667,351 MWh, with a decrease of 5.6% for MWh generated and an increase of 3.7% for MWh purchased. Detailed below is JEA's power supply mix.

	FY 2017	FY 2016
Coal	**43%**	42%
Natural gas	**39%**	32%
Petroleum coke	**6%**	15%
Other purchases	**12%**	11%
Total	**100%**	100%

Electric Enterprise operating expenses, other than fuel and purchased power, increased approximately $5 million, compared to fiscal year 2016. Maintenance and other operating expenses increased $3 million. The drivers for the increase were a $9 million increase in compensation and benefits costs and a $3 million increase related to insurance costs. These increases were offset by a decrease of $9 million in maintenance expenses due to a prior year major outage at Brandy Branch not repeated in the current year and reduced maintenance expenses at SJRPP and Scherer. Depreciation expense increased $5 million due to an increase in the depreciable base. State utility and franchise taxes decreased $2 million due to lower electric revenue sales. Recognition of deferred costs and revenues, net decreased $1 million as a result of lower deferred cost amortization.

W&S operating expenses increased $8 million (2.6%), compared to fiscal year 2016. Maintenance and other expenses increased $10 million due to a $5 million increase in compensation and benefits costs, $4 million increase in interfund charges, and a $1 million net increase in miscellaneous other operating expenses. Recognition of deferred costs and revenues, net decreased $2 million due to a decrease in environmental projects paid from the rate stabilization fund.

DES operating expenses remained flat when compared to fiscal year 2016 at $7 million.

2016 Compared to 2015

Total Electric Enterprise operating expenses decreased approximately $29 million (2.7%), compared to fiscal year 2015. Fuel and purchased power expense decreased approximately $31 million compared to fiscal year 2015. The decrease was attributable to a $44 million decrease in cost, which was partially offset by a $13 million increase in MWh generated and purchased. The decrease in cost was due to lower solid fuels and natural gas prices. 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 source of power. Total MWh generated and purchased increased 1.8% to 15,110,535 MWh compared to fiscal year 2015. JEA's power supply mix is detailed below.

	FY 2016	FY 2015
Coal	42%	50%
Natural gas	32%	32%
Petroleum coke	15%	10%
Other purchases	11%	8%
Total	100%	100%

Electric Enterprise operating expenses, other than fuel and purchased power, increased approximately $2 million compared to fiscal year 2015. Other operating and maintenance expense increased $2 million. The main drivers of this increase were higher Scherer renewal and replacement contributions and a decrease in maintenance expense at generating plants. Depreciation expense increased $5 million due to a higher depreciable base. Gross receipts and franchise taxes decreased $2 million due to lower revenues, as discussed above. Recognition of deferred revenues increased $3 million related to a regulatory asset adjustment as a result of timing differences between principal payments and depreciation expense at SJRPP and Scherer.

W&S operating expenses increased $28 million (10.3%), compared to fiscal year 2015. The primary drivers of the increase were a $13 million increase in amortization of net deferred costs (see note 2, Regulatory Deferrals, for additional information), an $11 million increase in depreciation expense related to amortization of the water environmental projects regulatory asset and a higher depreciable base, $2 million related to a prior year workers' compensation premium refund, and $2 million in other one-time expenses.

DES operating expenses remained flat when compared to fiscal year 2015 at $7 million.

Nonoperating Revenues and Expenses

2017 Compared to 2016

There was an increase of approximately $3 million (1.7%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2017
	(in millions)
Changes in nonoperating expenses, net	
Investment losses – fair value adjustments	$ (9)
Increase in investment income	5
Decrease in other nonoperating income – timber	(3)
Increase in allowance for funds used during construction	2
Decrease in interest on debt	2
Total change in nonoperating expenses, net	$ (3)

2016 Compared to 2015

There was a decrease of approximately $20 million (12.1%), in total nonoperating expenses, net compared to fiscal year 2015. This decrease was driven by a $14 million decrease in interest expense due to lower debt balances, a $5 million increase in earnings from The Energy Authority, a $4 million increase in allowance for funds used during construction, a $1 million increase in investment income, and a $3 million decrease in other nonoperating income, primarily timber revenue.

St. Johns River Power Park Decommissioning

JEA and FPL entered into an Agreement for Joint Ownership, Construction and Operation of SJRPP Coal Units #1 and #2 (JOA) dated as of April 2, 1982. JEA owns 80% and FPL owns 20% of SJRPP. A Purchased Power Agreement (PPA) in the JOA assigned 37.5% of JEA's 80% generation to FPL, which effectively provided 50% of the generation to both owners of SJRPP. The JOA ends on April 2, 2022. JEA and FPL agreed that it was in the best interest of their customers to cease operations at SJRPP as a generating facility; therefore, reached an agreement to close SJRPP, including early termination of the PPA. The agreement was subject to FPL receiving regulatory approval for cost recovery associated with the terms of the agreement. In October 2017, the Florida Public Service Commission approved the final order related to FPL's petition to shut down SJRPP.

At shutdown, FPL agreed to pay JEA a $90.4 million payment made up of FPL's cash reserves at SJRPP and a shutdown cash payment. In addition, FPL will convey their 20% share of SJRPP and related assets and their share of coal inventory to JEA. FPL will also pay 20% of the environmental remediation and dismantlement costs. JEA is assuming FPL's 20% share of the pension liability and has agreed to defease the Issue-Two debt. The retirement of SJRPP will provide JEA with operating cost savings and avoid future capital expenditures. The transactions related to the asset termination agreement will be recorded at shutdown, which is planned for January 2018. More detailed information is presented in note 3, St. Johns River Power Park Decommissioning, to the financial statements.

Capital Assets and Debt Administration for Fiscal Years 2017 and 2016

Capital Assets

As of September 30, 2017, JEA had approximately $5,814 million in capital assets, net of accumulated depreciation. This included $3,162 million in electric plant, $2,616 million in water and sewer plant, and $36 million in chilled water plant. During fiscal year 2017, capital additions were $327 million, which included $145 million in electric plant, $180 million in water and sewer plant, and $2 million in chilled water plant. As of September 30, 2016, JEA had approximately $5,874 million in capital assets, net of accumulated depreciation. This included $3,270 million in electric plant, $2,568 million in water and sewer plant, and $36 million in chilled water plant. During fiscal year 2016, capital additions were $307 million, which included $165 million in electric plant, $140 million in water and sewer plant, and $2 million in chilled water plant. More detailed information about JEA's capital asset activity is presented in note 6, Capital Assets, to the financial statements.

With the adoption of the depreciation ratemaking policy, accounting for contributions changed effective October 1, 2014. The depreciation of contributed assets will not be included in rates charged to customers, because it has already been recovered with the contribution. In accordance with GASB 62, the contributed assets will be expensed in capital contributions as a reduction of plant cost through contributions. During fiscal year 2017, $1 million of contributed capital related to the Electric System and $41 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions. During fiscal year 2016, $2 million of contributed capital related to the Electric System and $30 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions.

JEA has ongoing capital improvement programs for the Electric Enterprise Fund and the Water and Sewer Fund. The capital programs consist of: (a) the Electric Enterprise Fund capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process; (b) the Electric Enterprise Fund's capital requirements for transmission and distribution facilities and other capital items; and (c) the Water and Sewer Fund capital requirements that are determined to be necessary as a result of the annual resource planning process. The cost of the capital improvement program is planned to be provided from revenues generated from operations and existing construction fund balances.

The projected total capital expenditures for fiscal year 2018 are as follows:

Projected Capital Expenditures *(Millions)*		
Electric Enterprise Fund (Electric System, SJRPP and Scherer)	$	259
Water and Sewer Fund		215
DES		3
	$	477

SJRPP and Scherer are subject to joint ownership agreements. JEA's share of the estimated capital expenditures relating to these plants is $54 million and is included in the Electric Enterprise Fund amounts above.

Debt Administration

Debt outstanding at September 30, 2017, was $4,401 million, a decrease of approximately $251 million from the prior fiscal year.

Debt outstanding at September 30, 2016, was $4,652 million, a decrease of approximately $185 million from the prior fiscal year.

JEA's debt ratings on its long-term debt remained unchanged and were as follows for September 2017 and 2016:

	2017					2016				
	Electric System	Water and Sewer System	SJRPP	Scherer	District Energy System	Electric System	Water and Sewer System	SJRPP	Scherer	District Energy System
Senior debt:										
Fitch	**AA**	**AA**	**AA**	**AA**	**AA**	AA	AA	AA	AA	AA
Standard & Poor's	**AA-**	**AAA**	**AA-**	**AA-**	**AA+**	AA-	AAA	AA-	AA-	AA+
Moody's Investors Service	**Aa2**	**Aa2**	**Aa2**	**Aa2**	**Aa3**	Aa2	Aa2	Aa2	Aa2	Aa3
Subordinated debt:										
Fitch	**AA**	**AA**	*	*	*	AA	AA	*	*	*
Standard & Poor's	**A+**	**AA+**	*	*	*	A+	AA+	*	*	*
Moody's Investors Service	**Aa3**	**Aa2**	*	*	*	Aa3	Aa2	*	*	*

* There are no subordinated bonds related to this system.

Setting of Rates

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval.

In November 2016, the Board approved a Base Energy Charge increase for several classes and a Fuel Charge reduction from $36.75/MWh to $32.50/MWh, a decrease of $4.25/MWh, effective December 1, 2016.

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services. As part of this initiative, the Board approved, at its November 2016 meeting, an Economic Stimulus Rider that provides a financial incentive for new commercial or industrial customers to locate within the JEA service area.

Additionally, in February 2017, the Board approved the JEA SmartSavings Pilot, an optional experimental residential demand rate. The Board also approved modifications to the electric and water/sewer service charges, the fire protection service section, the backflow program, and introduced two additional LED street lighting options.

Requests for Information

The financial report is designed to provide a general overview of JEA's finances for all those with an interest in JEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller, JEA, 21 West Church Street, Jacksonville, Florida, 32202.

Audited Financial Statements

JEA

Statements of Net Position
(In Thousands)

	September 2017	2016
Assets		
Current assets:		
Cash and cash equivalents	$ **489,559**	$ 418,514
Investments	**25,122**	143,077
Accounts and interest receivable, net of allowance ($2,101 for 2017 and $3,641 for 2016)	**245,444**	237,293
Inventories:		
Fuel	**72,243**	49,852
Materials and supplies	**70,250**	67,951
Total current assets	**902,618**	916,687
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	**124,475**	178,406
Investments	**936,708**	884,612
Accounts and interest receivable	**1,729**	1,545
Total restricted assets	**1,062,912**	1,064,563
Costs to be recovered from future revenues	**506,094**	463,610
Investment in The Energy Authority	**6,283**	6,166
Other assets	**16,490**	17,931
Total noncurrent assets	**1,591,779**	1,552,270
Capital assets:		
Land and easements	**194,554**	190,660
Plant in service	**11,039,255**	10,792,942
Less accumulated depreciation	**(5,733,893)**	(5,427,480)
Plant in service, net	**5,499,916**	5,556,122
Construction work in progress	**313,883**	318,803
Net capital assets	**5,813,799**	5,874,925
Total assets	**8,308,196**	8,343,882
Deferred outflows of resources		
Unrealized pension contributions and losses	**173,578**	137,010
Unamortized deferred losses on refundings	**133,356**	141,780
Accumulated decrease in fair value of hedging derivatives	**125,269**	182,928
Total deferred outflows of resources	**432,203**	461,718
Total assets and deferred outflows of resources	$ **8,740,399**	$ 8,805,600

See accompanying notes to financial statements.

JEA

Statements of Net Position (continued)
(In Thousands)

	September 2017	2016
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	**$ 131,892**	$ 113,225
Customer deposits	**57,278**	55,123
Total current liabilities	**189,170**	168,348
Current liabilities payable from restricted assets:		
Debt due within one year	**229,095**	181,525
Renewal and replacement reserve	**82,577**	80,809
Interest payable	**82,221**	86,978
Construction contracts and accounts payable	**54,961**	39,730
Total current liabilities payable from restricted assets	**448,854**	389,042
Noncurrent liabilities:		
Net pension liability	**554,337**	493,346
Other liabilities	**50,022**	46,333
Total other noncurrent liabilities	**604,359**	539,679
Long-term debt:		
Bonds and commercial paper payable, less current portion	**4,172,160**	4,470,195
Unamortized premium, net	**112,475**	138,673
Fair value of debt management strategy instruments	**125,269**	181,793
Total long-term debt	**4,409,904**	4,790,661
Total liabilities	**5,652,287**	5,887,730
Deferred inflows of resources		
Revenues to be used for future costs	**444,606**	528,262
Unrealized pension gains	**11,960**	12,683
Total deferred inflows of resources	**456,566**	540,945
Net position		
Net investment in capital assets	**1,622,160**	1,420,504
Restricted	**614,199**	611,607
Unrestricted	**395,187**	344,814
Total net position	**2,631,546**	2,376,925
Total liabilities, deferred inflows of resources, and net position	**$ 8,740,399**	$ 8,805,600

See accompanying notes to financial statements.

JEA

Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands)

	September	
	2017	**2016**
Operating revenues		
Electric	**$ 1,382,206**	$ 1,321,713
Water and sewer	**448,057**	417,404
District energy system	**8,185**	8,337
Other	**36,729**	34,298
Total operating revenues	**1,875,177**	1,781,752
Operating expenses		
Operations and maintenance:		
Fuel	**458,794**	422,413
Purchased power	**77,456**	63,461
Maintenance and other operating expenses	**392,142**	380,219
Depreciation	**386,699**	382,432
State utility and franchise taxes	**69,683**	71,244
Recognition of deferred costs and revenues, net	**(4,075)**	(1,527)
Total operating expenses	**1,380,699**	1,318,242
Operating income	**494,478**	463,510
Nonoperating expenses, net		
Interest on debt	**(182,992)**	(184,457)
Investment income	**10,576**	14,225
Allowance for funds used during construction	**11,774**	9,407
Other nonoperating income, net	**5,918**	8,765
Earnings from The Energy Authority	**6,335**	6,136
Other interest, net	**(451)**	(403)
Total nonoperating expenses, net	**(148,840)**	(146,327)
Income before contributions	**345,638**	317,183
Contributions (to) from		
General Fund, City of Jacksonville, Florida	**(115,823)**	(129,187)
Developers and other	**66,875**	53,652
Reduction of plant cost through contributions	**(42,069)**	(31,632)
Total contributions, net	**(91,017)**	(107,167)
Change in net position	**254,621**	210,016
Net position, beginning of year	**2,376,925**	2,166,909
Net position, end of year	**$ 2,631,546**	$ 2,376,925

See accompanying notes to financial statements.

JEA

Statements of Cash Flows
(In Thousands)

	September 2017	2016
Operating activities		
Receipts from customers	$ 1,758,264	$ 1,838,667
Payments to suppliers	(735,004)	(744,358)
Payments to employees	(252,420)	(240,248)
Other operating activities	5,060	39,771
Net cash provided by operating activities	775,900	893,832
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(115,694)	(128,979)
Payment from the City of Jacksonville, Florida	–	38
Net cash used in noncapital and related financing activities	(115,694)	(128,941)
Capital and related financing activities		
Acquisition and construction of capital assets	(307,918)	(298,045)
Interest paid on debt	(193,406)	(197,668)
Repayment of debt principal	(181,525)	(187,500)
Defeasance of debt	(159,345)	–
Proceeds from issuance of debt, net	90,405	3,000
Developer and other contributions	24,805	22,020
Other capital financing activities	1,968	8,381
Net cash used in capital and related financing activities	(725,016)	(649,812)
Investing activities		
Purchase of investments	(1,803,447)	(2,304,666)
Proceeds from sale and maturity of investments	1,861,596	2,128,966
Investment income	17,593	14,005
Distributions from The Energy Authority	6,182	7,462
Net cash provided by (used in) investing activities	81,924	(154,233)
Net change in cash and cash equivalents	17,114	(39,154)
Cash and cash equivalents at beginning of year	596,920	636,074
Cash and cash equivalents at end of year	$ 614,034	$ 596,920
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 494,478	$ 463,510
Adjustments:		
Depreciation and amortization	388,040	385,610
Recognition of deferred costs and revenues, net	(4,075)	(1,527)
Other nonoperating income, net	(804)	1,499
Changes in noncash assets and noncash liabilities:		
Accounts receivable	(14,185)	6,779
Accounts receivable, restricted	54	79
Inventories	(24,692)	11,773
Other assets	(27,647)	(2,289)
Accounts and accrued expenses payable	23,262	(62,324)
Current liabilities payable from restricted assets	4,409	(799)
Other noncurrent liabilities and deferred inflows	(62,940)	91,521
Net cash provided by operating activities	$ 775,900	$ 893,832
Noncash activity		
Contribution of capital assets from developers	$ 42,069	$ 31,632
Unrealized gains (losses) on fair value of investments, net	$ (7,710)	$ 624

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies and Practices

(a) Reporting Entity

JEA is currently organized into three enterprise funds – the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System (DES). The Electric Enterprise Fund is comprised of the Electric System; the Bulk Power Supply System (Scherer), which consists of Scherer Unit 4, a coal-fired, 846-megawatt generating unit operated by Georgia Power Company (Georgia Power) and owned by JEA (23.64% ownership interest) and Florida Power & Light Company (FPL) (76.36% ownership interest); and St. Johns River Power Park System (SJRPP), which has two coal-fired generating units (638 net megawatts each) jointly owned and operated by JEA (80% ownership interest) and FPL (20% ownership interest). The Water and Sewer Fund consists of water and sewer system activities. The DES consists of chilled water activities. These financial statements include JEA's ownership interests in Scherer and SJRPP. Separate accounting records are currently maintained for each system. The following information relates to JEA's ownership interests in respective plants as of September 30, 2017 and 2016:

	2017	2016
Bulk Power Supply System:		
Inventories	$ **7,042**	$ 6,383
Costs to be recovered from future revenues	**11,686**	12,444
Capital assets, net	**143,981**	155,044
Debt due within one year	**5,205**	6,045
Long-term debt	**100,465**	105,938
Revenues to be used for future costs	**41,438**	45,316
SJRPP:		
Inventories	**53,977**	34,375
Other current assets	**63,040**	67,954
Capital assets, net	**474,437**	522,298
Restricted assets	**272,823**	293,489
Costs to be recovered from future revenues	**4,042**	7,039
Long-term debt	**420,060**	467,060
Other liabilities	**184,464**	184,610

1. Summary of Significant Accounting Policies and Practices (continued)

The Electric Enterprise Fund, Water and Sewer Fund, and the DES are governed by the JEA Board of Directors (Board). The Board is responsible for setting rates based on operating and maintenance expenses and depreciation of the respective operations. The operations of the Bulk Power Supply System and SJRPP are subject to joint ownership agreements, and rates are established on a cost-of-service basis, including operating and maintenance expenses and debt service. See note 1(s), Setting of rates.

(b) Basis of Accounting

JEA is presenting financial statements combined for the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System. JEA uses the accrual basis of accounting for its operations and the uniform system of accounts prescribed by the Federal Energy Regulatory Commission for the Electric Enterprise Fund and the National Association of Regulatory Utility Commissioners for the Water and Sewer Fund.

The financial statements have been prepared in conformity with the Governmental Accounting Standards Board (GASB) codification, which defines JEA as a component unit of the City of Jacksonville, Florida (City). Accordingly, the financial statements of JEA are included in the Comprehensive Annual Financial Report of the City.

JEA presents its financial statements in accordance with the GASB pronouncements that establish standards for external financial reporting for all state and local governmental entities that include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets and increased/reduced by costs to be recovered from future revenues or revenues to be used for future costs.

- Restricted consists of assets that have constraints placed upon their use through external constraints imposed either by creditors (such as through debt covenants) or through laws, regulations, or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.

- Unrestricted consists of net position that does not meet the definition of restricted or net investment in capital assets.

JEA's bond resolutions specify the flow of funds from revenues and specify the requirements for the use of certain restricted and unrestricted assets.

1. Summary of Significant Accounting Policies and Practices (continued)

(c) Revenues

Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method.

Operating revenues reported in the accompanying statements of revenues, expenses, and changes in net position are shown net of discounts, estimated allowances for bad debts, and amounts transferred to stabilization funds. Discounts and allowances totaled $31,664 in fiscal year 2017 and $34,759 in fiscal year 2016. JEA withdrew the net amount of $65,791 in fiscal year 2017 and deposited $34,645 in fiscal year 2016 to stabilization funds. Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. JEA earned 9.2% of its electric revenue from electricity sold to FPL in fiscal year 2017 and 9.7% in fiscal year 2016. Operating revenues include amounts estimated for unbilled services provided during the reporting period of $73,244 in 2017 and $60,845 in 2016.

In January 2016, the Board approved a fuel charge reduction from $43.60/MWh to $36.75/MWh, effective February 2016. This new fuel charge will continue to recover fuel and energy costs while reducing the projected fuel reserve closer to policy target. In July 2015, the Board approved a Fuel Charge Credit for residential customers of $60,000. JEA customers received the credit in October 2015.

(d) Capital Assets

Utility plant represents four classes of capital assets – real property, tangible property, tangible personal property, and intangible property. All capital assets are recorded at historical cost and must have a useful life greater than one year. The costs of capital asset additions and replacements are capitalized. The costs of capital projects include direct labor and benefits of JEA employees working on capital projects and an allocation of overhead from certain JEA departments. Maintenance and replacements of minor items are charged to operating expenses. The cost of depreciable plant retired is removed from the capital asset accounts, and such cost plus removal expense less salvage value is charged to accumulated depreciation.

SJRPP and Scherer are required by its bond resolutions to deposit certain amounts in a renewal and replacement fund. These amounts are then required to be expended on capital expenditures to maintain and improve the system or applied to other designated uses as specifically allowed under the bond resolutions. The Electric Fund records the amounts deposited in the fund as a purchased power expense when deposited. The purchase of capital assets funded from the renewal and replacement fund is not capitalized by SJRPP or Scherer.

1. Summary of Significant Accounting Policies and Practices (continued)

(e) Allowance for Funds Used During Construction

An allowance for funds used during construction (AFUDC) is included in construction work-in-progress and as a reduction of interest expense. JEA capitalizes interest on construction projects financed with revenue bonds, commercial paper, and renewal and replacement funds. The average AFUDC rate for the debt of each system is listed in the table below.

Average AFUDC Rate (%)	**2017**	**2016**
Electric Enterprise Fund	**4.2%**	4.2%
Water and Sewer Fund	**4.2%**	4.2%
District Energy System	**3.6%**	3.5%

The amount capitalized is the interest cost of the debt less any interest earned on investment of debt proceeds from the date of the borrowing until the assets are placed in service. Total interest incurred was $183,443 for fiscal year 2017 and $184,860 for fiscal year 2016. Interest expense of $11,774 less investment income on bond proceeds of $0 was capitalized during fiscal year 2017. Interest expense of $9,407 less investment income on bond proceeds of $0 was capitalized during fiscal year 2016.

(f) Depreciation

Depreciation of capital assets, all of which is charged to operations, is computed on a straight-line basis at rates based upon the estimated service lives of the various property classes. The depreciation rates are based on depreciation studies performed by an outside consultant that are updated periodically, most recently in fiscal year 2011. The effective rate of depreciation based upon the average depreciable plant in service balance was 3.5% and 3.6% for fiscal years 2017 and 2016, respectively. The average depreciable life in years of the depreciable capital assets for each system is listed in the table below.

Average Depreciable Life *(Years)*	**2017**	**2016**
Electric Enterprise Fund	**24.1**	24.3
Water and Sewer Fund	**27.7**	27.9
District Energy System	**24.0**	24.2

1. Summary of Significant Accounting Policies and Practices (continued)

(g) Amortization

Amortization of bond discounts and premiums is computed on a straight-line basis, which approximates the effective-interest method over the remaining term of the outstanding bonds.

(h) Losses on Refundings

Losses on refundings of JEA revenue bonds are deferred and amortized as a component of interest on debt using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter. Unamortized deferred losses on refundings are reported as deferred outflows of resources on the accompanying statements of net position. Whereas JEA has incurred accounting losses on refundings, calculated as the difference between the net carrying value of the refunded and the refunding bonds, JEA has over time realized economic gains calculated as the present value difference in the future debt service on the refunded and refunding bonds.

(i) Investments

Investments are presented at fair value or cost, which is further explained in note 14, Fair Value Measurements. Realized and unrealized gains and losses for all investments are included in investment income on the statements of revenues, expenses, and changes in net position. The investment in The Energy Authority (TEA) is recorded on the equity method (see note 7, Investment in The Energy Authority, for additional information).

(j) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, money market mutual funds, and short-term liquid investments purchased with an original maturity of 90 days or less.

(k) Interest Rate Swap Agreements

JEA's risk management policies allow for the use of interest rate swaps to manage financial exposures, but prohibit the use of these instruments for speculative or trading purposes. JEA utilizes interest rate swaps to manage the interest rate risk associated with various assets and liabilities. Interest rate swaps are used in the area of debt management to take advantage of favorable market interest rates. Interest rate swaps are authorized under the policy to be used in the area of investment management to increase the yield on revolving short-term investments.

JEA applies GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, where applicable for effective hedging instruments. For effective hedging instruments, the changes in fair value are recorded on the statements of net position as deferred outflows and inflows of resources. For ineffective hedging instruments or investment derivatives, the changes in fair value are recorded on the statements of revenues, expenses, and changes in net position as an adjustment to investment income.

1. Summary of Significant Accounting Policies and Practices (continued)

Under JEA's interest rate swap programs, JEA either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specified period of time (unless earlier terminated) or JEA pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded as either an adjustment to investment income (asset management) or interest on debt (debt management) in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when JEA enters into a new interest rate swap transaction.

During fiscal years 2017 and 2016, JEA did not have any interest rate swaps outstanding under JEA's asset management interest rate swap program. See the Debt Management Strategy section in note 8, Long-Term Debt, for more information on JEA's debt management interest rate swap program.

(l) Inventory

Inventories are maintained for fuel and materials and supplies. Fuel inventories are maintained at levels sufficient to meet generation requirements. Inventories are valued at average cost, with obsolete items being expensed when identified.

(m) Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. Given reduced volatility in natural gas prices and limited need for oil during fiscal years 2016 and 2017, JEA's use of financial instruments to protect against the risk of adverse fuel and purchased power price movements was limited. In January 2015, JEA established natural gas collars through fiscal year 2017 for 20% to 25% of its expected annual natural gas requirements. There was no activity in the program during fiscal year 2017 or 2016 and those collars have since expired.

At September 30, 2017 and 2016, the energy market risk management program had no open NYMEX natural gas futures contracts and had margin deposits of $0 in 2017 and $12 in 2016. These deposits are included in other noncurrent assets on the accompanying statements of net position.

JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB Statement No. 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred charge or a deferred credit until such time that the transactions end. Deferred charges of $0 were included in deferred outflows of resources on the statements of net position at September 30, 2017 and $1,134 at 2016. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position. For the year ended September 30, 2017, there was a realized loss included in fuel expense of $323 and $3,842 in 2016.

1. Summary of Significant Accounting Policies and Practices (continued)

(n) Capital Contributions

Capital contributions represent contributions of cash and capital assets from the City, developers, customers, and other third parties. Capital contributions are recorded in the accompanying statement of revenues, expenses, and changes in net position at the time of receipt. Assets received are recorded as contributions from developers and others at acquisition cost. Corresponding expenses of $42,069 and $31,632 were recorded in fiscal years 2017 and 2016 to recognize the costs of the assets since it will not be included in revenue requirements charged to customers in the future.

(o) Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and fiduciary net position; JEA's portion of the City of Jacksonville General Employees' Retirement Plan (GERP) and St. Johns River Power Park System Employees' Retirement Plan (SJRPP Plan) have been determined on the same basis as reported in the GERP and SJRPP Plan financial statements. Employer contributions made subsequent to the measurement date and before the fiscal year end are recorded as a deferred outflow of resources.

Basis of Accounting – The pension trust financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contribution, benefit payments and refunds are recognized when due and payable in accordance with the terms of the plans. Florida law and the Florida Division of Retirement require plan contributions be made annually in amounts determined by an actuarial valuation stated as a percent of covered payroll or in dollars. The Florida Division of Retirement reviews and approves the GERP actuarial report to ensure compliance with actuarial standards. SJRPP's Plan is governed by a five member Pension Committee to ensure compliance with actuarial standards.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments in GERP is based on independent appraisals or estimates of fair value as provided by third-party fund managers. Investments that do not have an established market are reported at estimated fair value as provided by third-party fund managers. Investments are managed by third-party money managers while cash and securities are generally held by the independent custodians.

(p) Compensated Absences

JEA employees accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in collective bargaining agreements and other employment plans. Accrued leave may be taken at any time when authorized. In addition, employees may elect to sell back any leave accrued during the fiscal year. Leave accrued over the maximum allowed leave balances is paid to the employee after the end of the fiscal year.

1. Summary of Significant Accounting Policies and Practices (continued)

Upon termination from employment, employees are paid for their unused leave balances. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB No. 16), the amount reflected as the current portion is estimated based upon historical trends of retirements and attrition.

This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB No. 16.

Compensated absences liabilities are accrued when incurred in the financial statements in conformity with generally accepted accounting principles (GAAP). The compensated absences liability is determined based on current rates of pay.

The compensated absence liability as of September 30, 2017, was $31,798. Of this amount, $3,527 was included in accounts and accrued expenses payable on the accompanying statements of net position. The remaining balance of $28,271 was included in other liabilities on the accompanying statements of net position. During fiscal year 2017, annual leave earned totaled $21,856 and annual leave taken totaled $19,757. The compensated absence liability as of September 30, 2016, was $29,675. Of this amount, $4,534 was included in accounts and accrued expenses payable on the accompanying statements of net position. The remaining balance of $25,141 was included in other liabilities on the accompanying statements of net position. During fiscal year 2016, annual leave earned totaled $20,731 and annual leave taken totaled $18,870.

(q) Pollution Remediation Obligations

JEA applies GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. See note 15, Commitments and Contingent Liabilities, for further discussion.

(r) Costs to Be Recovered from Future Revenues / Revenues to Be Used for Future Costs

JEA records certain assets and liabilities (or deferred inflows) that result from the effects of the ratemaking process that would not be recorded under GAAP for nonregulated entities. Currently, the electric utility industry is predominantly regulated on a basis designed to recover the cost of providing electric power to its customers. If cost-based regulation were to be discontinued in the electric industry for any reason, market prices for electricity could be reduced or increased and utilities might be required to reduce their statements of net position amounts to reflect market conditions.

Discontinuance of cost-based regulation could also require affected utilities to write off their associated regulatory assets and liabilities. Management cannot predict the potential impact, if any, of the change in the regulatory environment on JEA's future financial position and results of operations.

1. Summary of Significant Accounting Policies and Practices (continued)

(s) Setting of Rates

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval.

In November 2016, the Board approved a Base Energy Charge increase for several classes and a Fuel Charge reduction from $36.75/MWh to $32.50/MWh, a decrease of $4.25/MWh, effective December 1, 2016.

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services. As part of this initiative, the Board approved, at its November 2016 meeting, an Economic Stimulus Rider that provides a financial incentive for new commercial or industrial customers to locate within the JEA service area.

Additionally, in February 2017, the Board approved the JEA SmartSavings Pilot, an optional experimental residential demand rate. The Board also approved modifications to the electric and water/sewer service charges, the fire protection service section, the backflow program, and introduced two additional LED street lighting options.

(t) Reclassifications

Certain 2016 amounts have been reclassified to conform to the 2017 presentation.

(u) Pervasiveness of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(v) Newly Adopted Standards for Fiscal Year 2017

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. This statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution other postemployment benefits (OPEB) plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended*, Statement 43, and Statement No. 50, *Pension Disclosures*. The implementation of this statement did not have an impact on JEA's financial statements.

1. Summary of Significant Accounting Policies and Practices (continued)

(w) Recently Issued Accounting Pronouncements Not Yet Effective

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This statement is effective for JEA in fiscal year 2018. The impact of implementing this statement will result in in a net OPEB liability of $26,726 replacing the currently reported OPEB asset included in other assets on the statement of net position.

In March 2016, GASB issued Statement 81, *Irrevocable Split-Interest Agreements*. This statement requires that a government that receives resources related to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. In addition, this statement requires a government recognize assets representing its beneficial interest in irrevocable split-interest agreements that are administered by a third party, if the government controls the beneficial interests. This statement is effective for JEA in fiscal year 2018. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This statement is effective for JEA in fiscal year 2019. However, JEA plans to early adopt this statement in fiscal year 2018 in association with its accounting for the shutdown and dismantlement of St. Johns River Power Park.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement is effective for JEA in fiscal year 2020. The impact on JEA's financial reporting has not been determined.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. It addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and pensions and other postemployment benefits. This statement will be effective for JEA in fiscal year 2018. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing

1. Summary of Significant Accounting Policies and Practices (continued)

resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement will be effective for JEA in fiscal year 2018. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The impact on JEA's financial reporting has not been determined.

2. Regulatory Deferrals

Based on regulatory action taken by the Board and in accordance with the Regulated Operations section within GASB Statement 62, JEA has recorded the following regulatory assets and liabilities that will be included in the ratemaking process and recognized as expenses and revenues, respectively, in future periods. These amounts are shown under other noncurrent assets or deferred inflows of resources on the accompanying statements of net position.

Regulatory Assets

The following is a summary of JEA's regulatory assets at September 30:

Regulatory Asset	2017	2016
Unfunded pension costs	$ **392,719**	$ 369,019
Water environmental projects	**68,409**	76,961
Costs to be recovered from FEMA	**27,999**	–
SJRPP and Bulk Power cost to be recovered	**14,940**	16,094
Debt issue cost	**2,027**	1,536
Total regulatory assets	$ **506,094**	$ 463,610

2. Regulatory Deferrals (continued)

Unfunded Pension Costs – Accrued pension represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to JEA's portion of the GERP and the SJRPP Plan. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension. The Board approved the recovery of the unfunded amounts in future revenue requirements with the adoption of GASB 68 in fiscal year 2016. In addition, the Board approved the deferral of the difference between the annual contributions (funding) and pension expense.

Water Environmental Projects – In August 2015, the Board approved the recovery of previously approved environmental capital projects that had not been collected through the environmental surcharge over a ten-year period beginning October 1, 2015. The amount approved for recovery and transferred out of capital assets was $101,277 of which $68,409 remained unrecovered as of September 30, 2017 and $76,961 as of September 30, 2016. This deferral is being amortized over ten years.

Costs to be recovered from FEMA – This amount represents storm costs that are expected to be recovered from the Federal Emergency Management Agency (FEMA). See note 16, Storm Costs, for further details.

SJRPP and Bulk Power costs to be recovered – SJRPP deferred debt-related costs of $3,254 at September 30, 2017 and $3,650 at September 30, 2016 are the result of differences between expenses in determining rates and those used in financial reporting. SJRPP has a contract with the JEA Electric System and FPL to recover these costs from future revenues that will coincide with retirement of long-term debt. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation and results in recognition of deferred costs on the accompanying statements of revenues, expenses, and changes in net position. The Bulk Power Supply System deferred debt-related costs were $11,686 at September 30, 2017 and $12,444 at September 30, 2016. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation. The Bulk Power Supply System will recover these costs from future revenues that will coincide with the retirement of long-term debt.

Debt issue costs – With the application of regulatory accounting in fiscal year 2015, the Board approved deferral of the issue costs on all new debt issues with the amounts being amortized over the life of the bonds, as they are included in revenue requirements. These costs are incurred in connection with the issuance of debt obligations and are mainly underwriter fees and legal costs. A regulatory asset of $2,027 was recognized in fiscal year 2017 and $1,536 in 2016.

2. Regulatory Deferrals (continued)

Regulatory Credits

The following is a summary of JEA's regulatory liabilities at September 30:

Regulatory Liabilities	2017	2016
SJRPP and Bulk Power revenues to be used for future costs	**$ 189,070**	$ 204,964
Fuel stabilization	**131,715**	180,115
Debt management stabilization	**44,093**	62,416
Environmental	**41,630**	31,674
Nonfuel purchase power	**25,189**	34,400
Self-insurance medical reserve	**9,214**	11,178
Customer benefit stabilization	**3,695**	3,515
Total regulatory liabilities	**$ 444,606**	$ 528,262

SJRPP and Bulk Power revenues to be used for future costs – SJRPP deferred debt-related revenues of $147,632 at September 30, 2017 and $159,648 at September 30, 2016 are the result of differences between revenues in determining rates and those used in financial reporting. SJRPP has a contract with the JEA Electric System and FPL to recover future revenues that will coincide with the retirement of long-term debt. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation and results in recognition of deferred revenues on the accompanying statements of revenues, expenses, and changes in net position. Bulk Power Supply System early debt principal in excess of straight-line depreciation of $41,438 at September 30, 2017 and $45,316 at September 30, 2016 is included in deferred inflows of resources on the accompanying statements of net position.

Fuel stabilization – This account represents the difference between the fuel costs incurred and fuel charge revenues collected from customers, inclusive of accrued utility revenue and fuel costs. During fiscal year 2017, a net of $48,400 of costs were incurred in excess of the revenues collected and was recognized as a reduction of the regulatory liability. During fiscal year 2016, a net of $85,977 was collected in excess of fuel costs incurred and was recognized as a regulatory liability.

Debt management stabilization – The Board has authorized the use of a debt management stabilization fund. Amounts are included in the fund based on differences between budgeted and actual debt cost up to an established maximum reserve fund. The reserve is available to support JEA during times of financial market crisis. Withdrawals from the debt management stabilization fund for debt management strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses. The reserve can also be used to reduce short-term variable interest expense in excess of the amounts included in the budget. The Board evaluates during the budget approval process and periodically throughout the year the amounts in the reserve that will be included in JEA's

2. Regulatory Deferrals (continued)

annual revenue requirements. As a result, $44,093 collected in the past for the debt management stabilization fund was recorded as a regulatory liability at September 30, 2017 and $62,416 in 2016. During fiscal year 2017, $18,323 was withdrawn and used to defease bonds. During fiscal year 2016, no additional amounts were deposited or withdrawn from the stabilization fund.

Environmental – The Board has authorized an environmental surcharge that is applied to all electric customer kilowatt-hour and water customer kilogallon sales. Electric costs included in the surcharge include all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Water costs included in the surcharge include operating and capital costs of environmentally driven or regulatory required projects approved by the Board to be included in the surcharge. Any amounts under or over-collected are recorded as a regulatory asset or liability. During fiscal year 2017, $31,659 was collected through the surcharge with $11,286 of capital projects, $8,551 of recovery of previously approved environmental capital projects, and $1,866 of operations and maintenance costs being incurred with the remaining $9,956 recognized as a regulatory liability. During fiscal year 2016, $31,188 was collected through the surcharge with $12,836 of capital projects, $8,551 of recovery of previously approved environmental capital projects, and $1,558 of operations and maintenance costs being incurred with the remaining $8,243 recognized as a regulatory liability.

Nonfuel purchased power – JEA entered into a power purchase agreement related to the Alvin W. Vogtle Nuclear Plan in Burke County, Georgia (Plant Vogtle). This agreement is discussed in further detail in note 10, Fuel Purchase and Purchased Power Commitments. Related to that agreement, the JEA Board approved a nonfuel purchased power stabilization fund to balance the timing of the payments for Plant Vogtle's debt service with the anticipated in service date. It may be used for other purposes with the Board's approval. The amounts included in the fund are to be used for Plant Vogtle or refunded to customers if not needed.

Self-insurance medical reserve – The Board has established, from operating revenues, an internally designated "Health Self-Insurance Fund" to cover reserve requirements for its self-insurance health program over medical and prescription benefits. Reserve requirements will be reviewed and approved by the Board annually. The Board, as part of the budget process, will approve amounts to be collected in rates that include both the current anticipated cost less amounts approved to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

Under the self-insurance program, JEA is liable for all claims. JEA retains an additional stop-loss policy for claims in excess of $250 per employee, with an aggregate limit of 125.0% of claims. There have been no significant reductions in coverage from the prior year. The health insurance benefits program is administered through a third-party insurance company and, as such, the administrator is responsible for processing the claims in accordance with the benefit specifications with JEA reimbursing the insurance company for its payouts. Liabilities associated with the health care program are determined based on an actuarial study and include claims that have been incurred but not reported.

2. Regulatory Deferrals (continued)

The changes in the self-insurance medical reserve for the years ended September 30, 2017 and 2016 are as follows:

	2017	2016
Beginning balance	**$ 11,178**	$ 10,937
Contributions	**29,615**	34,266
Incurred claims	**(31,579)**	(34,025)
Ending balance	**$ 9,214**	$ 11,178

Customer benefit stabilization – The pricing policy adopted by the Board includes a demand side management surcharge. The costs approved for recovery through the surcharge included programs for the electrification, direct load control, demand side management, residential low-income efficiency programs, and customer utility optimization education programs.

3. St. Johns River Power Park Decommissioning

JEA and FPL entered into an Agreement for Joint Ownership, Construction and Operation of SJRPP Coal Units #1 and #2 (JOA) dated as of April 2, 1982. JEA owns 80% and FPL owns 20% of SJRPP. A Purchased Power Agreement (PPA) in the JOA assigned 37.5% of JEA's 80% generation to FPL, which effectively provided 50% of the generation to both owners of SJRPP. The JOA ends on April 2, 2022. JEA and FPL reached an agreement to close SJRPP, including early termination of the PPA. On May 16, 2017, JEA's board of directors approved the Asset Transfer and Contract Termination Agreement, which outlined the terms of the retirement, decommissioning, and dismantling of the plant. The week following, FPL approved the contract and filed a petition with the Florida Public Service Commission (FPSC) for approval to shut down SJRPP, requesting a decision by December 1, 2017. The Office of Public Counsel, which represents consumers, filed an intervention to the petition. On September 25, 2017, the FPSC approved a settlement agreement between FPL and The Office of Public Counsel resolving all of the issues in FPL's petition to shutdown SJRPP. The final order was approved in October 2017.

At shutdown, FPL agreed to pay JEA $90,400, made up of FPL's cash reserves at SJRPP and a shutdown cash payment. "Shutdown" is expected to occur in January 2018 and means all the required regulatory approvals for the transactions have been obtained and the parties have ceased operation. Following the shutdown date, JEA shall assume all payment obligations and other liabilities related to separation benefits for the qualifying SJRPP employees and any amounts required to be deposited into the SJRPP Pension Fund. In addition, at shutdown, FPL shall pay JEA the FPL Debt Service Reserves, which JEA shall pay to an escrow account the amount required to consummate the bond defeasance of Issue-Two debt. FPL will also convey their 20% interest in SJRPP's fuel inventory to JEA. The fuel inventory received will be recorded at the fair value. FPL will receive a credit for their estimated share of the material and supplies inventory balance at shutdown; however, will pay a shutdown payment adjustment for their share of 20% of any loss on the sale of materials and supplies inventory.

3. St. Johns River Power Park Decommissioning

As part of the agreement, the parties agreed that all operation of SJRPP as a generating facility would cease at shutdown. As such, the majority of the plant assets will be dismantled. SJRPP assets are currently being depreciated over a 40-year period. The un-depreciated book value of approximately $451,000 for JEA's 80% share of SJRPP assets that will not be retained will be written down to zero at shutdown. This write down will be subject to regulatory accounting and will be amortized over the life of the remaining debt outstanding for SJRPP. In addition, FPL will convey their 20% undivided ownership interest in the SJRPP site to JEA. FPL's share of the assets retained will be recorded at fair value.

Under a service management agreement, FPL will pay 20% of the dismantlement and remediation costs incurred. JEA's share of the estimated cost for dismantlement and remediation is approximately $54,400. As discussed in note 1, Summary of Significant Accounting Policies and Practices, JEA plans to early adopt Statement No. 83, *Certain Retirement Obligations*, in fiscal year 2018 in association with its accounting for the asset retirement obligations related to dismantlement and remediation at SJRPP.

4. Restricted Assets

Restricted assets were held in the following funds at September 30, 2017 and 2016:

	2017	2016
Electric System:		
Renewal and Replacement Fund	**$ 201,388**	$ 192,227
Sinking Fund	**174,529**	144,634
Debt Service Reserve Fund	**65,433**	65,433
Adjustment to fair value of investments	**750**	2,943
Total Electric System	**442,100**	405,237
SJRPP System:		
Debt Service Reserve Fund	**141,145**	138,807
Renewal and Replacement Fund	**82,577**	80,809
Sinking Fund	**43,881**	47,258
Revenue Fund	**1,903**	20,756
Construction Fund	**7,399**	7,377
Adjustment to fair value of investments	**(4,082)**	(1,518)
Total SJRPP System	**272,823**	293,489
Water and Sewer System:		
Renewal and Replacement Fund	**150,331**	179,437
Debt Service Reserve Fund	**107,488**	108,086
Sinking Fund	**82,208**	65,410
Adjustment to fair value of investments	**2,133**	5,093
Environmental Fund	**1,839**	2,659
Revenue Fund	**745**	767
Construction Fund	**15**	152
Total Water and Sewer System	**344,759**	361,604
DES:		
Sinking Fund	**2,331**	2,324
Renewal and Replacement Fund	**899**	1,909
Total DES	**3,230**	4,233
Total restricted assets	**$ 1,062,912**	$ 1,064,563

The Electric System, SJRPP System, Bulk Power Supply, Water and Sewer System, and the DES are permitted to invest restricted funds in specified types of investments in accordance with their bond resolutions and the investment policy.

4. Restricted Assets (continued)

The requirements of the respective bond resolutions for contributions to the respective systems' renewal and replacement funds are as follows:

Electric System:	An amount equal to the greater of 10% of the prior year defined net revenues or 5% of the prior year defined gross revenues.
SJRPP System:	An amount equal to 12.5% of aggregate debt service, as defined, on bonds issued under the 1st SJRPP Bond Resolution. An amount equal to 12.5% of aggregate debt service, as defined, on bonds issued under the 2nd SJRPP Bond Resolution. However, no such deposit is required under the 2nd SJRPP Bond Resolution as long as the 1st SJRPP Bond Resolution has not been discharged.
Bulk Power Supply System:	An amount equal to 12.5% of aggregate debt service, as defined.
Water and Sewer System:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues.
DES:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined revenues.

5. Cash and Investments

JEA maintains cash and investment pools that are utilized by all funds except for the bond funds. Included in the JEA cash balances are amounts on deposit with JEA's commercial bank, as well as amounts held in various money market funds as authorized in the JEA Investment Policy. The commercial bank balances are covered by federal depository insurance or collateralized subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes. Amounts subject to Chapter 280, Florida Statutes, are collateralized by securities deposited by JEA's commercial bank under certain pledging formulas with the State Treasurer or other qualified custodians.

JEA follows GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires the adjustments of the carrying value of investments to fair value to be presented as a component of investment income. Investments are presented at fair value or cost, which is further explained in note 14, Fair Value Measurements.

5. Cash and Investments (continued)

At September 30, 2017 and 2016, the fair value of all securities, regardless of statement of net position classification as cash equivalent or investment, was as follows:

	2017	2016
Securities:		
U.S. Treasury and government agency securities	$ **538,887**	$ 582,215
State and local government securities	**323,507**	299,770
Commercial paper	**170,829**	252,454
Local government investment pool	**138,207**	–
Money market mutual funds	**51,460**	138,533
Total securities, at fair value	$ **1,222,890**	$ 1,272,972

These securities are held in the following accounts:

	2017	2016
Current assets:		
Cash and cash equivalents	$ **489,559**	$ 418,517
Investments	**25,122**	143,077
Restricted assets:		
Cash and cash equivalents	**124,475**	178,406
Investments	**936,708**	884,612
Total cash and investments	**1,575,864**	1,624,612
Plus: interest due on securities	**2,967**	2,272
Less: cash on deposit	**(355,941)**	(353,912)
Total securities, at fair value	$ **1,222,890**	$ 1,272,972

JEA is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2017, JEA's investments in securities and their maturities are categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. It is assumed that callable investments will not be called. Puttable securities are presented as investments with a maturity of less than one year

5. Cash and Investments (continued)

The maturity distribution of the investments held at September 30, 2017 is listed below.

Type of Investments	Less than One Year	One to Five Years	Five to Ten Years	Ten to Twenty Years	Total
U.S. Treasury and government agency securities	$ 187,873	$ 348,038	$ 2,976	$ –	$ 538,887
State and local government securities	94,456	142,605	12,088	74,358	323,507
Commercial paper	170,829	–	–	–	170,829
Local government investment pools	138,207	–	–	–	138,207
Money market mutual funds	51,460	–	–	–	51,460
Total securities, at fair value	$ 642,825	$ 490,643	$ 15,064	$ 74,358	$ 1,222,890

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, JEA's investment policy requires the investment portfolio to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the bond resolution relating to those bond issues. JEA's investment policy also limits investments in commercial paper to maturities of less than nine months.

Credit Risk – JEA's investment policy is consistent with the requirements for investments of state and local governments contained in the Florida Statutes and its objectives are to seek reasonable income, preserve capital, and avoid speculative investments. Consistent with JEA's investment policy and bond resolutions: (1) the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; (2) the state and local government securities are rated by two nationally recognized rating agencies and are rated at least AA- by Standard & Poor's, Aa3 by Moody's Investors Services, or AA- by Fitch Ratings; and (3) the money market mutual funds are rated AAA by Standard & Poor's or Aaa by Moody's Investors Services. JEA's investment policy limits investments in commercial paper to the highest whole rating category issued by at least two nationally recognized rating agencies, and the issuer must be a Fortune 500 company, a Fortune Global 500 company with significant operations in the U.S., or the governments of Canada or Canadian provinces and the ratings outlook must be positive or stable at the time of the investment. As of September 30, 2017, JEA's investments in commercial paper are rated at least A-1 by Standard & Poor's and P-1 by Moody's Investors Services. In addition, JEA's investment policy limits the commercial paper investment in any one issuer to $12,500. Additionally, JEA's investment policy limits investments in commercial paper to 25% of the total cash and investment portfolio regardless of statement of net position classification as cash equivalent or investment. As of September 30, 2017, JEA had 14.0% of its investments in commercial paper.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, JEA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of JEA's investments are held by JEA or by an agent in JEA's name.

5. Cash and Investments (continued)

Concentration of Credit Risk – As of September 30, 2017, investments in any one issuer representing 5% or more of JEA's investments included $351,408 (28.7%) invested in issues of the Federal Home Loan Bank and $172,132 (14.1%) invested in issues of the Federal Farm Credit Bank. JEA's investment policy limits the maximum holding of any one U.S. government agency issuer to 35% of total cash and investments regardless of statement of net position classification as cash equivalent or investment. Other than investments in U.S. Treasury securities or U.S. Treasury money market funds, JEA's investment policy limits the percentage of the total cash and investment portfolio (regardless of statement of net position classification as cash equivalent or investment) that may be held in various security types. As of September 30, 2017, investments in all security types were within the allowable policy limits.

6. Capital Assets

Capital asset activity for the year ended September 30, 2017 is as follows:

	Balance September 30, 2016	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2017
Electric Enterprise Fund:					
Generation assets	$ 3,679,557	$ –	$ (41,299)	$ 47,105	$ 3,685,363
Transmission assets	547,705	–	(1,563)	25,668	571,810
Distribution assets	1,822,944	–	(5,011)	109,125	1,927,058
Other assets	436,508	–	(3,238)	25,970	459,240
Total capital assets	6,486,714	–	(51,111)	207,868	6,643,471
Less: accumulated depreciation and amortization	(3,525,733)	(243,438)	51,111	–	(3,718,060)
Land	127,895	–	(30)	2,381	130,246
Construction work-in-process	181,247	144,855	–	(220,090)	106,012
Net capital assets	3,270,123	(98,583)	(30)	(9,841)	3,161,669
Water and Sewer Fund:					
Pumping assets	501,502	–	(9,152)	17,140	509,490
Treatment assets	606,217	–	(6,434)	27,382	627,165
Transmission and distribution assets	1,161,588	–	(314)	21,146	1,182,420
Collection assets	1,468,752	–	(530)	16,946	1,485,168
Reclaimed water assets	131,557	–	(91)	7,069	138,535
General and other assets	382,964	–	(3,408)	18,209	397,765
Total capital assets	4,252,580	–	(19,929)	107,892	4,340,543
Less: accumulated depreciation	(1,879,932)	(135,928)	19,929	4,189	(1,991,742)
Land	59,714	–	(830)	2,375	61,259
Construction work-in-process	135,881	180,276	–	(110,267)	205,890
Net capital assets	2,568,243	44,348	(830)	4,189	2,615,950
District Energy System:					
Chilled water plant assets	53,648	–	(88)	1,680	55,240
Total capital assets	53,648	–	(88)	1,680	55,240
Less: accumulated depreciation	(21,815)	(2,364)	88	–	(24,091)
Land	3,051	–	–	–	3,051
Construction work-in process	1,675	1,985	–	(1,680)	1,980
Net capital assets	36,559	(379)	–	–	36,180
Total	$ 5,874,925	$ (54,614)	$ (860)	$ (5,652)	$ 5,813,799

6. Capital Assets (continued)

Capital asset activity for the year ended September 30, 2016 is as follows:

	Balance September 30, 2015	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2016
Electric Enterprise Fund:					
Generation assets	$ 3,684,390	$ –	$ (14,669)	$ 9,836	$ 3,679,557
Transmission assets	531,804	–	(557)	16,458	547,705
Distribution assets	1,762,050	–	(3,831)	64,725	1,822,944
Other assets	443,625	–	(3,188)	(3,929)	436,508
Total capital assets	6,421,869	–	(22,245)	87,090	6,486,714
Less: accumulated depreciation and amortization	(3,310,375)	(237,603)	22,245	–	(3,525,733)
Land	101,837	–	–	26,058	127,895
Construction work-in-process	146,519	165,493	–	(130,765)	181,247
Net capital assets	3,359,850	(72,110)	–	(17,617)	3,270,123
Water and Sewer Fund:					
Pumping assets	480,749	–	(566)	21,319	501,502
Treatment assets	574,070	–	(589)	32,736	606,217
Transmission and distribution assets	1,133,118	–	(27)	28,497	1,161,588
Collection assets	1,432,529	–	(109)	36,332	1,468,752
Reclaimed water assets	130,796	–	–	761	131,557
General and other assets	376,134	–	(2,676)	9,506	382,964
Total capital assets	4,127,396	–	(3,967)	129,151	4,252,580
Less: accumulated depreciation	(1,749,344)	(138,656)	3,967	4,101	(1,879,932)
Land	59,135	–	–	579	59,714
Construction work-in-process	125,271	140,340	–	(129,730)	135,881
Net capital assets	2,562,458	1,684	–	4,101	2,568,243
District Energy System:					
Chilled water plant assets	52,591			1,057	53,648
Total capital assets	52,591	–	–	1,057	53,648
Less: accumulated depreciation	(19,524)	(2,291)	–	–	(21,815)
Land	3,051	–	–	–	3,051
Construction work-in process	926	1,806	–	(1,057)	1,675
Net capital assets	37,044	(485)	–	–	36,559
Total	$ 5,959,352	$ (70,911)	$ –	$ (13,516)	$ 5,874,925

7. Investment in The Energy Authority

JEA is a member of TEA, a municipal power marketing and risk management joint venture, headquartered in Jacksonville, Florida. TEA currently has eight members, and JEA's ownership interest in TEA is 16.7%. TEA provides wholesale power marketing and resource management services to members (including JEA) and nonmembers and allocates transaction savings and operating expenses pursuant to a settlement agreement. TEA also assists members (including JEA) and nonmembers with natural gas procurement and related gas hedging activities. JEA's earnings from TEA were $6,335 in fiscal year 2017 and $6,136 in fiscal year 2016 for all power marketing activities. JEA's distributions from TEA were $6,182 in fiscal year 2017 and $7,462 in fiscal year 2016. The investment in TEA was $6,283 at September 30, 2017 and $6,166 at September 2016 and is included in noncurrent assets on the accompanying statement of net position.

The following is a summary of the unaudited financial information of TEA for the nine months ended September 30, 2017 and 2016. TEA issues separate audited financial statements on a calendar-year basis.

	Unaudited	
	2017	**2016**
Condensed statement of net position:		
Current assets	**$ 177,777**	$ 128,527
Noncurrent assets	**15,622**	12,282
Total assets	**$ 193,399**	$140,809
Current liabilities	**$ 155,313**	$ 102,615
Noncurrent liabilities	**394**	346
Members' capital	**37,692**	37,848
Total liabilities and members' capital	**$ 193,399**	$ 140,809
Condensed statement of operations:		
Operating revenues	**$ 1,153,933**	$ 1,039,075
Operating expenses	**1,092,748**	1,008,613
Operating income	**$ 61,185**	$ 30,462
Net income	**$ 61,223**	$ 30,472

As of September 30, 2017, JEA is obligated to guaranty, directly or indirectly, TEA's electric trading activities in an amount up to $28,929 and TEA's natural gas procurement and trading activities up to $15,100, in either case, plus attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. JEA has approved up to $60,000 (plus attorney fees) for TEA's natural gas procurement and trading activities.

7. Investment in The Energy Authority (continued)

Generally, JEA's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity, or transmission that was delivered or made available, or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract. Generally, JEA's guaranty obligations for natural gas procurement and trading would arise if TEA did not make the contractually required payment for natural gas or transportation that was delivered or purchased or if TEA failed to deliver natural gas or transportation as required under a contract.

Upon JEA's making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's equity ownership interest in TEA. Upon JEA's making any payments under its natural gas guaranty, it has certain contribution rights with the other members of TEA in order that payments under the TEA member guaranties would be equalized ratably in proportion to their respective amounts of guaranties, as adjusted by the actual natural gas member volumes and prices for the calendar year. After such contributions have been effected, JEA would only have recourse against TEA to recover amounts paid under the guaranty.

The term of these guaranties is generally indefinite, but JEA has the ability to terminate its guaranty obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guaranty obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. Such termination would be because of JEA's withdrawal from membership in TEA, or such termination could cause JEA's membership in TEA to be terminated.

8. Long-Term Debt

The Electric System, Bulk Power Supply System, SJRPP System, Water and Sewer System, and DES revenue bonds (JEA Revenue Bonds) are each governed by one or more bond resolutions. The Electric System bonds are governed by both a senior and a subordinated bond resolution; the Bulk Power Supply System bonds are governed by a single bond resolution; the Water and Sewer System bonds are governed by both a senior and a subordinated bond resolution; the SJRPP System bonds are governed by the First and Second Power Park Resolutions; and the DES bonds are governed by a single bond resolution. In accordance with the bond resolutions of each system, principal and interest on the bonds are payable from and secured by a pledge of the net revenues of the respective system. In general, the bond resolutions require JEA to make monthly deposits into the separate debt service sinking funds for each System in an amount equal to approximately one-twelfth of the aggregate amount of principal and interest due and payable on the bonds within the bond year. Interest on the fixed rate bonds is payable semiannually on April 1 and October 1, and principal is payable on October 1.

In accordance with the requirements of the SJRPP First Power Park Resolution and the Agreement for Joint Ownership and Construction and Operation of SJRPP Coal Units #1 and #2 between JEA and FPL, FPL is responsible for paying its share of the debt service on bonds issued under the First Power Park Resolution. The various bond resolutions provide for certain other covenants, the most significant of which (1) requires JEA to establish rates for each system such that net revenues with respect to that system are sufficient to exceed (by a certain percentage) the debt service for that system

8. Long-Term Debt (continued)

during the fiscal year and any additional amount required to make all reserve or other payments required to be made in such fiscal year by the resolution of that system and (2) restricts JEA from issuing additional parity bonds unless certain conditions are met.

Below is the schedule of outstanding indebtedness for the fiscal years 2017 and 2016.

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2017	2016
Electric System Senior Revenue Bonds:				
Series Three 2004A	5.000%	2039	$ 5	$ 5
Series Three 2005B	4.750%	2033	100	100
Series Three 2008A[2]	Variable	2027–2036	51,680	51,680
Series Three 2008B-1[3]	Variable	2017–2040	60,395	60,745
Series Three 2008B-2[2]	Variable	2025–2040	41,900	41,900
Series Three 2008B-3[2]	Variable	2024–2036	37,000	37,000
Series Three 2008B-4[3]	Variable	2017–2036	49,810	50,185
Series Three 2008C-1[2]	Variable	2024–2034	44,145	44,145
Series Three 2008C-2[2]	Variable	2024–2034	43,900	43,900
Series Three 2008C-3[2]	Variable	2030–2038	25,000	25,000
Series Three 2008D-1[3]	Variable	2017–2036	111,420	113,840
Series Three 2009C	5.000%	2017	3,355	15,730
Series Three 2009D[6]	6.056%	2033–2044	45,955	45,955
Series Three 2010A	4.000%	2017–2019	14,980	24,960
Series Three 2010C	4.125–4.500%	2026–2031	8,975	11,420
Series Three 2010D	4.000–5.000%	2017–2038	79,470	92,100
Series Three 2010E[6]	5.350–5.482%	2028–2040	34,255	34,255
Series Three 2012A	4.000–4.500%	2023–2033	60,750	60,750
Series Three 2012B	2.000–5.000%	2017–2039	128,250	133,390
Series Three 2013A	3.000–5.000%	2017–2026	93,815	111,130
Series Three 2013B	3.000–5.000%	2026–2038	7,500	7,600
Series Three 2013C	4.000–5.000%	2017–2030	28,685	30,940
Series Three 2014A	3.400–5.000%	2017–2034	32,305	47,565
Series Three 2015A	2.750–5.000%	2017–2041	79,495	81,810
Series Three 2015B	3.000–5.000%	2017–2031	36,005	42,355
Series Three 2017A	5.000%	2019	18,670	–
Total Electric System Senior Revenue Bonds			1,137,820	1,208,460

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2017	2016
Electric System Subordinated Revenue Bonds:				
2000 Series A[2]	Variable	2021-2035	$ **30,965**	$ 30,965
2000 Series F-1[2]	Variable	2026-2030	**37,200**	37,200
2000 Series F-2[2]	Variable	2026-2030	**24,800**	24,800
2008 Series D[2]	Variable	2024-2038	**39,455**	39,455
2009 Series A	5.625%	2029-2032	**21,140**	21,140
2009 Series D	5.000%	2017-2018	**23,925**	23,925
2009 Series E	4.000%	2017-2018	**2,215**	4,065
2009 Series F[6]	4.625-6.406%	2017-2034	**64,670**	65,600
2009 Series G	4.000-5.000%	2018-2019	**16,090**	22,975
2010 Series A	3.000%	2017	**710**	4,960
2010 Series B	3.000-5.000%	2017-2024	**7,535**	35,380
2010 Series C	4.000%	2025-2027	**4,385**	15,925
2010 Series D[6]	3.500-5.582%	2017-2027	**45,575**	45,575
2010 Series E	n/a	n/a	**–**	4,505
2012 Series A	3.000-5.000%	2017-2033	**88,500**	110,780
2012 Series B	3.000-5.000%	2017-2037	**93,750**	105,800
2013 Series A	3.000-5.000%	2017-2030	**54,110**	59,330
2013 Series B	3.000-5.000%	2017-2026	**25,385**	41,215
2013 Series C	1.375-5.000%	2017-2038	**80,390**	88,605
2013 Series D	4.000-5.250%	2017-2035	**124,025**	145,055
2014 Series A	4.000-5.000%	2017-2039	**206,105**	223,770
2017 Series A	2.000-5.000%	2017-2019	**71,735**	–
Total Electric System Subordinated Revenue Bonds			**1,062,665**	1,151,025

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2017	2016
Bulk Power Supply System Revenue Bonds:				
Series 2010A[6]	4.250–5.920%	2017–2030	$ **39,875**	$ 42,785
Series 2014A	2.000–5.000%	2017–2038	**66,050**	69,185
Total Bulk Power System Revenue Bonds			**105,925**	111,970
SJRPP System Revenue Bonds:				
Issue Two, Series Seventeen	4.700%	2019	**100**	100
Issue Two, Series Eighteen	4.500%	2018	**50**	50
Issue Two, Series Nineteen	4.600%	2017	**100**	100
Issue Two, Series Twenty	4.500%	2021	**100**	100
Issue Two, Series Twenty-One	5.000%	2021	**5**	5
Issue Two, Series Twenty-Two	4.000%	2019	**5**	5
Issue Two, Series Twenty-Three	3.000–5.000%	2017–2021	**64,910**	64,910
Issue Two, Series Twenty-Four	4.000%	2017–2021	**29,625**	29,625
Issue Two, Series Twenty-Five	3.000%	2021	**45**	42,195
Issue Two, Series Twenty-Six	2.000–5.000%	2019–2021	**65,970**	65,970
Issue Two, Series Twenty-Seven	1.888–2.505%	2019–2021	**7,025**	7,025
Issue Three, Series One[5]	4.500%	2037	**100**	100
Issue Three, Series Two[5]	5.000%	2034–2037	**29,370**	29,370
Issue Three, Series Four[5][6]	4.200–5.450%	2017–2028	**24,085**	25,720
Issue Three, Series Six[5]	2.375–5.000%	2019–2037	**91,330**	91,330
Issue Three, Series Seven[5]	2.000–5.000%	2019–2033	**79,500**	79,500
Issue Three, Series Eight[5]	2.000–5.000%	2019–2039	**57,895**	57,895
Total SJRPP System Revenue Bonds			**450,215**	494,000

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2017	2016
Water and Sewer System Senior Revenue Bonds:				
2006 Series B[4]	Variable	2017-2022	**$ 34,625**	$ 38,730
2008 Series A-2[2]	Variable	2028-2042	**51,820**	51,820
2008 Series B[2]	Variable	2023-2041	**85,290**	85,290
2009 Series B	3.750-5.000%	2017-2019	**25,565**	25,565
2010 Series A[6]	6.210-6.310%	2026-2044	**83,115**	83,115
2010 Series B	4.500-5.700%	2017-2025	**15,570**	17,300
2010 Series C	5.000%	2020	**9,545**	10,650
2010 Series D	4.000-5.000%	2017-2039	**101,850**	101,850
2010 Series E	4.000-5.000%	2021-2039	**60,990**	60,990
2010 Series F[6]	3.200-5.887%	2017-2040	**45,520**	45,520
2010 Series G	N/A	N/A	**–**	785
2012 Series A	3.000-5.000%	2017-2041	**317,935**	317,935
2012 Series B	2.000-5.000%	2017-2041	**130,085**	131,765
2013 Series A	4.000-5.000%	2017-2027	**89,740**	91,085
2013 Series B	1.882%	2017	**3,830**	16,730
2014 Series A	2.000-5.000%	2017-2040	**284,595**	289,565
Total Water and Sewer System Senior Revenue Bonds			**1,340,075**	1,368,695
Water and Sewer System Subordinated Revenue Bonds:				
Subordinated 2008 Series A-1[2]	Variable	2017–2038	**52,950**	53,500
Subordinated 2008 Series A-2[2]	Variable	2030–2038	**25,600**	25,600
Subordinated 2008 Series B-1[2]	Variable	2030–2036	**30,885**	30,885
Subordinated 2010 Series A	5.000%	2017–2022	**13,150**	14,065
Subordinated 2010 Series B	3.000–5.000%	2020–2025	**12,770**	12,770
Subordinated 2012 Series A	3.000–4.000%	2021–2033	**20,320**	20,320
Subordinated 2012 Series B	3.250–5.000%	2030–2043	**35,505**	41,640
Subordinated 2013 Series A	2.125–5.000%	2017–2029	**72,250**	76,040
Total Water and Sewer System Subordinated Revenue Bonds			**263,430**	274,820

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2017	2016
Water and Sewer System Other Subordinated Debt:				
Revolving Credit Agreement[7]	Variable	2018	**$ 3,000**	$ 3,000
Total Water and Sewer System Other Subordinated Debt			**3,000**	3,000
District Energy System:				
2013 Series A	1.425–4.538%	2017–2034	**38,125**	39,750
Total District Energy System			**38,125**	39,750
Total Debt Principal Outstanding			**4,401,255**	4,651,720
Less: Debt Due Within One Year			**(229,095)**	(181,525)
Total Long-Term Debt			**$ 4,172,160**	$ 4,470,195

(1) Interest rates apply only to bonds outstanding at September 30, 2017. Interest on the outstanding variable rate debt is based on either the daily mode, weekly mode or the commercial paper mode, which resets in time increments ranging from 1 to 270 days. In addition, JEA has executed fixed-payer weekly mode interest rate swaps to effectively fix a portion of its net payments relative to certain variable rate bonds. The terms of the interest rate swaps are approximately equal to that of the fixed-payer bonds. See the Debt Management Strategy section of this note for more information related to the interest rate swap agreements outstanding at September 30, 2017 and 2016.

(2) Variable rate demand obligations – interest rates ranged from 0.86% to 0.98% at September 30, 2017.

(3) Variable rate direct purchased bonds indexed to SIFMA – interest rates were 1.34% at September 30, 2017.

(4) Variable rate bonds indexed to the Consumer Price Index (CPI bonds) – interest rates ranged from 3.41% to 3.50% at September 30, 2017.

(5) SJRPP System Issue 3 Bonds were issued under the Second Power Park Resolution, whereby JEA is responsible for 100% of the related debt service payments. Whereas the SJRPP System Issue Two Bonds issued under the First Power Park Resolution, JEA is responsible for approximately 62.5% of the related debt service payments and FPL the remainder.

(6) Federally Taxable – Issuer Subsidy – Build America Bonds where JEA expects to receive a cash subsidy payment from the United States Department of the Treasury for an amount up to 35% of the related interest.

(7) Revolving Credit Agreement – interest rates were 2.29% at September 30, 2017.

8. Long-Term Debt (continued)

Long-term debt activity (excluding short-term bank borrowings) for the year ended September 30, 2017 was as follows:

System	Bonds Payable September 30, 2016	Par Amount of Bonds Issued	Par Amount of Bonds Refunded or Defeased	Scheduled Bond Principal Payments	Bonds Payable September 30, 2017	Current Portion of Bonds Payable September 30, 2017
Electric	$ 2,359,485	$ 90,405	$ (153,210)	$ (96,195)	$ 2,200,485	$ 129,900
Bulk Power Supply	111,970	–	–	(6,045)	105,925	5,205
SJRPP	494,000	–	–	(43,785)	450,215	41,330
Water and Sewer	1,643,515	–	(6,135)	(33,875)	1,603,505	51,020
DES	39,750	–	–	(1,625)	38,125	1,640
Total	$ 4,648,720	$ 90,405	$ (159,345)	$ (181,525)	$ 4,398,255	$ 229,095

Long-term debt activity (excluding short-term bank borrowings) for the year ended September 30, 2016 was as follows:

System	Bonds Payable September 30, 2015	Par Amount of Bonds Issued	Par Amount of Bonds Refunded or Defeased	Scheduled Bond Principal Payments	Bonds Payable September 30, 2016	Current Portion of Bonds Payable September 30, 2016
Electric	$ 2,453,300	$ –	$ –	$ (93,815)	$ 2,359,485	$ 96,195
Bulk Power Supply	116,920	–	–	(4,950)	111,970	6,045
SJRPP	544,945	–	–	(50,945)	494,000	43,785
Water and Sewer	1,679,695	–	–	(36,180)	1,643,515	33,875
DES	41,360	–	–	(1,610)	39,750	1,625
Total	$ 4,836,220	$ –	$ –	$ (187,500)	$ 4,648,720	$ 181,525

8. Long-Term Debt (continued)

The debt service to maturity on the outstanding debt (excluding short-term bank borrowings) as of September 30, 2017 is summarized as follows:

Fiscal Year Ending	Electric System		Bulk Power Supply System		SJRPP	
September 30	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 129,900	$ 37,187	$ 5,205	$ 2,237	$ 41,330	$ 9,571
2018	124,185	74,734	5,710	4,233	40,715	17,252
2019	115,175	69,045	6,150	3,959	52,940	15,292
2020	59,680	63,759	6,975	3,716	54,245	12,894
2021	59,140	61,042	7,080	3,498	23,395	10,311
2022–2026	393,785	264,977	28,025	13,861	82,265	40,220
2027–2031	531,565	188,503	24,335	7,935	85,425	24,504
2032–2036	535,770	104,819	14,540	3,485	50,810	11,167
2037–2041	237,730	23,759	7,905	513	19,090	1,298
2042–2046	13,555	1,663	–	–	–	–
Total	$ 2,200,485	$ 889,488	$ 105,925	$ 43,437	$ 450,215	$ 142,509

Fiscal Year Ending	Water and Sewer System		District Energy System		Total Debt
September 30	Principal	Interest	Principal	Interest	Service[1][2][3]
2017	$ 51,020	$ 31,188	$ 1,640	$ 691	$ 309,969
2018	51,720	61,383	1,660	1,359	382,951
2019	54,705	59,208	1,690	1,330	379,494
2020	57,410	57,058	1,725	1,296	318,758
2021	59,915	54,953	1,770	1,254	282,358
2022-2026	301,985	237,968	9,675	5,430	1,378,191
2027-2031	293,185	173,767	11,665	3,445	1,344,329
2032-2036	347,895	111,675	8,300	764	1,189,225
2037-2041	358,440	43,838	–	–	692,573
2042-2046	27,230	2,575	–	–	45,023
Total	$ 1,603,505	$ 833,613	$ 38,125	$ 15,569	$ 6,322,871

(1) Includes debt service accrued from October 1 through September 30 of the corresponding fiscal year, except for fiscal year 2017, which excludes payments made during the fiscal year.

(2) Interest requirement for the variable rate debt was determined by using the interest rates that were in effect at the financial statement date of September 30, 2017.

(3) Interest in the above table reflects total interest on the Federally Taxable – Issuer Subsidy – Build America Bonds and does not reflect the impact of the 35% cash subsidy payments that JEA expects to receive in the future from the United States Department of the Treasury.

8. Long-Term Debt (continued)

JEA, at its option, may redeem specific outstanding fixed rate JEA Revenue Bonds prior to maturity, as discussed in the official statements covering their issuance. A summary of the redemption provisions is as follows:

	Electric System	Bulk Power Supply System	SJRPP	Water and Sewer System	District Energy System
Earliest fiscal year for redemption	2018	2019	2018	2018	2023
Redemption price	100%	100%	100%	100%	100%

JEA debt issued during fiscal year 2017 is summarized as follows:

System	Debt Issued	Purpose	Priority of Lien	Month of Issue	Par Amount Issued	Par Amount Refunded	Accounting Gain/(Loss)
Electric	Series Three 2017A	Refunding[1]	Senior	Feb 2017	$ 18,670	$ 18,990	$ (849)
Electric	2017 Series A	Refunding[2]	Subordinated	Feb 2017	71,735	68,080	(4,558)
					$ 90,405	$ 87,070	$ (5,407)

(1) Fixed rate bonds issued to refund fixed rate bonds with new debt service of $21,126 compared to prior debt service of $22,995 and $1,081 of net present value economic savings.

(2) Fixed rate bonds issued to refund fixed rate bonds with new debt service of $74,648 compared to prior debt service of $82,262 and $3,388 of net present value economic savings.

The JEA Board has authorized the issuance of additional refunding bonds within certain parameters for the Electric System, SJRPP, and Water and Sewer System. The following table summarizes the maximum amounts that could be issued:

	Authorization		
System	Senior	Subordinated	Expiration
Electric	$ 571,000	$ 333,000	December 31, 2018
SJRPP Issue Three	80,000	–	December 31, 2018
Water and Sewer	253,000	165,000	December 31, 2018

See note 18, Subsequent Events, for further details.

8. Long-Term Debt (continued)

Variable Rate Debt – Liquidity Support

For the Electric System and the Water and Sewer System VRDOs appearing in the schedule of outstanding indebtedness, and except for the obligations noted in the following paragraphs, liquidity support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA. At September 30, 2017, there were no outstanding draws under the SBPA. In the event of the expiration or termination of the SBPA that results in a mandatory tender of the VRDOs and the purchase of the obligations by the bank, then beginning on April 1 or October 1, whichever date is at least six months subsequent to the purchase of the obligations, JEA shall begin to make equal semiannual installments over an approximate five-year period. The current commitment fees range from approximately 0.3% to 0.5% with stated termination dates ranging from November 15, 2017 to May 8, 2020, unless otherwise extended. Subsequent to the end of the fiscal year, several SBPAs were renewed. See note 18, Subsequent Events, for further details.

JEA entered into irrevocable direct-pay letter of credit and reimbursement agreement to support the payment of the principal and interest on the Water and Sewer System 2008 Series A-2 VRDOs. The letter of credit agreement constitutes both a credit facility and a liquidity facility. As of September 30, 2017, there were no draws outstanding under the letter of credit agreement. Repayment of any draws outstanding at the expiration date are payable in equal semiannual installments over an approximate five-year period. The current commitment fee is approximately 0.5% with a stated expiration date of December 2, 2018, unless otherwise extended.

JEA has entered into continuing covenant agreements for the Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, Series Three 2008B-4 and Series Three 2008D-1 (collectively, the Direct Purchased Bonds). Except as described below, the bank does not have the option to tender the respective Direct Purchased Bonds for purchase for a period specified in the respective continuing covenant agreements, which period would be subject to renewal under certain conditions. Any Direct Purchased Bond that was not purchased from such bank on the scheduled mandatory tender date that occurred upon the expiration of such period would be required to be repaid as to principal in equal semiannual installments over a period of approximately five years from such scheduled mandatory tender date. Upon any such tender for payment, the Direct Purchased Bond so tendered would be due and payable immediately. The current expiration date of the continuing covenant agreements is September 17, 2018, unless otherwise extended. The interest rate is variable and is set monthly based upon the SIFMA plus 40 basis points.

Short-Term Bank Borrowings

As of September 30, 2017, JEA has a revolving credit agreement with a commercial bank for an unsecured amount of $300,000. This agreement became effective on December 17, 2015, when JEA terminated the prior two revolving credit agreements with a total available amount of $300,000 with two commercial banks. The revolving credit agreement may be used with respect to the Electric System, the Bulk Power Supply System, the SJRPP System, the Water and Sewer System, or the DES, and for operating expenditures or for capital expenditures.

8. Long-Term Debt (continued)

During fiscal year 2016, the revolving credit agreement was drawn upon by the Water and Sewer System for $3,000 and remains outstanding as of September 30, 2017, with $297,000 available to be drawn.

The revolving credit agreement is scheduled to expire on December 17, 2018.

Debt Management Strategy

JEA has entered into various interest rate swap agreements executed in conjunction with debt financings for initial terms up to 35 years (unless earlier terminated). JEA utilizes floating to fixed interest rate swaps as part of its debt management strategy. For purposes of this note, the term floating to fixed interest rate swaps refers to swaps in which JEA receives a floating rate and pays a fixed rate.

The fair value of the interest rate swap agreements and related hedging instruments is reported in the long-term debt section in the accompanying statements of net position; however, the notional amounts of the interest rate swaps are not reflected in the accompanying financial statements. JEA follows GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; therefore, hedge accounting is applied where fair market value changes are recorded in the accompanying statements of net position as either deferred outflow or deferred inflow resources.

The earnings from the debt management strategy interest rate swaps are recorded to interest on debt in the accompanying statements of revenues, expenses, and changes in net position.

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2017, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	**$ 174,000**	**$ 84,800**	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	**117,825**	**82,575**	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	**116,425**	**86,000**	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	**40,875**	**39,175**	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	**98,375**	**62,980**	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	**100,000**	**51,680**	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	**38,730**	**34,625**	3.9-4.1%	Oct 2006	Oct 2017-2022	CPI
Water and Sewer	2008 Series B	**85,290**	**85,290**	3.9%	Mar 2007	Oct 2041	SIFMA
		$ 771,520	**$ 527,125**				

8. Long-Term Debt (continued)

The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2016, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	$ 174,000	$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	86,375	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	38,730	3.9–4.1%	Oct 2006	Oct 2016-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		$ 771,520	$ 531,605				

The following table includes fiscal year 2017 summary information for JEA's effective cash flow hedges related to the outstanding floating to fixed interest rate swap agreements.

	Changes in Fair Value		Fair Value at September 30, 2017		
System	Classification	Amount	Classification	Amount[1]	Notional
Electric	Deferred outflows	**$ (44,458)**	Fair value of debt management strategy instruments	**$ (101,350)**	**$ 407,210**
Water and Sewer	Deferred outflows	**(12,067)**	Fair value of debt management strategy instruments	**(23,919)**	**119,915**
Total		**$ (56,525)**		**$ (125,269)**	**$ 527,125**

(1) Fair value amounts were calculated using market rates as of September 30, 2017, and standard cash flow present valuing techniques.

The following table includes fiscal year 2016 summary information for JEA's effective cash flow hedges related to the outstanding floating to fixed interest rate swap agreements.

	Changes in Fair Value		Fair Value at September 30, 2016		
System	Classification	Amount	Classification	Amount[1]	Notional
Electric	Deferred outflows	$ 25,408	Fair value of debt management strategy instruments	$ (145,808)	$ 407,585
Water and Sewer	Deferred outflows	7,637	Fair value of debt management strategy instruments	(35,986)	124,020
Total		$ 33,045		$ (181,794)	$ 531,605

(1) Fair value amounts were calculated using market rates as of September 30, 2016, and standard cash flow present valuing techniques.

8. Long-Term Debt (continued)

For fiscal years ended September 30, 2017 and 2016, the weighted-average rates of interest for each index type of floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2017	2016
68% of LIBOR Index:		
Notional amount outstanding	**$ 209,975**	$ 210,350
Variable rate received (weighted average)	**0.60%**	0.30%
Fixed rate paid (weighted average)	**3.70%**	3.70%
SIFMA Index (formerly BMA Index):		
Notional amount outstanding	**$ 282,525**	$ 282,525
Variable rate received (weighted average)	**0.80%**	0.30%
Fixed rate paid (weighted average)	**4.00%**	4.00%
CPI Index:		
Notional amount outstanding	**$ 34,625**	$ 38,730
Variable rate received (weighted average)	**2.60%**	1.70%
Fixed rate paid (weighted average)	**4.00%**	4.00%
Net debt management swap loss	**$ (16,181)**	$ (18,732)

8. Long-Term Debt (continued)

The following two tables summarize the anticipated net cash flows of JEA's outstanding hedged variable rate debt and related floating to fixed interest rate swap agreements at September 30, 2017:

Electric System[1]

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2017	$ 400	$ 345	$ 1,034	$ 1,779
2018	400	3,552	12,408	16,360
2019	425	3,548	12,397	16,370
2020	3,200	3,544	12,385	19,129
2021	3,275	3,512	12,295	19,082
2022-2026	61,570	16,629	58,747	136,946
2027-2031	177,915	11,367	41,073	230,355
2032-2036	114,875	4,846	17,826	137,547
2037-2041	45,150	727	2,441	48,318
Total	$ 407,210	$ 48,070	$ 170,606	$ 625,886

Water and Sewer System[1]

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2017	$ 4,255	$ 659	$ 313	$ 5,227
2018	5,520	1,735	2,779	10,034
2019	5,740	1,544	2,749	10,033
2020	9,195	1,345	2,718	13,258
2021	4,860	1,026	2,668	8,554
2022-2026	22,650	3,382	12,316	38,348
2027-2031	2,945	2,698	10,331	15,974
2032-2036	17,035	2,396	9,183	28,614
2037-2041	47,715	1,234	4,726	53,675
Total	$ 119,915	$ 16,019	$ 47,783	$ 183,717

(1) Interest requirement for the variable rate debt and the variable portion of the interest rate swap was determined by using the interest rates that were in effect at the financial statement date of September 30, 2017. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2017.

8. Long-Term Debt (continued)

Credit Risk – JEA is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, the Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with which JEA may enter into interest rate swap transactions. The counterparties with which JEA may deal must be rated (i) "AAA" by one or more nationally recognized rating agencies at the time of execution, (ii) "AA /Aa3" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "AA /Aa3" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A/A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, each swap agreement will require the counterparty to enter into a collateral agreement to provide collateral when the ratings of such counterparty (or its guarantor) fall below "AA /Aa3" and a payment is owed to JEA. All outstanding interest rate swaps at September 30, 2017, were in a liability position. Therefore, if counterparties failed to perform as contracted, JEA would not be subject to any credit risk exposure at September 30, 2017.

JEA's floating to fixed interest rate swap counterparty credit ratings at September 30, 2017, are as follows:

Counterparty	Counterparty Credit Ratings S&P/Moody's/Fitch	Outstanding Notional Amount
Morgan Stanley Capital Service Inc.	BBB+/A3/A	$ 180,180
Goldman Sachs Mitsui Marine Derivative Products L.P.	AA-/Aa2/not rated	136,480
JPMorgan Chase Bank, N.A.	A+/Aa3/AA-	125,175
Merrill Lynch Derivative Products AG	BBB+/Baa1/A	85,290
Total		$ 527,125

Interest Rate Risk – JEA is exposed to interest rate risk where changes in interest rates could affect the related net cash flows and fair values of outstanding interest rate swaps. On a pay-fixed, receive-variable interest rate swap, as the floating swap index decreases, JEA's net payment on the swap increases, and as the fixed rate swap market declines as compared to the fixed rate on the swap, the fair value declines.

Basis Risk – JEA is exposed to basis risk on certain pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received on certain hedging derivative instruments are based on a rate or index other than interest rates that JEA pays on its hedged variable-rate debt, which is reset every one or seven days. As of September 30, 2017, the weighted-average interest rate on JEA's hedged variable-rate debt (excluding variable rate CPI bonds) is 1.04%, while the SIFMA swap index rate is 0.94% and 68% of LIBOR is 0.84%.

Termination Risk – JEA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument were in a liability position, JEA would be liable to the counterparty for a payment equal to the liability.

8. Long-Term Debt (continued)

Market Access Risk – JEA is exposed to market access risk due to potential market disruptions in the municipal credit markets that could inhibit the issuing or remarketing of bonds and related hedging instruments. JEA maintains strong credit ratings (see Debt Administration section of the Management Discussion and Analysis) and, to date, has not encountered any barriers to the credit markets.

9. Transactions with City of Jacksonville

Utility and Administrative Services

JEA is a separately governed authority and considered a discretely presented component unit of the City. JEA provides electric, water, and sewer service to the City and its agencies and bills for such service using established rate schedules. JEA utilizes various services provided by departments of the City including insurance, legal, and motor pool. JEA is billed on a proportionate cost basis with other user departments and agencies. The revenues for services provided and expenses for services received by JEA for these related-party transactions with the City were as follows:

Fiscal Year	Revenues	Expenses
2017	**$ 36,842**	**$ 5,433**
2016	$ 38,379	$ 5,985

City Contribution

Fiscal year 2016 was the final year of an eight-year agreement. On March 22, 2016, the City and JEA entered into a five-year agreement, which established the contribution formula for the fiscal years 2017 through 2021 and required an additional one-time contribution of $15,000 during fiscal year 2016.

Although the calculation for the annual transfer of available revenue from JEA to the City is based upon formulas that are applied specifically to each utility system operated by JEA, JEA, at its sole discretion, may utilize any of its available revenues, regardless of source, to satisfy its total annual obligation to the City.

The contributions from the JEA Electric Enterprise Fund and JEA Water and Sewer Fund for fiscal years 2017 and 2016 were as follows:

Fiscal Year	Electric	Water and Sewer
2017	**$ 92,271**	**$ 23,552**
2016	$ 103,720	$ 25,467

9. Transactions with City of Jacksonville (continued)

Fiscal Year 2017 – The JEA Electric Enterprise Fund is required to contribute annually to the General Fund of the City an amount equal to 7.468 mills per kilowatt hour delivered by JEA to retail users in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year, other than sales of energy to FPL from JEA's SJRPP System. The JEA Water and Sewer Fund is required to contribute annually to the General Fund of the City an amount equal to 389.2 mills per thousand gallons of potable water and sewer service provided, excluding reclaimed water service. These calculations are subject to a minimum increase of 1% per year through 2021, using 2016 as the base year for the combined assessment for the Electric Enterprise Fund and Water and Sewer Fund. There is no maximum annual assessment.

Fiscal Year 2016 – The JEA Electric Enterprise Fund was required to contribute annually to the General Fund of the City an amount equal to 5.5 mills per kilowatt hour delivered by JEA to retail users in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year, other than sales of energy to FPL from JEA's SJRPP System. The JEA Water and Sewer Fund was required to contribute annually to the General Fund of the City an amount equal to 2.1 mills per cubic foot of potable water and sewer service provided, excluding reclaimed water service. These calculations were subject to a minimum average increase of $2,500 per year through 2016 using 2008 as the base year for the combined assessment for the Electric Enterprise Fund and Water and Sewer Fund. There was also a maximum annual assessment for the combined Electric Enterprise Fund and Water and Sewer Fund.

Franchise Fees

In 2008, the City enacted a 3.0% franchise fee from designated revenues of the Electric and Water and Sewer systems. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer funds. These amounts are included in operating revenues and expenses and were as follows:

Fiscal Year	Electric	Water and Sewer
2017	**$ 27,704**	**$ 10,562**
2016	$ 28,524	$ 10,401

Insurance Risk Pool

JEA is exposed to various risks of loss related to torts, theft and destruction of assets, errors and omissions, and natural disasters. In addition, JEA is exposed to risks of loss due to injuries and illness of its employees. These risks are managed through the Risk Management Division of the City, which administers the public liability (general liability and automobile liability) and workers' compensation self-insurance program covering the activities of the City general government, JEA, Jacksonville Housing Authority, Jacksonville Port Authority, and the Jacksonville Aviation Authority. The general objectives are to formulate, develop, and administer, on behalf of the members, a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program.

9. Transactions with City of Jacksonville (continued)

JEA has excess coverage for individual workers' compensation claims above $1,200. Liability for claims incurred is the responsibility of, and is recorded in, the City's self-insurance plan. The premiums are calculated on a retrospective or prospective basis, depending on the claims experience of JEA and other participants in the City's self-insurance program. The liabilities are based on the estimated ultimate cost of settling the claim including the effects of inflation and other societal and economic factors. The JEA workers' compensation expense is the premium charged by the City's self-insurance plan. JEA is also a participant in the City's general liability insurance program. As part of JEA's risk management program, certain commercial insurance policies are purchased to cover designated exposures and potential loss programs. These amounts are included in operating expenses and were as follows:

Fiscal Year	Workers' Compensation	General Liability
2017	**$ 1,435**	**$ 1,511**
2016	$ 1,571	$ 2,132

The following table shows the estimated workers' compensation and general liability loss accruals for the City and JEA's portion for the fiscal years ended September 30, 2017 and 2016. The amounts are recorded at present value using a 4% discount rate for the fiscal years ended September 30, 2017 and September 30, 2016.

	Workers' Compensation		General Liability	
	City of Jacksonville	JEA Portion	City of Jacksonville	JEA Portion
Beginning balance	$ 90,873	$ 3,025	$ 17,132	$ 2,237
Change in provision	22,910	1,386	6,287	1,150
Payments	(19,483)	(1,255)	(7,888)	(1,079)
Ending balance	$ 94,300	$ 3,156	$ 15,531	$ 2,308

10. Fuel Purchase and Purchased Power Commitments

JEA has made purchase commitments for Scherer Unit 4 through calendar year 2019. SJRPP will fulfill all coal commitments by the end of November 2017. Northside coal and petroleum coke commitments conclude by the end of January 2018. Contract terms specify minimum annual purchase commitments at fixed prices or at prices that are subject to market adjustments. JEA has remarketing rights under the coal contracts.

10. Fuel Purchase and Purchased Power Commitments (continued)

The majority of JEA's coal and petroleum coke supply is purchased with transportation included. From time to time, JEA has purchased portions of its coal supply for SJRPP from domestic suppliers and taken delivery at the mine. In these instances, JEA contracted with CSX Transportation, Inc. (CSXT) for rail transportation from the mine to the SJRPP plant. CSXT filed a claim against JEA and FPL regarding a contract dispute on a railway transportation agreement for the delivery of coal to SJRPP. This matter is being addressed through confidential arbitration in accordance with the parties' agreement. CSXT is seeking liquidated damages for breach of contract in the amount of $14,728, or alternatively, an unspecified amount of actual damages in excess of the liquidated damages. JEA and FPL have disputed the breach of contract claim and invoked the force majeure clause of the agreement between the parties based on changes in federal law. The arbitration panel has been selected and discovery is ongoing.

In addition, JEA participates in Georgia Power agreements with rail carriers for the delivery of coal to Scherer Unit 4. Georgia Power Company, acting for itself and as agent for JEA and the other Scherer co-owners, has entered into an agreement with Burlington Northern Santa Fe Railway Company (BNSF) that extends the rail contract through calendar year 2028. Georgia Power has also entered into an agreement with the Norfolk Southern Railway Company (NS) that extends through December 31, 2019.

JEA has commitments to purchase natural gas delivered to Jacksonville under a long-term contract with Shell Energy North America L.P. (Shell Energy) that expire in 2021. Contract terms for the natural gas supply specify minimum annual purchase commitments at market prices. JEA has the option to remarket any excess natural gas purchases. In addition to the gas delivered by Shell Energy, JEA has long term contracts with Peoples Gas system, Florida Gas Transmission, Southern Natural Gas and SeaCoast Gas Transmission for firm gas transportation to allow the delivery of natural gas through those pipeline systems. There is no purchase commitment of natural gas associated with those transportation contracts.

In the unlikely event that JEA would not be in a position to fulfill its obligations to receive fuel and purchased power under the terms of its existing fuel and purchased power contracts, JEA would nonetheless be obligated to make certain future payments. If the conditions necessitating the future payments occurred, JEA would mitigate the financial impact of those conditions by remarketing the fuel and purchased power at then-current market prices. The aggregate amount of future payments that JEA does not expect to be able to mitigate appears in the table below:

Fiscal Year	Coal and Pet Coke		Natural Gas		
Ending	Fuel	Transportation	Transportation	Transmission	Total
2018	1,795	3,024	7,236	6,110	18,165
2019	751	–	7,236	6,547	14,534
2020	188	–	7,256	6,999	14,443
2021	–	–	4,817	4,234	9,051
2022	–	–	–	7,528	7,528
2023-2042	–	–	–	168,709	168,709

10. Fuel Purchase and Purchased Power Commitments (continued)

Vogtle Units Purchased Power Agreement

Overview

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

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

Financing and In-Service Costs

MEAG Power created three separate "projects" (the Vogtle Units 3 and 4 Project Entities) for the purpose of owning and financing its 22.7% undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units). The project corresponding to the portion of MEAG Power'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 Power currently estimates that the total in-service cost for its entire undivided ownership interest in the Additional Vogtle Units will be approximately $5.7 billion, including construction costs, financing costs through the estimated in-service dates, contingencies, initial fuel load costs and switchyard and transmission costs. This cost reflects the expected payments from Toshiba Corporation (Toshiba) of approximately $835.4 million (of which approximately $344 million is allocable to Project J) under the Guarantee Settlement Agreement discussed further in this section. MEAG Power has additionally provided that its total financing needs for its share of the Additional Vogtle Units, including reserve funds and other fund deposits required under the financing documents, are approximately $6.1 billion. Based on information provided by MEAG Power, (i) the portion of the total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J is approximately $2.394 billion, which is an increase of approximately

10. Fuel Purchase and Purchased Power Commitments (continued)

$548 million from the previous estimate, and (ii) the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately $187 million resulting in total financing needs of approximately $2.581 billion, which is an increase in total financing needs for Plant Vogtle Units 3 and 4 allocable to Project J of approximately $579 million from the previous estimate.

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 Power, MEAG Power 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 Power expects to receive a cash subsidy payment from the United States Treasury for 35% of the related interest, subject to reduction due to sequestration. At this time, a portion of the interest subsidy payments with respect to the Build America Bonds is not being paid as a result of the federal government sequestration process and the Bipartisan Budget Act of 2013 for the current fiscal year through fiscal year 2021. 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 6.6% became effective on September 1, 2017. MEAG Power issued approximately $185.2 million of additional Project J tax-exempt bonds on September 9, 2015.

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 Power 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 Power transferred approximately 41.175% of its ownership interest, representing 206 MW of nominally rated generating capacity (which is the portion of MEAG Power'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 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 $577.7 million. To date, the Project J Entity has received proceeds from borrowings under the loan guarantee agreement in an aggregate principal amount of approximately $336.7 million. There is additional borrowing capacity of approximately $241.0 million under the Project J Entity's existing DOE-guaranteed loan. On September 28, 2017, DOE and MEAG Power 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, of which $111.5 million is allocable to the Project J Entity. Subject to satisfaction of the conditions contained in such conditional commitment, it is expected that the Project J Entity will obtain from FFB such additional lending commitment in the amount of $111.5 million. MEAG Power 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 public capital markets.

10. Fuel Purchase and Purchased Power Commitments (continued)

Summary of financing associated with Project J:

	Borrowings to Date	Additional Capacity	Total Projected Borrowings
2010A Build America Bonds	$1,224,265	$ –	$1,224,265
2010B tax-exempt bonds	24,170	–	24,170
2015A tax-exempt bonds	185,180	–	185,180
DOE loan guarantee	336,674	241,069	577,743
Additional conditional DOE loan guarantee	–	111,541	111,541
Additional public markets bonds	–	390,713	390,713
Other sources of funds[1]		67,355	67,355
Total	$1,770,289	$ 810,678	$2,580,967

[1] MEAG anticipates funding the difference between the total in-service costs of approximately $2.581 billion referred to under the first paragraph under "Financing and In-Service Costs" herein and the $2,513,612 shown as Total Projected Borrowings above (excluding Other sources of funds) with interest earnings on unexpended borrowings.

10. Fuel Purchase and Purchased Power Commitments (continued)

Based on information provided by MEAG Power, JEA's portion of the debt service to maturity on the outstanding Project J debt as of September 30, 2017 is summarized as follows:

Fiscal Year Ending September 30	Principal	Interest	Annual Debt Service	Build America Bonds Subsidy[1]	Capitalized Interest	Net Debt Service
2017	$ 8,795	$ 96,583	$ 105,378	$ (27,702)	$ (68,882)	$ 8,794
2018	11,698	96,139	107,837	(27,696)	(68,443)	11,698
2019	12,750	95,495	108,245	(27,612)	(67,883)	12,750
2020	15,114	94,714	109,828	(27,392)	(67,321)	15,115
2021	18,016	93,831	111,847	(27,100)	(66,731)	18,016
2022	20,706	92,824	113,530	(26,790)	(31,897)	54,843
2023	21,510	91,747	113,257	(26,466)	(4,109)	82,682
2024	22,967	90,613	113,580	(26,129)	–	87,451
2025	23,819	89,420	113,239	(25,776)	–	87,463
2026	24,685	88,178	112,863	(25,409)	–	87,454
2027	25,570	86,886	112,456	(25,026)	–	87,430
2028	26,538	85,541	112,079	(24,626)	–	87,453
2029	27,511	84,140	111,651	(24,209)	–	87,442
2030	28,528	82,682	111,210	(23,774)		87,436
2031	29,586	81,164	110,750	(23,320)	–	87,430
2032	30,661	79,584	110,245	(22,847)	–	87,398
2033	31,842	77,939	109,781	(22,353)	–	87,428
2034	33,035	76,226	109,261	(21,838)	–	87,423
2035	34,272	74,442	108,714	(21,300)	–	87,414
2036	28,275	72,584	100,859	(20,740)	–	80,119
2037	16,223	70,650	86,873	(20,155)	–	66,718
2038	10,905	68,637	79,542	(19,545)	–	59,997
2039	6,973	66,540	73,513	(18,909)	–	54,604
2040	1,424	64,321	65,745	(18,246)	–	47,499
2041	–	62,012	62,012	(17,553)	–	44,459
2042	–	30,231	30,231	(9,217)	–	21,014
2043	–	3,952	3,952	(1,249)	–	2,703
Total	$ 511,403	$ 2,097,075	$ 2,608,478	$ (602,979)	$ (375,266)	$ 1,630,233

[1] 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 2013 for the current fiscal year through fiscal year 2021. 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 6.6% became effective on September 1, 2017.

10. Fuel Purchase and Purchased Power Commitments (continued)

Description of Construction Contracts

In 2008, Georgia Power, acting for itself and as agent for the other Vogtle Co-Owners, entered into a contract (the EPC Contract) pursuant to which the Contractor agreed to design, engineer, procure, construct and test the Additional Vogtle Units. The entities that constituted the Contractor prior to June 9, 2017 were Westinghouse Electric Company LLC (Westinghouse) and WECTEC Global Project Services Inc. (WECTEC, and together with Westinghouse, the Contractor).

On March 29, 2017, Westinghouse and WECTEC each filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code.

On June 9, 2017, Georgia Power (for itself and as agent for the other Vogtle Co-Owners) and the Contractor entered into a services agreement (the "Services Agreement") for the Contractor to transition construction management of Plant Vogtle Units 3 and 4 to Southern Nuclear Operating Company, an affiliate of Georgia Power (SNC or Southern Nuclear), and to provide ongoing design, engineering, and procurement services to SNC. The Services Agreement has taken effect and provides that the Contractor will generally be compensated on a time and materials basis for services rendered. The Services Agreement will continue until the start-up and testing of Plant Vogtle Units 3 and 4 is complete and electricity is generated and sold from both units. The Services Agreement is terminable by the Vogtle Co-Owners upon 30 days' written notice.

Georgia Power recommended in the 17th Vogtle Construction Monitoring report (the VCM 17 Report, filed with the Georgia Public Service Commission (GPSC) on August 31, 2017) that the construction of the Additional Vogtle Units be continued. The recommendation to continue construction was supported by all of the Vogtle Co-Owners. Georgia Power has requested GPSC approval for a new project management structure in light of the realities that now exist after the Westinghouse and WECTEC bankruptcy. Under the new project management structure, Georgia Power, along with SNC acting as the project manager, will manage the construction of the Additional Vogtle Units on behalf of the Owners pursuant to a revised Ownership Participation Agreement. Bechtel Power Corporation (Bechtel) will serve as the prime construction contractor (see the description of the Construction Agreement below).

Going forward, Georgia Power through its agent SNC will manage the remaining bulk construction phase of the Additional Vogtle Units.

On October 19, 2017, Georgia Power, acting for itself and as agent for the other Vogtle Co-Owners, entered into a Construction Completion Agreement (the "Construction Agreement") with Bechtel, which became effective on October 23, 2017. Under the Construction Agreement, Bechtel will serve as the primary contractor for the remaining construction activities for Plant Vogtle Units 3 and 4. Facility design and engineering remains the responsibility of Westinghouse under the Services Agreement.

10. Fuel Purchase and Purchased Power Commitments (continued)

Unlike the EPC Contract, which required the contractor to absorb most of the construction cost overruns for the Additional Vogtle Units, the Construction Agreement is a cost reimbursable plus fee arrangement, whereby Bechtel will be reimbursed by the Vogtle Co-Owners for actual costs plus a base fee and an at-risk fee, which is subject to adjustment based on Bechtel's performance against cost and schedule targets. Each Vogtle Co-Owner is severally (not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to Bechtel under the Construction Agreement.

The Vogtle Co-Owners may terminate the Construction Agreement at any time for their convenience, provided that the Vogtle Co-Owners will be required to pay amounts related to work performed prior to the termination (including the applicable portion of the base fee), certain termination-related costs and, at certain stages of the work, the at-risk fee. Bechtel may terminate the Construction Agreement under certain circumstances, including, certain Vogtle Co-Owner suspensions of work, certain breaches of the Construction Agreement by the Vogtle Co-Owners, Vogtle Co-Owner insolvency and certain other events.

In addition, pursuant to the separate Loan Guarantee Agreements (each, a "DOE Loan Guarantee Agreement"), dated as of June 24, 2015, between each of the Vogtle Units 3 and 4 Project Entities and DOE, as amended, each Vogtle Units 3 and 4 Project Entity is required to obtain approval of the Construction Agreement by the DOE prior to any further advances under its respective DOE Loan Guarantee Agreement.

In connection with the recommendation to continue with construction of Plant Vogtle Units 3 and 4, the Vogtle Co-Owners agreed on a term sheet to amend the existing joint ownership agreements to provide for additional Vogtle Co-Owner approval requirements. Subsequently, the Vogtle Co-Owners entered into an amendment, dated as of November 2, 2017, to their joint ownership agreements for Plant Vogtle Units 3 and 4 (as amended, the "Joint Ownership Agreements") to provide for, among other conditions, additional Vogtle Co-Owner approval requirements. Pursuant to the Joint Ownership Agreements, the holders of at least 90% of the ownership interests in Plant Vogtle Units 3 and 4 must vote to continue construction if certain adverse events occur, including: (1) the bankruptcy of Toshiba or (except in the case in which each of the Vogtle Co-Owners has assigned its rights under the Guarantee Settlement Agreement to a third party) a material breach by Toshiba of the Guarantee Settlement Agreement; (2) termination or rejection in bankruptcy of certain agreements, including the Services Agreement or the Construction Agreement; (3) the GPSC or Georgia Power determines that any of Georgia Power's costs relating to the construction of Plant Vogtle Units 3 and 4 will not be recovered in retail rates because such costs are deemed unreasonable or imprudent; or (4) an increase in the construction budget contained in the VCM 17 Report of more than $1 billion or extension of the project schedule contained in the VCM 17 Report of more than one year. In addition, pursuant to the Joint Ownership Agreements, the required approval of holders of ownership interests in Plant Vogtle Units 3 and 4 is at least (1) 90% for a change of the primary construction contractor and (2) 67% for material amendments to the Services Agreement or agreements with Southern Nuclear or the primary construction contractor, including the Construction Agreement.

The effectiveness of the amendment to the Joint Ownership Agreements is subject to the condition that Oglethorpe obtains the approval of the Administrator of the Rural Utilities Service.

10. Fuel Purchase and Purchased Power Commitments (continued)

The Joint Ownership Agreements also confirm that the Vogtle Co-Owners' sole recourse against Georgia Power or Southern Nuclear for any action or inaction in connection with their performance as agent for the Vogtle Co-Owners is limited to removal of Georgia Power and/or Southern Nuclear as agent, except in cases of willful misconduct.

MEAG Power, based upon information provided to it by its agent, Georgia Power, has advised JEA that the current estimated in-service dates for the Additional Vogtle Units are November 2021 and November 2022.

Regulatory Proceedings

The Vogtle Co-Owners recommended that the Additional Vogtle Units be completed on the condition that any of the Owners have the right to abandon the construction of the Plant Vogtle Units 3 and 4 if the revised cost estimate or the revised construction schedule is not approved by the GPSC, or if there is a determination by the GPSC that any of Georgia Power's share of the total investment in Plant Vogtle Units 3 and 4 or Georgia Power's associated financing costs will not be recovered in Georgia Power's retail rates because they are deemed by the GPSC to be unreasonable or imprudent or for any other reason, or that such investment or associated financing costs will be presumed to be unreasonable or imprudent or unrecoverable.

JEA has informed MEAG Power that it disagrees with the recommendation to complete the Additional Vogtle Units and that it believes that the project should be canceled rather than completed. JEA was granted intervener status in the GPSC proceedings to consider whether to allow cost recovery for Georgia Power for the continuation of the project.

JEA cannot predict the outcome of these proceedings or the impact on continuation of construction at the project. JEA has not determined what additional action, if any, it may take regarding this matter.

Description of Toshiba Guarantee

Toshiba has guaranteed certain payment obligations of Westinghouse and WECTEC under the EPC Contract, including any liability of Westinghouse and WECTEC for abandonment of work (the "Toshiba Guarantee"). However, due to Toshiba's difficult financial situation, substantial risk regarding the Vogtle Co-Owners' ability to fully collect under the Toshiba Guarantee exists.

On June 9, 2017, Georgia Power and the other Vogtle Co-Owners and Toshiba entered into a settlement agreement regarding the Toshiba Guarantee (the "Guarantee Settlement Agreement"). Pursuant to the Guarantee Settlement Agreement, Toshiba has acknowledged the amount of its obligation under the Toshiba Guarantee is $3.68 billion (the Guarantee Obligations) and that the Guarantee Obligations exist regardless of whether the Additional Vogtle Units are completed. The Guarantee Settlement Agreement also provides for a schedule of payments for the Guarantee Obligations, beginning in October 2017 and continuing through January 2021. Approximately $344 million of such $3.68 billion is allocable to Project J. In the event Toshiba receives certain payments, including sale proceeds, from or related to Westinghouse (or its subsidiaries) or Toshiba Nuclear Energy Holdings (UK) Limited (or its subsidiaries), it will hold a

10. Fuel Purchase and Purchased Power Commitments (continued)

portion of such payments in trust for the Vogtle Co-Owners and promptly pay them over as offsets against any remaining Guarantee Obligations. Under the Guarantee Settlement Agreement, the Vogtle Co-Owners will forbear from exercising remedies in respect of the Toshiba Guarantee, including drawing on the $920 million of letters of credit from financial institutions securing a portion of the Contractor's potential obligations under the EPC Contract (the Westinghouse Letters of Credit), until June 30, 2020, unless, among other items, certain events of nonpayment, insolvency, or other material breach of the Guarantee Settlement Agreement by Toshiba occur. If such an event occurs, the balance of the Guarantee Obligations will become immediately due and payable, and the Vogtle Co-Owners may exercise any and all rights and remedies, including drawing on the Westinghouse Letters of Credit without restriction. In addition, the Guarantee Settlement Agreement does not restrict the Vogtle Co-Owners from fully drawing on the Westinghouse Letters of Credit in the event they are not renewed or replaced prior to the expiration date.

On October 2, 2017, MEAG Power received the first payment from Toshiba under the Guarantee Settlement Agreement. MEAG Power's share of the $300 million payment was approximately $68 million, with the remainder going to the other Co-Owners of the Additional Vogtle Units. The portion of this payment allocable to Project J was approximately $28 million. On November 1, 2017, the second scheduled payment of $77.5 million was received by the Co-Owners of the Additional Vogtle Units. The portion of the payment allocable to Project J was approximately $7 million.

Toshiba has previously announced the existence of material events and conditions that raise substantial doubt about Toshiba's ability to continue as a going concern. Accordingly, substantial risk regarding the Vogtle Co-Owners' ability to fully collect the Guarantee Obligations exists. An inability or other failure by Toshiba to perform its obligations under the Guarantee Settlement Agreement could have a further material impact on the net cost to the Vogtle Co-Owners to complete construction of the Additional Vogtle Units. The Vogtle Co-Owners are exploring options that would reduce the risk of Toshiba's failure to make its payments under the Guarantee Settlement Agreement.

Option to Purchase Interest in Lee Nuclear Station

On February 1, 2011, JEA entered into an option agreement with Duke Energy Carolinas, LLC (Duke Carolinas), a wholly owned subsidiary of Duke Energy Corporation, pursuant to which JEA has the option (but not the obligation) to purchase an undivided ownership interest of not less than 5% and not more than 20% of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 and 2 to be constructed at a site in Cherokee County, South Carolina (the Lee Project). The Lee Project planned to have 2,234 MW of electric generating capacity with a projected on-line date of 2026 with respect to Unit 1 and 2028 with respect to Unit 2. The total cost of the option was $7,500, payment of which has been completed. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30% of JEA's energy requirements from nuclear sources by 2030.

10. Fuel Purchase and Purchased Power Commitments (continued)

The option agreement requires that JEA and Duke Carolinas complete negotiation of an ownership agreement and an operation and maintenance agreement for the Lee Project prior to JEA exercising the option. The option exercise period will be opened by Duke Carolinas after it (i) receives NRC approval of the COL for the Lee Project and (ii) executes an engineering, procurement, and construction agreement for the Lee Project. The Lee Project COL was received from the NRC in December 2016. In August 2017, Duke Carolinas filed with the North Carolina Utilities Commission and the South Carolina Public Service Commission to cancel the plant. This cancellation allows Duke Carolinas to seek cost recovery for the expenditures on licensing the plant, however, the NRC license remains active and the cancellation is not permanent. There is currently no schedule for negotiating an EPC agreement.

Once the exercise period is opened, JEA will have 90 days within which to exercise the option, and, if it does exercise the option, it must specify the percentage undivided ownership interest in the Lee Project that it will acquire.

After JEA exercises the option (should it elect to do so) and various regulatory approvals are obtained, JEA must pay Duke Carolinas the exercise price for the option. Such price is generally JEA's pro rata share, based on its percentage ownership interest in the Lee Project, of the development and pre construction cost for the Lee Project incurred by Duke Carolinas from the beginning of the Lee Project through the closing date of the option exercise. JEA is undecided as to the financing structure it would employ to finance its interest in the Lee Project, should it elect to exercise its option.

Under certain circumstances, should the Lee Project be terminated by Duke Carolinas, Duke may be obligated to provide JEA with options for alternative resources (but not necessarily from nuclear resources) to replace JEA's optionable portion of the projected Lee Project capacity.

Such alternative resources are to be available to JEA within two years of the projected online date for the Lee Project, once such date is set. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

Solar Projects

In 2009, JEA entered into a 30-year purchased power agreement with Jacksonville Solar, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, Jacksonville Solar, which has been constructed in JEA's service territory. The facility, which consists of 200,000 photovoltaic panels on a JEA-leased 100-acre site, is owned by PSEG Solar Source, LLC and generated approximately 20,074 MWh of electricity in 2017 and 20,877 MWh of electricity in 2016. JEA pays only for the energy produced. Purchases of energy for the fiscal years 2017 and 2016 were $3,819 and $3,865.

In 2015, JEA entered into a 25-year purchased power agreement with Northwest Jacksonville Solar Partners, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, Montgomery Solar, which has been constructed in JEA's service territory. The facility, which consists of 28,000 single-axis tracking photovoltaic panels on a vendor-leased 100-acre site, is owned by American Electric Power (AEP) and generated approximately 5,378 MWh of electricity in 2017. JEA pays only for the energy produced. Purchases of energy for fiscal year 2017 was $354 (first year of operation).

10. Fuel Purchase and Purchased Power Commitments (continued)

As part of JEA's continued commitment to the environment, and to increase JEA's level of carbon-free renewable energy generation, in December 2014 the Board established a solar policy to add up to 38 MWac of solar photovoltaic capacity. To support this policy, JEA issued Requests for Proposals for Power Purchase Agreements (PPAs) in December 2014 and April 2015. Seven PPAs, representing 27 MWac, have been finalized. One other PPA, which had been finalized, was terminated due to the failure of the awardee (SunEdison) to establish site control within the time allowed by the contract. The solar PPAs are distributed around JEA's service territory. The projects are scheduled for completion in 2017 and early 2018.

In October 2017, the JEA Board approved a further solar expansion consisting of five 50 MWac solar facilities to be constructed on JEA owned property. These projects, totaling 250 MWac, will be structured as PPAs. Requests for Qualifications to select the vendor(s) were issued in October 2017. Vendors have not yet been selected. It is expected the facilities will be completed in late 2019 – early 2020.

Trail Ridge Landfill

JEA purchases energy from two landfill gas-to-energy facilities through PPA agreements with Landfill Energy Systems (LES). Each agreement is for 9.6 MWs. Currently, JEA purchases 9.6 MW from Trail Ridge Landfill in Jacksonville, FL and 6.4 MW from Sarasota Landfill in Sarasota, FL. LES can supply the remaining 3.2 MW from Sarasota if it is expanded and becomes available. JEA pays only for the energy produced. LES pays all transmission and ancillary charges associated with transmitting the energy from Sarasota to Jacksonville. This facility came online in January 2015. Purchases of energy for the fiscal years 2017 and 2016 were $3,671 and $3,724.

11. Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. Given reduced volatility in natural gas prices and limited need for oil during fiscal years 2016 and 2017, JEA's use of financial instruments to protect against the risk of adverse fuel and purchased power price movements was limited. In January 2015, JEA established natural gas collars through fiscal year 2017 for 20% to 25% of its expected annual natural gas requirements. There was no additional activity in the program during fiscal year 2016 or 2017 and those collars have since expired.

At September 30, 2017 and 2016, the energy market risk management program had no open NYMEX natural gas futures contracts and had margin deposits of $0 in 2017 and $12 in 2016. These deposits are included in other noncurrent assets on the accompanying statements of net position.

JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB Statement No. 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred charge or a deferred credit until such time that the transactions end. Deferred charges of $0 were included in deferred outflows of resources on the statements of net position at September 30, 2017 and $1,134 at 2016. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position. For the year ended September 30, 2017, there was a realized loss included in fuel expense of $323 and $3,842 in 2016.

12. Pension Plans

Substantially all employees of the Electric System and Water and Sewer System participate in and contribute to the City of Jacksonville General Employee Retirement Plan (GERP), as amended. The GERP is a cost-sharing, multiple-employer contributory defined benefit pension plan with a defined contribution alternative. GERP, based on laws outlined in the City of Jacksonville Ordinance Code and applicable Florida statutes, provides for retirement, survivor, death, and disability benefits. Its latest financial statements and required supplementary information are included in the 2016 Comprehensive Annual Financial Report of the City of Jacksonville, Florida. This report may be obtained at: http://www.coj.net/getattachment/Departments/Finance/Accounting/Comprehensive-Annual-Financial-Reports/City-of-Jacksonville-2016-CAFR-sec.pdf.aspx or by writing to the City of Jacksonville, Florida, Department of Administration and Finance, Room 300, City Hall, 117 West Duval Street, Jacksonville, Florida 32202-3418.

The first phase of pension reform was approved by the City of Jacksonville in April 2017. The reform provides for a dedicated funding source for the GERP, Corrections Officers Plan, and Police and Fire Pension Plan through the extension of the Better Jacksonville Plan half-cent sales tax. The surtax will remain in effect until the earlier of December 31, 2060 or when it is determined by the actuarial report to the Florida Department of Management Services that the funding level of each of the City's three defined benefit retirement plans, which are funded by surtax, is expected to reach or exceed 100%.

In order for a plan to benefit from the sales tax revenue, the GERP was closed to new members and employees as of September 30, 2017. Employee contribution rates for GERP participants increased from 8% to 10%. Employees who participate in the defined benefit plan will continue to participate with no changes in benefits.

New employees hired after September 30, 2017 now enter the General Employees Defined Contribution Plan. Ongoing defined contribution participants and new employees continue to contribute 8% of salary while employer contributions to the defined contribution plan increased from 8% to 12%.

Plan Benefits Provided – Participation in the GERP is mandatory for all full-time employees of JEA, Jacksonville Housing Authority, North Florida Transportation Planning Authority, and the City of Jacksonville, other than police officers and firefighters. Appointed officials and permanent employees not in the civil service system may opt to become members of GERP. Elected officials are members of the Florida Retirement System Elected Officer Class. Members of the GERP are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member is entitled to a retirement benefit of 2.5% of final average compensation, multiplied by the number of years of credited service, up to a maximum benefit of 80% of final monthly compensation. A time service retirement benefit is payable bi-weekly, to commence upon the first payday coincident with or next payday following the member's actual retirement, and will continue until death.

12. Pension Plans (continued)

Each member and survivor is entitled to a cost of living adjustment (COLA). The COLA consists of a 3% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences in the first full pay period of April occurring at least 4.5 years (and no more than 5.5 years) after retirement. In addition, there is a supplemental benefit. The supplemental benefit is equal to five dollars ($5) multiplied by the number of years of credited service. This benefit may not exceed $150 per month.

Contributions – Florida law requires plan contributions be made annually in amounts determined by an actuarial valuation in either dollars or as a percentage of payroll. The Florida Division of Retirement reviews and approves the City's actuarial report to ensure compliance with actuarial standards and appropriateness for funding purposes. In fiscal years 2017 and 2016, JEA plan members were required to contribute 8% of their annual covered salary and JEA's contribution of the covered payroll for the JEA plan members was $48,942 (38.27%) in 2017 and $43,156 (33.48%) in 2016. Contributions were made in accordance with contribution requirements determined through an actuarial valuation.

Defined Contribution Plan

The City has, by ordinance, a defined contribution (DC) plan within the Jacksonville Retirement System for GERP participants as an employee choice alternative to the defined benefit (DB) plans. Beginning in fiscal year 2011, employees had the option to participate in a DC plan. Employees vest in the employer contributions to the plan at 25% after two years, and 25% per year thereafter until fully vested after five years of service. Employees hired prior to September 30, 2017 can electively change from the DC plan to the DB plan, or vice versa, up to three times within their first five years of participation.

In fiscal years 2017 and 2016, JEA plan members of the defined contribution plan were required to contribute 8% of their annual covered salary. JEA's contribution for the members of the defined contribution plan was $982 (8%) in 2017 and $920 (8%) in 2016.

All contributions for both the defined contribution and defined benefit plans of the City of Jacksonville were separated between the pension contribution and a disability program fund. Due to this change, a physical exam is not required to participate in the plans.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflow of Resources Related to Pensions

Net Pension Liability – JEA's net pension liability at September 30, 2017 and September 30, 2016 was measured based on an actuarial valuation as of September 30, 2016 and September 30, 2015, respectively. JEA's allocated share of the net pension liability is $541,025 (50.37%) as of September 30, 2017 based on an allocation proportional to the actual contributions paid during the year ended September 30, 2016. JEA's allocated share of the net pension liability as of September 30, 2016 was $480,353 (49.15%) based on an allocation proportional to the present value of future benefits calculated under the actuarial assumptions used to determine contribution requirements.

12. Pension Plans (continued)

For the year ended September 30, 2017 and 2016, JEA's recognized pension expense is $74,849 and $57,217, respectively. JEA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30 2017	2016
Deferred outflows of resources		
Changes in assumptions	**$ 49,859**	$ 29,940
Contributions subsequent to the measurement date	**48,942**	43,156
Differences between expected and actual experience	**24,354**	–
Net difference between projected and actual earnings on pension investments	**24,319**	50,257
Changes in proportion	**9,599**	1,925
Total	**$ 157,073**	$ 125,278
Deferred inflows of resources		
Changes in assumptions	**$ (5,454)**	$ (7,095)
Differences between expected and actual experience	**(2,525)**	(3,461)
Total	**$ (7,979)**	$ (10,556)

Contributions of $48,942 were reported as deferred outflows of resources related to pensions resulting from JEA contributions subsequent to the September 30, 2016 measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2018	$ 30,643
2019	30,643
2020	27,366
2021	11,500
Total	$ 100,152

12. Pension Plans (continued)

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of September 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases assumption	3.00%-6.00%, of which 2.75% is the Plan's long-term payroll inflation
Investment rate of return	7.40%, net of pension plan investment expense, including inflation
Healthy pre-retirement mortality rates	50% RP2000 Combined Healthy White Collar and 50% RP2000 Combined Healthy Blue Collar, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 Combined Healthy White Collar, set forward 2.5 years, projected generationally with Scale BB for females.
Healthy post-retirement mortality rates	50% RP2000 White Collar Annuitant and 50% RP2000 Blue Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 White Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for females.
Disabled mortality rates	RP-2000 Disabled Retiree Mortality Table, setback four years for males and set forward two years for females

The actuarial assumptions used in the valuations were based on the results of an experience study for the period October 1, 2007 to September 30, 2012. Data from the experience study is reviewed in conjunction with each annual valuation, and updates to the mortality improvement scale and discount rate have been made as of September 30, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016, are summarized in the following table. The long-term expected real rates of return are based on 20-year projections of capital market assumptions provided by Segal Marco Advisors.

12. Pension Plans (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	35%	6.71%
International equity	20%	7.71%
Fixed income	19%	2.11%
Real estate	25%	5.21%
Cash	1%	1.10%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability is 7.40%. The projection of cash flows used to determine the discount rate assumed plan member contributions would be made at their applicable contribution rates and that City contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability. Cash flow projections were run for a 120-year period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Jacksonville GERP, calculated using the discount rate of 7.40% for 2017 and 7.5% for 2016, as well as what the Jacksonville GERP's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the discount rate used:

	Net Pension Liability	
	2017	2016
1% decrease	**$ 713,190**	$ 634,471
Current discount	**541,025**	480,353
1% increase	**397,385**	351,381

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is included in the 2016 Comprehensive Annual Financial Report of the City of Jacksonville, Florida.

12. Pension Plans (continued)

St. Johns River Power Park Plan Description

Plan Description – The SJRPP Plan is a single employer contributory defined benefit plan covering employees of SJRPP. The SJRPP Plan provides for pension, death, and disability benefits. Participation in the SJRPP Plan is required as a condition of employment. The SJRPP Plan is subject to provisions of Chapter 112 of the State of Florida Statutes and the oversight of the Florida Division of Retirement. The SJRPP Plan is governed by a five-member pension committee (Pension Committee).

The SJRPP Plan periodically issue stand-alone audited financial statements, with the most recent report issued for the year ended September 30, 2016. This report may be obtained at https://www.jea.com/About/Investor_Relations/Financial_Reports/SJRPP_Pension.

Pursuant to the February 25, 2013 amendment, the SJRPP Plan consists of two tiers: Tier One is the Defined Benefits Tier and Tier Two is the Cash Balance Tier. Tier One participants will remain in the traditional defined benefit plan, and Tier Two employees (defined as employees with less than 20 years of experience) will participate in a modified defined benefit plan, or "cash balance" plan, with an employer match provided for any Tier Two employee who contributes to the 457 Plan. Participants hired after February 25, 2013 are only eligible to accrue Tier Two benefits.

Plan Benefits Provided – Members of the SJRPP Plan are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member in Tier One is entitled to a retirement benefit of:

- 2.0% of final average earnings (FAE) multiplied by the number of years of credited service, not to exceed 15 years
- plus 2.4% of FAE multiplied by the number of years of credited service in excess of 15 years, but not to exceed 30 years
- plus .65% of the excess FAE over the Social Security Average Wages multiplied by years of credited service, not to exceed 35 years

FAE is the annual average of a participant's earnings over the highest 36 consecutive complete months out of the last 120 months of participation immediately preceding retirement or termination. Retirement benefits are payable bi-weekly beginning on the first day of the month following or coincident with the participant's Earliest Retirement Age.

12. Pension Plans (continued)

As of February 25, 2013, the accrued benefits in Tier One of newly classified Tier Two participants were frozen. Distribution of frozen Tier One Benefits is governed by the provisions applicable to Tier One. Tier Two Benefits employees receive annual pay credits to their Cash Balance accounts in the amount of 6.0% of earnings between February 25, 2013 and September 30, 2015 and 8.5% of earnings on or after October 1, 2015. Cash Balance Accounts are credited with interest at the rate of 4% per year. Benefits may be distributed as a lump sum, by rollover in accordance with the Internal Revenue Service Code or as an annuity, at the election of the participant.

For participants retired on or after October 1, 2003, each member and survivor of Tier One is entitled to a COLA. The COLA consists of a 1% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences each October 1 following the fifth anniversary of payment commencement.

Employees Covered by Benefit Terms – At September 30, 2017 and September 30, 2016, the following employees were covered by the benefit terms:

	2017	2016
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	**299**	273
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	**49**	52
Active Plan Members	**209**	226
Total Plan Members	**557**	551

Contributions – The SJRPP Plan's funding policy provides for biweekly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. In fiscal years 2017 and 2016, SJRPP plan members were required to contribute 4% of their annual covered salary, and SJRPP employer's contribution to the SJRPP Plan was $8,039 (51.47%) in 2017 and $2,142 (17.77%) in 2016.

Net Pension Liability – SJRPP's net pension liability at September 30, 2017 and September 30, 2016 was measured based on an actuarial valuation as of September 30, 2016 and September 30, 2015, respectively.

12. Pension Plans (continued)

Actuarial Assumptions –The total pension liability in the October 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	2.5%–12.5% per year, including inflation
Investment rate of return	7.00%
Mortality rates	Mortality Rates used by the Florida Retirement System for classes other than Special Risk, described as follows: Healthy Mortality (Pre-Retirement and Post-Retirement) rates used: Females: RP2000 Healthy Annuitant rates with 100% White Collar adjustment, generationally projected from year 2000 using Scale BB. Males: RP2000 Healthy Annuitant rates with 50% White Collar/50% Blue Collar adjustment, generationally projected from year 2000 using Scale BB.

The actuarial assumptions used in the October 1, 2016, valuation were based on the demographic experience from 2004 through 2012 and economic forecasts available at the time the report was issued. Mortality rates were developed by the Florida Retirement System in a recent experience study and are different from rates used in the previous valuation. These rates will be mandated by the State Statutes for funding valuations beginning with 2016 valuations.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation at the measurement date of September 30, 2016, are summarized in the following table.

12. Pension Plans (continued)

The target allocation and the best estimates of the rate of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	47%	7.99%
Fixed income	45%	2.50%
International equity	8%	6.90%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability is 7.0%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that the employer's contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of SJRPP, calculated using a discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2017	2016
1% decrease	$ **33,650**	$ 32,982
Current discount rate	**16,640**	16,241
1% increase	**2,206**	1,928

12. Pension Plans (continued)

Changes in the net pension liability are detailed below.

	2017	2016
Total pension liability		
Beginning balance	**$ 155,143**	$ 150,629
Service cost	**1,210**	1,275
Interest on the total pension liability	**10,514**	10,271
Changes in benefit terms	**(59)**	–
Difference between expected and actual experience	**4,444**	–
Changes in assumptions	**–**	3,316
Benefit payments	**(12,326)**	(10,348)
Ending balance	**158,926**	155,143
Plan fiduciary net postion		
Beginning balance	**138,902**	145,425
Employer contributions	**2,142**	3,509
Employee contributions	**629**	648
Pension plan net investment income (loss)	**13,379**	(266)
Benefit payments	**(12,326)**	(10,348)
Administrative expense	**(440)**	(66)
Ending balance	**142,286**	138,902
Net pension liability	**$ 16,640**	$ 16,241

Pension Plan fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued SJRPP Pension Plan financial report.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension

Net Pension Liability – SJRPP's net pension liability at September 30, 2017 and September 30, 2016 was measured based on an actuarial valuation as of September 30, 2016 and September 30, 2015, respectively. SJRPP's net pension liability is $16,640 as of September 30, 2017 and $16,241 as of September 30, 2016.

12. Pension Plans (continued)

For the year ended September 30, 2017 and 2016, SJRPP recognized pension expense is $4,785 and $3,402, respectively. SJRPP Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	September 30 2017	2016
Deferred outflows of resources		
Net difference between projected and actual earnings on pension plan investments	**$ 6,136**	$ 8,181
Contributions subsequent to the measurement date	**8,664**	2,771
Differences between expected and actual experience	**4,022**	1,148
Changes in assumptions	**1,809**	2,563
Total	**$ 20,631**	$ 14,663
Deferred outflows of resources		
Net difference between projected and actual earnings on pension plan investments	**$ (4,976)**	$ (2,657)
Total	**$ (4,976)**	$ (2,657)

Contributions of $8,664 were reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the September 30, 2016 measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2018	$ 2,683
2019	2,371
2020	2,630
2021	(693)
Total	$ 6,991

13. Other Postemployment Benefits

Plan Description

Plan administration – JEA maintains a medical benefits plan (OPEB Plan) that it makes available to its retirees. The medical plan is 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 OPEB Plan does not issue publicly audited financial statements.

Plan membership – As of September 30, 2015 (the actuarial valuation date), the OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	590
Active plan members	2,073
TOTAL	2,663

Benefits provided – The postretirement benefit portion of the benefits plan (OPEB Plan) refers to the benefits applicable to current and future retirees and their beneficiaries. In addition, retirees are eligible to continue life insurance coverage through the plan sponsored by JEA. Premiums for the first $5,000 of coverage are being subsidized by the employer and, as such, are considered as other postemployment benefits for the purposes of GASB Statement No. 45. As of January 1, 2016, the PPO plan out of pocket maximums increased to $5,000/$10,000, the deductible increased to $500 per year, the coinsurance changed to 80%/50%, and the specialist copay increased to $60. The HRA out of pocket maximum increased to $5,000/$10,000. The HSA deductible was set to $1,500 for in network and $2,500 for out of network. The copays for prescription drug benefits under all plan options increased to $10/$40/$60 and copays for specialty drugs increased to $250. These changes were modeled by replacing the previously assumed trend of 6.5% with -1.00% for the 2017 plan year.

Contributions – Retired members pay the full premium associated with the health coverage elected. There is no direct JEA subsidy currently applicable; however, there is an implicit cost. Spouses and other dependents are also eligible for coverage and the member is responsible for payment of the applicable premiums.

Florida law prohibits JEA from separately rating retirees and active employees. Therefore, JEA assigns to both groups blended-rate premiums. GAAP requires the actuarial liabilities to be calculated using age-adjusted premiums approximating claim costs for retirees separate from active members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

In 2008, JEA began to advance-fund the OPEB obligation. This was accomplished by establishing a separate trust into which JEA makes periodic deposits and withdrawals to reimburse operations for costs incurred on a pay-as-you-go basis.

13. Other Postemployment Benefits (continued)

Actuarial assumptions – The total OPEB liability was determined by an actuarial rollforward for September 30, 2017 that was based on an actuarial valuation previously performed on September 30, 2015. The following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	2.50% to 12.50% depending on service, including inflation.
Investment rate of return	7.00%
Healthcare cost trend rates*	7.00% 1st year, -1.00% 2nd year, 6.25% 3rd year, decreasing to an ultimate rate of 4.59% in the 25th year

* 2nd year reflects a -1.00% trend rate to model the changes made to out of pocket expenses for participants effective January 1, 2016.

Actuarial valuations of the ongoing plan involve estimates and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes of the accompanying financial statements, present information about whether the actuarial value of the OPEB Plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing the benefit costs between the employer and OPEB Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Annual OPEB Costs and Net OPEB Asset

Fiscal Year Ending September 30	Annual OPEB Cost	JEA Contributions*	Percentage of Retiree Cost Contributed	Net Asset
2017	**$ 4,221**	**$ 4,138**	**98.05%**	**$ (2,723)**
2016	5,064	7,738	152.81%	(2,806)
2015	4,978	7,256	145.75%	(131)

* Implicit premiums paid by JEA.

13. Other Postemployment Benefits (continued)

The following table shows the components of JEA's annual OPEB costs for the year, the amount contributed to the OPEB Plan, and the changes in the net OPEB asset to JEA as of September 30, 2016 and 2015. In the statement of net position, the net OPEB asset is recorded in other assets.

	September 30	
	2017	**2016**
Annual required contribution (ARC)	**4,138**	5,061
Interest on OPEB plan obligation	**(196)**	(9)
Adjustment to ARC	**279**	12
Annual OPEB plan retiree cost*	**4,221**	5,064
OPEB plan obligation (asset) at beginning of year	**$ (2,806)**	$ (131)
Contributions made	**(4,138)**	(7,739)
OPEB plan asset at end of year	**$ (2,723)**	$ (2,806)

* Implicit additional premiums paid by JEA.

Funded Status

As of October 1, 2015, the most recent valuation date, the OPEB Plan was 34.46% funded. The actuarial accrued liability for benefits was $52,682, and the actuarial value of assets was $18,156, resulting in an unfunded actuarial accrued liability (UAAL) of $34,526. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was $150,073, and the ratio of the UAAL to the covered payroll was 23.01%. These numbers reflect the changes to participant benefits effective as of January 1, 2016.

14. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. For JEA, this statement applies to certain investments, interest rate swap agreements, and natural gas cash flow hedges.

JEA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

14. Fair Value Measurements (continued)

Investments

JEA's investments are summarized in the table below. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. Money market mutual funds are managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and are recorded at net asset value (NAV). The local government investment pools transact with participants at a stable NAV and are recorded at NAV. Certain U.S. Treasury and government agency securities and commercial paper are measured at cost.

	2017			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments by fair value level				
U.S. Treasury and government agency securities	**$ 420,524**	**$ 420,524**	**$ –**	**$ –**
State and local government securities	**323,507**	**54,923**	**268,584**	**–**
Total investments by fair value level	**$ 744,031**	**$ 475,447**	**$ 268,584**	**$ –**
Investments measured at NAV				
Money market mutual funds	**51,460**			
Local government investment pools	**138,207**			
Total investments measured at fair value	**933,698**			
Investments measured at cost				
U.S. Treasury and government agency securities	**118,363**			
Commercial paper	**170,829**			
Total investments by cost	**289,192**			
Total investments per statement of net position	**$ 1,222,890**			

	2016			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments by fair value level				
U.S. Treasury and government agency securities	$ 438,655	$ 438,655	$ –	$ –
State and local government securities	299,770	77,925	221,845	–
Total investments by fair value level	$ 738,425	$ 516,580	$ 221,845	$ –
Investments measured at NAV				
Money market mutual funds	138,533			
Total investments measured at fair value	876,958			
Investments measured at cost				
U.S. Treasury and government agency securities	143,560			
Commercial paper	252,454			
Total investments by cost	396,014			
Total investments per statement of net position	$ 1,272,972			

14. Fair Value Measurements (continued)

Interest Rate Swap Agreements

JEA's interest rate swap agreements are valued using market rates as of September 30, 2017 and 2016 and standard cash flow present valuing techniques, which places them at Level 2 in the fair value hierarchy. The agreements are recorded at fair value as part of long-term debt in the statements of net position. The fair value of the interest rate swap agreements is detailed below.

	2017	2016
Electric	**$ (101,350)**	$ (145,808)
Water and Sewer	**(23,919)**	(35,986)
Total	**$ (125,269)**	$ (181,794)

Natural Gas Cash Flow Hedges

JEA's natural gas cash flow hedges consisted of call and put options. These hedges were valued using prices observed on commodities exchanges and/or using industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs, which placed them at Level 3 in the fair value hierarchy. The fair market value changes in the hedges were recorded on a net basis in the statements of net position as either a deferred charge or a deferred credit until such time that the transactions end. At September 30, 2017 and 2016, deferred charges of $0 and $1,134 were included in deferred outflows of resources on the statements of net position, respectively.

15. Commitments and Contingent Liabilities

Grants

JEA participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of JEA. It is management's opinion that the results of these audits will have no material adverse effect on JEA's financial position or results of operations.

Regulatory Initiatives

The electric industry and water and wastewater industry have been and will continue to be affected by a number of legislative and regulatory initiatives. The following summarizes the key regulations impacting JEA:

15. Commitments and Contingent Liabilities (continued)

Electric Enterprise System – On August 3, 2015, the Environmental Protection Agency (EPA) issued concurrently three separate rules pertaining to emissions of carbon dioxide (CO2) fossil fuel-fired electric generating units (EGUs):

- The Final Clean Power Plan (CPP), applicable to existing fossil fuel-fired electric EGUs.
- The Final Carbon Pollution Standards Rule (CPS), applicable to new, modified and reconstructed fossil fuel-fired EGUs.
- The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

On February 9, 2016, the United States Supreme Court (SCOTUS) issued an order staying implementation of the CPP. The SCOTUS granted the applications of numerous parties to stay the CPP pending judicial review of the rule. On March 28, 2017, President Trump issued an Executive Order establishing a national policy "in favor of energy independence, economic growth, and the rule of law". The President has directed agencies to review existing regulations that potentially burden the development of domestic energy resources, and appropriately suspend, revise, or rescind regulations that unduly burden the development of U.S. energy resources beyond what is necessary to protect the public interest or otherwise comply with the law. The Executive Order specifically directed EPA to review and, if appropriate, initiate reconsideration proceedings to suspend, revise or rescind the new EPA Final Rules pertaining to CO2 emissions. EPA initially obtained temporary court orders to hold the court challenge of the CPP and the CPS in abeyance, pending the completion of EPA's review of the rules. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

On October 16, 2017, EPA issued a proposed rule to repeal the CPP in its entirety due to the Administration's different interpretation of the authority for CO2 regulation under the CAA. EPA indicates that its review of the CPS is continuing. Regardless of the outcome of the legal challenges or of related EPA rulemaking, the EPA's Endangerment Finding that mandates the regulation of CO2 emissions remains intact. EPA indicates that it has not determined the scope of any new regulation or if or when a new rule will be promulgated. Because of this, JEA is unable at this time to ascertain the impact of prospective regulation of CO2 emissions.

On July 6, 2011, the EPA released the Cross-State Air Pollution Rule (CSAPR), which is intended as a substitute for the invalidated Clean Air Interstate Rule (CAIR). In the CSAPR, the EPA determined that 27 states in the eastern United States are in violation of the Clean Air Act, because they significantly contribute to nonattainment or interference with the maintenance of attainment of three National Ambient Air Quality Standards (NAAQS) in one or more downwind states. The three air quality standards addressed in the CSAPR are the 1997 and 2006 fine particulate matter ($PM_{2.5}$), NAAQS, and the 1997 ozone NAAQS. To address these violations, the CSAPR imposes Federal Implementation Plans (FIPs) that establish state budgets for SO2 and NOx emissions from EGUs. The EPA targeted these two pollutants, because they are precursors to the formation of $PM_{2.5}$ and ozone in the atmosphere. The budgets are allocated to individual EGUs in the form of allowances and the CSAPR permits limited interstate emissions trading and unlimited

15. Commitments and Contingent Liabilities (continued)

intrastate emissions trading as a means of compliance. States became subject to the emission budgets in 2012, with more stringent limits taking effect in 2014. In April 2014, the SCOTUS upheld the rule, but remanded back certain legal issues to the DCA to address. On July 28, 2015, the DCA issued an order and opinion remanding, without vacatur, certain state budgets under the CSAPR for reconsideration by the EPA, including the ozone-season NOx emissions budget for Florida. On September 7, 2016, the EPA issued a final updated CSAPR rule that removed Florida and two other eastern states from the rule. However, the EPA has made known that it is in the early stages of developing a supplemental rule (CSAPR Update II) to address the 2015 ozone and $PM_{2.5}$ NAAQS. It is possible that the CSAPR Update II may mandate deeper emission reductions and an expansion of the geographic area for regulation, possibly to again include Florida. The EPA has not established a rulemaking schedule for the CSAPR Update II. Consequently, JEA is not able to estimate any impacts from the CSAPR Update II.

On December 21, 2011, the EPA issued its Mercury and Air Toxics Standards (MATS) rule, setting forth maximum achievable control technology (MACT) standards for coal and oil generating stations. The new standards regulate four categories of hazardous air pollutants (HAPS) emitted by coal- or oil-fired EGUs, namely mercury, HAP metals, acid gases, and organic HAP.

The compliance deadline for affected sources to have all necessary pollution controls installed was April 2015. JEA's units that are regulated under MATS comply with all rule requirements.

In April 2015, the EPA finalized rules to regulate the disposal and management of coal combustion residuals (CCRs), meaning fly ash, bottom ash, boiler slag, and flue gas desulfurization materials, destined for disposal from coal-fired power plants. The new rule became effective on October 19, 2015 and establishes technical requirements for surface impoundments and landfills. The rule will require protective controls, such as liners and groundwater monitoring, at landfills and surface impoundments that store CCRs. The rule, as adopted by the EPA, will be enforced only by citizen-initiated lawsuits, rather than by the EPA. However, there is legislation pending in Congress that: 1) converts the rule from being "self-implementing" to a permit program the states would have primary responsibility to administer; and, 2) provides states with the flexibility to adjust and tailor federal CCR requirements to meet local, case-specific situations, so long as they are adequately protective of federal CCR requirements.

The rule applies to CCR management practices at SJRPP and Scherer. The rule does not apply to management of CCRs at Northside Generating Station (NGS) as long as it continues to burn a fuel mix with less than 50% coal. The currently operating cell within Area B of SJRPP does not have to be lined, but must comply with the operating and monitoring requirements of the rule even after the plant is decommissioned in 2018. SJRPP's two closed byproduct storage areas (Areas I and II) are not affected by this rule. SJRPP has no regulated surface impoundments. Existing surface impoundments, like that at Scherer, are required to meet increased and more restrictive technical and operating criteria or close. Georgia Power has decided to close the surface impoundment at Scherer instead of pursuing a retrofit and the timeline for closure activities has yet to be determined.

15. Commitments and Contingent Liabilities (continued)

The EPA left in place the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard, and other contained applications that should not involve any exposure by the public to unsafe contaminants.

On November 22, 2010, the EPA entered into a settlement agreement with Riverkeeper, Inc. regarding rule-making dates for the EPA to set technology standards for cooling water intake systems for existing facilities under Section 316(b) of the Federal Clean Water Act. Section 316(b) requires that standards for the location, design, construction and capacity of cooling water intake systems reflect the best technology available for minimizing adverse environmental impacts. The EPA announced proposed standards for cooling water intake systems on March 28, 2011. Under the proposal, existing facilities are required to conduct studies to help their respective permitting authorities determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms that are captured in cooling water intake systems.

With few changes to the proposed rule, the EPA published the final rule in the Federal Register in August 2015. The new standards will not affect any JEA facilities other than NGS. NGS is one of more than 1,260 existing facilities that use large volumes of cooling water from lakes, rivers, estuaries, or oceans to cool their plants. The new standards will likely require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available (BTA) to improvements to the existing screening facilities or installation of cooling towers. A full two-year biological study is required to evaluate site-specific conditions and form a basis for assessing BTA and is expected to commence in 2018. Estimated final compliance deadlines are not expected until after 2024 and will depend on the level of upgrade ultimately required. Accordingly, costs of compliance have not been determined for NGS and are not included in JEA's capital program for the Electric System.

On September 30, 2016, the EPA issued the Effluent Limitation Guidelines for Steam Electric Power Plants. In setting the new and more stringent standards, the EPA evaluated the technologies and costs to remove metals and other parameters from individual wastewater streams generated by steam electric power plants and identify the BAT to affect their control. The new requirements for existing power plants must be phased in as soon as possible on or after November 1, 2018, but not later than December 31, 2023. Accordingly, no improvements will be necessary at SJRPP because of its looming decommissioning. The costs of compliance at NGS and Scherer have been evaluated and are anticipated in operating budgets and in JEA's five-year capital program for the Electric System.

Water Supply System Regulatory Initiatives – JEA was issued a 20 year Consumptive Use Permit (CUP) in May 2011 from the St. Johns River Water Management District (SJRWMD), which allows for aquifer withdrawals sufficient to completely satisfy customer demands until 2031 if certain permit conditions are met. JEA evaluates its total water management plan annually to continuously understand changes in demand and how to balance investments in a three-part program: (1) continued expansion of the reuse system, (2) measured conservation program and (3) water transfers from areas with a higher supply on JEA's north grid to areas with a lower supply on JEA's south grid via river-crossing pipelines. In North Florida, the Suwannee River Water Management District (SRWMD), Florida Department of Environmental Protection (FDEP), and the SJRWMD have set or are setting/revising Minimum Flows and Levels (MFLs) for water bodies

15. Commitments and Contingent Liabilities (continued)

in the region. MFLs are intended to assess the potential for ecological resource risks from water withdrawals and ensure sustainable supplies. In 2015, MFLs were adopted in the SRWMD and a determination required a recovery strategy. By permit, JEA will participate to the extent of its proportionate impact in prevention and recovery strategies that may be developed to ensure the groundwater resource remains sustainable.

Wastewater Treatment System Regulatory Initiatives – The Sewer System is regulated by the EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Act. In Florida, the EPA has delegated the wastewater regulatory program to FDEP. The FDEP has implemented a Total Maximum Daily Load regulation (TMDL) defining the mass of nitrogen and phosphorus that can be assimilated by the St. Johns River, to which 8 of JEA's 11 wastewater treatment plants discharge. This state rule limits the amount of nitrogen and phosphorus that these eight wastewater treatment facilities are allowed to discharge by permit. JEA is meeting these limits as the result of past capital improvements to its wastewater facilities, expansion of the reclaimed water system, and phase-out of smaller old technology wastewater facilities. By virtue of exceeding its own regulatory obligation, JEA has generated nutrient reduction credits and has assisted the City in meeting a portion of their Municipal Separate Storm System nutrient requirements by transferring 33.44 short tons per year. This was recognized in JEA's annual contribution agreement negotiated in 2016. In 2013, both the FDEP and EPA reaffirmed the site-specific nutrient standard that is codified in the Lower St. Johns River TMDL.

Pollution Remediation Obligations

JEA is subject to numerous federal, state, and local environmental regulations resulting in environmental liabilities due to compliance costs associated with new regulatory initiatives, enforcement actions, legal actions, and contaminated site assessment and remediation. Based on an analysis of the cost of cleanup and other identified environmental contingencies, JEA has accrued a liability associated with the remediation efforts. In accordance with GASB No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, based on project estimates and probabilities, the liability is estimated to be $19,720 at September 30, 2017. The accrual is related to the following environmental matters: Kennedy Generating Station RCRA Corrective Action for former wood preserving site; Sans Souci Substation remedial activities; Pearl Street Electric Shop remedial activities; Southside Generating Station site, WSSC PCB Issue, Northside Generating Station RCRA Corrective Action program; and remediation at a number of miscellaneous petroleum sites. Of the $19,720 that JEA has accrued as environmental liabilities, approximately $13,836 is associated with the expected cost of remediating the former wood preserving facility at the Kennedy Generating Facility. Following are other environmental matters that could have an impact on JEA; however, the resolution of these matters is uncertain and no accurate prediction of range of loss is possible at this time: Pickettville Road Landfill CERCLA site post-closure activities, Devil's Swamp Lake CERCLA site, Ellis Road CERCLA site, and BCX Tanks site. Although uncertainties associated with these recognized environmental liabilities remain, JEA believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect upon its financial position, results of operations, or liquidity. Costs associated with these obligations that were expensed prior to the approval of regulatory accounting for environmental projects are recorded in other noncurrent liabilities and total $17,672. The remaining liability is recognized as part of revenues to be used for future costs.

15. Commitments and Contingent Liabilities (continued)

Northside Generating Station Byproduct

JEA Northside Generating Station (NGS) Units 1 and 2 produce byproducts that consist of fly ash and bed ash. JEA has obtained a permit from FDEP to beneficially use the processed byproduct material in the State of Florida, subject to certain restrictions. These ash products are processed into materials marketed as EZBase and EZSorb. The expansion of rail capacity, the ability to load rail cars directly from the storage silos, and direct leasing of railcars has enabled JEA to become a full-service marketer, delivering products by truck or rail. EZSorb is currently being transported by truck and rail to leachate solidification and environmental remediation/stabilization projects in several southeastern states.

The Byproducts Storage Area is an FDEP permitted, Class I lined storage facility at NGS. JEA received a new 20-year permit effective May 4, 2015.

A case is pending in the Second Judicial Circuit in Harrison County, Mississippi. Plaintiff is suing multiple defendants seeking damages allegedly resulting from construction defects at The Promenade, a retail shopping mall in D'Iberville, Mississippi. Plaintiff amended the complaint in April 2010 to add JEA as a defendant on various product liability theories, claiming that JEA's ash byproduct was allegedly incorporated as a component of the product of another party defendant and used by other party defendants at the subject project. Plaintiff seeks injunctive relief, to remediate the site, and damages. Multiple third party claims and cross claims were raised and remain pending. JEA believes it has good and meritorious defenses in this action and will vigorously defend the case. The plaintiff is seeking approximately $75,000; however, the trial court ruled that JEA is entitled to a sovereign immunity cap of $500. Plaintiff has appealed this ruling.

Southside Generating Station

JEA decommissioned the Southside Generating System in October 2001. As part of this decommissioning, JEA signed the Brownfield Site Rehabilitation Agreement (BSRA) and Clean Closure Plan with the Florida Department of Environmental Protection. JEA has spent approximately $27,999 for demolition, disposal, and environmental remediation associated with the site. A portion of the property was offered for sale through a competitive bid process in 2014. JEA received proposals for the purchase of the site in October 2014 and a contract was approved by the JEA Board in January 2015. The contract with the top ranked proposer for $18,590 included a due diligence period of one year for site investigation and government approvals for zoning and development rights. The proposal outlined a mixed-use residential, commercial, office, and retail development mix. The prospective purchaser obtained approval for development rights for the site, approval of Master Plan Design Guidelines, a development agreement with the City, and an agreement between JEA, the Florida Department of Environmental Protection, and the purchaser regarding the BSRA responsibilities. At its November 2017 meeting, the JEA Board approved an extension through March 30, 2018 for the limited purpose of allowing the City and the prospective purchaser to enter into an agreement to assign the contract to the City. Closing of the sale will be scheduled by July 16, 2018 under the terms of the extension.

15. Commitments and Contingent Liabilities (continued)

General Litigation

JEA is party to various pending or threatened legal actions in connection with its normal operations. In the opinion of management, any ultimate liabilities that may arise from these actions are not expected to materially affect JEA's financial position, results of operations, or liquidity.

16. Storm Costs

Hurricane Matthew tracked parallel along the coast of Florida on October 7, 2016 and Hurricane Irma passed to the west of Jacksonville as a tropical storm on September 11, 2017, causing extensive damage within the JEA service territory. Damage to JEA property was primarily to the transmission and distribution systems. Because of the extensive damage, Jacksonville was declared a federal major disaster area, making JEA eligible to receive reimbursement from FEMA. Requests for Public Assistance for both declared disasters were filed and accepted.

Total storm costs incurred as of September 30, 2017 were $31,999. JEA is in the midst of the cost reimbursement process through FEMA, which allows cost share of 87.5% of eligible cost (75.0% from FEMA and 12.5% from the State of Florida). As a result, $27,999 of the eligible costs have been deferred as costs to be recovered from future revenues in the statement of net position with the 12.5%, or $4,000, being recognized in the maintenance and other operating expenses financial statement line item in the statement of revenues, expenses and changes in net position. JEA believes it is probable FEMA will reimburse JEA for the eligible cost incurred.

17. Segment Information

The financial statements of JEA contain four segments, as the Electric System and Bulk Power Supply System, the SJRPP System, the Water and Sewer System, and DES represent separate identifiable activities. These systems have debt outstanding with a revenue stream pledged in support of the debt. In addition, the activities are required to be accounted for separately. JEA's Electric System and Bulk Power Supply System segment consists of an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity primarily in Northeast Florida. JEA's SJRPP System segment consists of a generation facility that is 80% owned by JEA. JEA's Water and Sewer System segment consists of water collection, distribution, and wastewater treatment in Northeast Florida. The DES consists of chilled water activities.

Intercompany billing is employed between the Electric System, the Water and Sewer System, and DES and includes purchases of electricity, water, sewer, and chilled water services and the rental of inventory and buildings. The utility charges between entities are based on a commercial customer rate. All intercompany billings are eliminated in the monthly and annual financial statements. Electricity charges to the Water and Sewer System were $13,324 for fiscal year 2017 and $12,329 for fiscal year 2016. Electricity charges to DES were $3,351 for fiscal year 2017 and $3,389 for fiscal year 2016. Water and sewer charges to the Electric System were $147 for fiscal year 2017 and $561 for fiscal year 2016. Water and sewer charges to DES were $144 for fiscal year 2017 and $133 for fiscal year 2016. Chilled water charges to the Water and Sewer System were $507 for fiscal year 2017 and $394 for fiscal year 2016.

17. Segment Information (continued)

The Electric System shares certain administrative functions with the Water and Sewer System. Generally, these costs are charged to the Electric System and the costs of these functions are allocated to the Water and Sewer System based on the benefits provided. Operating expense allocated to the Water and Sewer System was $43,327 for fiscal year 2017 and $41,535 for fiscal year 2016.

In September 1999, the Water and Sewer System purchased the inventory owned by the Electric System for $32,929. This was initiated to increase the utilization of its assets between the Electric System and the Water and Sewer System. A monthly inventory carrying charge is paid by the Electric System based on the value of the inventory multiplied by one-twelfth of the prior year's Water and Sewer average cost of debt. Inventory carrying charges were $280 for fiscal year 2017 and $186 for fiscal year 2016.

In July 1999 and July 2004, the Electric System transferred several buildings to the Water and Sewer System in the amounts of $22,940 and $6,284, respectively, an amount equal to the net book value of the assets. Monthly, the Electric System reimburses the Water and Sewer System for their equitable allocation. Annual rent paid by the Electric System to the Water and Sewer System for use of these buildings was $1,999 for fiscal year 2017 and $1,979 for fiscal year 2016.

To utilize the efficiencies in the Customer Account Information billing system and reduce the administrative efforts in recording deposits, customer deposits are recorded to one Service Agreement per account. Deposits are allocated to the Electric System or Water and Sewer System based on revenues. When the deposits are credited to customer accounts, they are allocated between the service agreements.

17. Segment Information (continued)

Segment information for these activities for the fiscal years ended September 30, 2017 and 2016 was as follows:

	Electric System and Bulk Power Supply System		SJRPP System		Water and Sewer		DES	
	2017	2016	2017	2016	2017	2016	2017	2016
Condensed statements of net position								
Total current assets	$ 604,305	$ 667,702	$ 117,017	$ 102,329	$ 204,171	$ 162,810	$ 4,355	$ 4,449
Total noncurrent assets	734,748	662,330	276,865	300,528	576,909	585,179	3,257	4,233
Net capital assets	2,687,232	2,747,825	474,437	522,298	2,615,950	2,568,243	36,180	36,559
Deferred outflows of resources	275,667	304,425	27,339	27,091	128,994	129,991	203	211
Total assets and deferred outflows of resources	$ 4,301,952	$ 4,382,282	$ 895,658	$ 952,246	$ 3,526,024	$ 3,446,223	$ 43,995	$ 45,452
Total current liabilities	$ 145,154	$ 122,809	$ 11,722	$ 14,049	$ 35,426	$ 31,528	$ 89	$ 158
Total current liabilities payable from restricted assets	191,785	155,691	157,877	156,447	120,756	94,706	2,445	2,605
Total noncurrent liabilities	369,633	334,961	14,865	14,114	219,850	190,565	11	39
Total long-term debt	2,328,211	2,583,143	420,060	467,060	1,625,187	1,702,376	36,446	38,082
Total liabilities	3,034,783	3,196,604	604,524	651,670	2,001,219	2,019,175	38,991	40,884
Deferred inflows of resources	282,419	353,170	151,613	161,774	22,534	26,001	–	–
Net investment in capital assets	425,023	312,000	(3,751)	(11,572)	1,202,706	1,123,294	(1,818)	(3,218)
Restricted net position	336,210	296,268	39,530	63,217	211,911	228,181	2,539	3,534
Unrestricted net position	223,517	224,240	103,742	87,157	87,654	49,572	4,283	4,252
Total net position	984,750	832,508	139,521	138,802	1,502,271	1,401,047	5,004	4,568
Total liabilities, deferred inflows of resources, and net position	$ 4,301,952	$ 4,382,282	$ 895,658	$ 952,246	$ 3,526,024	$ 3,446,223	$ 43,995	$ 45,452
Condensed statements of revenues, expenses, and changes in net position information								
Total operating revenues	$ 1,299,592	$ 1,234,189	$ 268,899	$ 252,940	$ 457,908	$ 427,750	$ 8,692	$ 8,731
Depreciation	199,743	195,105	42,754	42,754	141,838	142,282	2,364	2,291
Total operating expenses	782,778	735,271	203,273	182,531	163,293	155,043	4,570	4,823
Operating income	317,071	303,813	22,872	27,655	152,777	130,425	1,758	1,617
Total nonoperating expenses, net	(72,558)	(72,820)	(22,153)	(22,848)	(52,807)	(49,293)	(1,322)	(1,366)
Total contributions	(92,271)	(103,720)	–	–	1,254	(3,447)	–	–
Changes in net position	152,242	127,273	719	4,807	101,224	77,685	436	251
Net position, beginning of year	832,508	705,235	138,802	133,995	1,401,047	1,323,362	4,568	4,317
Net position, end of year	$ 984,750	$ 832,508	$ 139,521	$ 138,802	$ 1,502,271	$ 1,401,047	$ 5,004	$ 4,568
Condensed statements of cash flow information								
Net cash provided by operating activities	$ 447,372	$ 534,172	$ 37,578	$ 64,888	$ 287,362	$ 289,931	$ 3,588	$ 4,841
Net cash used in noncapital and related financing activities	(92,225)	(103,548)	–	–	(23,469)	(25,393)	–	–
Net cash used in capital and related financing activities	(396,812)	(357,929)	(63,622)	(72,629)	(259,443)	(214,659)	(5,139)	(4,595)
Net cash provided by (used in) investing activities	86,505	(93,551)	17,053	(2,159)	(21,679)	(58,544)	45	21
Net change in cash and cash equivalents	44,840	(20,856)	(8,991)	(9,900)	(17,229)	(8,665)	(1,506)	267
Cash and cash equivalents at beginning of year	295,223	316,079	130,018	139,918	163,138	171,803	8,541	8,274
Cash and cash equivalents at end of year	$ 340,063	$ 295,223	$ 121,027	$ 130,018	$ 145,909	$ 163,138	$ 7,035	$ 8,541

18. Subsequent Events

During October 2017, JEA replaced three standby bond purchase agreements relating to Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D, 2000 Series F-2, and 2000 Series A with stated expiration dates of October 2, 2020.

During its November 2017 meeting, the JEA Board increased the authorization levels for refunding bond transactions previously authorized by the Board under the December 2016 Resolutions for the Electric and Water and Sewer Systems in anticipation of potential refunding transactions currently being evaluated. The following table summarizes the changes:

	Prior Authorization		Revised Authorization		
System	Senior	Subordinated	Senior	Subordinated	Expiration
Electric	$ 571,000	$ 333,000	$ 771,000	$ 533,000	December 31, 2018
Water and Sewer	253,000	165,000	603,000	265,000	December 31, 2018

REQUIRED SUPPLEMENTARY INFORMATION

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

September 30, 2017

Schedules of Required Supplementary Information

Schedule of JEA's Proportionate Share of the Net Pension Liability

City of Jacksonville General Employees Retirement Plan

Last Four Fiscal Years*

	2017	2016	2015	2014
Proportional share percentage	**50.37%**	49.15%	48.85%	48.85%
Net pension liability	**$ 541,025**	$ 480,353	$ 404,466	$ 386,789
Covered payroll	**$ 126,808**	$ 127,440	$ 128,084	$ 129,922
Net pension liability as a percentage of covered payroll	**426.65%**	376.92%	315.78%	297.71%
Plan fiduciary net pension as a percentage of the total pension liability	**63.00%**	64.03%	69.06%	68.64%

Schedule of JEA Contributions

City of Jacksonville General Employees Retirement Plan

Last Ten Fiscal Years*

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2009	$ 13,280	$ 13,280	$ –	$ 120,727	11.00%
2010	16,257	16,257	–	125,054	13.00%
2011	17,195	17,195	–	132,269	13.00%
2012	22,301	22,301	–	127,434	17.50%
2013	27,038	27,038	–	129,990	20.80%
2014	34,149	34,149	–	122,353	27.91%
2015	40,179	40,179	–	125,656	31.98%
2016	43,156	43,156	–	128,882	33.48%
2017	48,942	48,942	–	126,375	38.73%

* These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on measurement year basis.

Notes to Schedule of Contributions

Valuation date:	October 1, 2016
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll, using 1.5% Annual Increases*
Remaining amortization period	All new bases are amortized over 30 years.
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actual assumptions:	
Investment rate of return	7.40%, including inflation, net of pension plan investment expense
Inflation rate	2.75%*
Projected salary increases	3.00% – 6.00%, of which 2.75% is the Plan's long-term payroll inflation assumption
Cost-of-living adjustments	The Plan provision contains a 3.00% COLA.

* The Fund's payroll inflation assumption is 2.75%. However, based on Part VII, Chapter 112.64(5)(a) of *Florida Statutes*, an assumption of 1.14% was used for amortization purposes in the October 1, 2016 valuation.

JEA
Required Supplementary Information – Pension (continued)
(Dollars in Thousands)

SJRPP Plan – Schedule of Changes in Net Pension Liability and Related Ratios*

	2017	2016	2015
Total Pension Liability			
Beginning balance	**$ 155,143**	$ 150,629	$ 146,521
Service cost	**1,210**	1,275	1,470
Interest	**10,514**	10,271	10,026
Changes in benefit terms	**(59)**	–	–
Difference between actual and expected experience	**714**	3,316	2,121
Changes in assumptions	**3,730**	–	–
Benefit payments	**(12,326)**	(10,348)	(9,509)
Total pension liability – ending	**$ 158,926**	$ 155,143	$ 150,629
Plan Fiduciary Net Position			
Beginning balance	**$ 138,902**	$ 145,425	$ 135,019
Contributions – employer	**2,142**	3,509	5,559
Contributions – employee	**629**	648	655
Net investment income	**13,379**	(266)	13,763
Benefit payments	**(12,326)**	(10,348)	(9,509)
Administrative expense	**(440)**	(66)	(62)
Plan fiduciary net position – ending	**$ 142,286**	$ 138,902	$ 145,425
Net Pension Liability – Ending	**$ 16,640**	$ 16,241	$ 5,204
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**89.53%**	89.53%	96.55%
Covered Payroll	**$ 15,730**	$ 16,665	$ 21,304
Net Pension Liability as a Percentage of Covered Payroll	**105.79%**	97.46%	24.43%

* These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

SJRPP Pension Plan – Schedule of Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2008	$ 10,045	$ 10,081	$ (36)	$ 21,610	46.65%
2009	10,239	10,398	(159)	21,327	48.76%
2010	13,453	13,565	(112)	19,431	69.81%
2011	8,919	9,028	(109)	19,895	45.38%
2012	7,995	8,005	(10)	19,318	41.44%
2013	11,845	11,885	(40)	17,761	66.92%
2014	5,397	5,559	(162)	21,304	26.09%
2015	3,414	3,509	(95)	16,665	21.06%
2016	2,050	2,142	(92)	15,730	13.62%
2017	7,967	8,039	(72)	15,621	51.46%

* Payroll amount shown for the year ending 9/30/2014 represents covered payroll, payroll amount for the year ending 9/30/2015 is the same as the valuation payroll for the 10/1/2015 valuation and the 9/30/2016 amounts represents covered payroll and is based on the employee contributions reported for that year.

Notes to Schedule of Contributions

Valuation date:	October 1, 2015
Notes	Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	3 years
Asset valuation method	Market Value of Assets
Inflation	2.50%
Salary increases	2.5% – 12.5% per year, including inflation
Investment rate of return	7.00% per year compounded annually, net of investment expenses
Retirement age	Experience-based table of rates based on year of eligibility
Mortality	Mortality Rates used by the Florida Retirement System for classes other than Special Risk, described as follows: Healthy Mortality (Pre-Retirement and Post-Retirement) rates used: Females: RP2000 Healthy Annuitant rates with 100% White Collar adjustment, generationally projected from year 2000 using Scale BB. Males: RP2000 Healthy Annuitant rates with 50% White Collar/50% Blue Collar adjustment, generationally projected from year 2000 using Scale BB.

Other information:

Notes	There were no benefit changes during the year.

JEA
Required Supplementary Information – OPEB
(Dollars in Thousands)

Schedule of Funding Progress

The following funding schedule presents multi-year trend information on the funded status of the Other Postemployment Benefit Plan as of September 30, 2017. The schedule has been prepared using the Entry Age Actuarial Method.

Valuation Date	Actuarial Value of Assets	AAL	UAAL	Percentage Funded	Annual Covered Payroll	UAAL as Percentage of Payroll
October 1, 2011	$ 6,471	$ 77,280	$ 70,809	8.37%	$ 150,714	46.98%
October 1, 2013	$ 13,349	$ 62,479	$ 49,130	21.36%	$ 148,617	33.06%
October 1, 2015*	$ 18,156	$ 52,682	$ 34,526	34.46%	$ 150,073	23.01%

* Adjusted to reflect plan changes effective as of January 1, 2016.

See Other Postemployment Benefits note for more information on the OPEB Plan.

JEA
Combining Statement of Net Position
(In Thousands)

September 30, 2017

	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	$ 340,063	$ 41,950	$ –	$ 382,013	$ 103,741	$ 3,805	$ 489,559
Investments	20,629	4,493	–	25,122	–	–	25,122
Accounts and interest receivable, net of allowance of $2,101	203,433	16,597	(27,230)	192,800	52,094	550	245,444
Inventories:							
Fuel	38,044	34,199	–	72,243	–	–	72,243
Materials and supplies	2,136	19,778	–	21,914	48,336	–	70,250
Total current assets	604,305	117,017	(27,230)	694,092	204,171	4,355	902,618
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	–	79,077	–	79,077	42,168	3,230	124,475
Investments	442,080	192,794	–	634,874	301,834	–	936,708
Accounts and interest receivable	20	952	–	972	757	–	1,729
Total restricted assets	442,100	272,823	–	714,923	344,759	3,230	1,062,912
Costs to be recovered from future revenues	275,936	4,042	–	279,978	226,089	27	506,094
Investment in The Energy Authority	6,283	–	–	6,283	–	–	6,283
Other assets	10,429	–	–	10,429	6,061	–	16,490
Total noncurrent assets	734,748	276,865	–	1,011,613	576,909	3,257	1,591,779
Capital assets:							
Land and easements	123,585	6,660	–	130,245	61,258	3,051	194,554
Plant in service	5,326,764	1,316,707	–	6,643,471	4,340,544	55,240	11,039,255
Less accumulated depreciation	(2,867,037)	(851,023)	–	(3,718,060)	(1,991,742)	(24,091)	(5,733,893)
Plant in service, net	2,583,312	472,344	–	3,055,656	2,410,060	34,200	5,499,916
Construction work in progress	103,920	2,093	–	106,013	205,890	1,980	313,883
Net capital assets	2,687,232	474,437	–	3,161,669	2,615,950	36,180	5,813,799
Total assets	4,026,285	868,319	(27,230)	4,867,374	3,397,030	43,792	8,308,196
Deferred outflows of resources							
Unrealized pension contributions and losses	95,814	16,505	–	112,319	61,259	–	173,578
Unamortized deferred losses on refundings	78,503	10,834	–	89,337	43,816	203	133,356
Accumulated decrease in fair value of hedging derivatives	101,350	–	–	101,350	23,919	–	125,269
Total deferred outflows of resources	275,667	27,339	–	303,006	128,994	203	432,203
Total assets and deferred outflows of resources	$ 4,301,952	$ 895,658	$ (27,230)	$ 5,170,380	$ 3,526,024	$ 43,995	$ 8,740,399

JEA
Combining Statement of Net Position
(In Thousands)

September 30, 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 102,962	$ 11,722	$ (3,221)	$ 111,463	$ 20,340	$ 89	$ 131,892
Customer deposits	42,192	–	–	42,192	15,086	–	57,278
Total current liabilities	145,154	11,722	(3,221)	153,655	35,426	89	189,170
Current liabilities payable from restricted assets:							
Debt due within one year	135,105	41,330	–	176,435	51,020	1,640	229,095
Renewal and replacement reserve	–	82,577	–	82,577	–	–	82,577
Interest payable	40,458	9,571	–	50,029	31,501	691	82,221
Construction contracts and accounts payable	16,222	24,399	(24,009)	16,612	38,235	114	54,961
Total current liabilities payable from restricted assets	191,785	157,877	(24,009)	325,653	120,756	2,445	448,854
Noncurrent liabilities:							
Net pension liability	330,025	13,312	–	343,337	211,000	–	554,337
Other liabilities	39,608	1,553	–	41,161	8,850	11	50,022
Total noncurrent liabilities	369,633	14,865	–	384,498	219,850	11	604,359
Long-term debt:							
Bonds payable, less current portion	2,171,305	408,885	–	2,580,190	1,555,485	36,485	4,172,160
Unamortized premium (discount), net	55,556	11,175	–	66,731	45,783	(39)	112,475
Fair value of debt management strategy instruments	101,350	–	–	101,350	23,919	–	125,269
Total long-term debt	2,328,211	420,060	–	2,748,271	1,625,187	36,446	4,409,904
Total liabilities	3,034,783	604,524	(27,230)	3,612,077	2,001,219	38,991	5,652,287
Deferred inflows of resources							
Revenues to be used for future costs	277,552	147,632	–	425,184	19,422	–	444,606
Unrealized pension gains	4,867	3,981	–	8,848	3,112	–	11,960
Total deferred inflows of resources	282,419	151,613	–	434,032	22,534	–	456,566
Net position							
Net investment in capital assets	425,023	(3,751)	–	421,272	1,202,706	(1,818)	1,622,160
Restricted	336,210	39,530	24,009	399,749	211,911	2,539	614,199
Unrestricted	223,517	103,742	(24,009)	303,250	87,654	4,283	395,187
Total net position	984,750	139,521	–	1,124,271	1,502,271	5,004	2,631,546
Total liabilities, deferred inflows of resources, and net position	$ 4,301,952	$ 895,658	$ (27,230)	$ 5,170,380	$ 3,526,024	$ 43,995	$ 8,740,399

JEA
Combining Statement of Net Position
(In Thousands)

September 30, 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 295,223	$ 40,096	$ –	$ 335,319	$ 78,887	$ 4,308	$ 418,514
Investments	132,878	10,199	–	143,077	–	–	143,077
Accounts and interest receivable, net of allowance of $3,641	201,002	17,659	(20,603)	198,058	39,094	141	237,293
Inventories:							
Fuel	36,479	13,373	–	49,852	–	–	49,852
Materials and supplies	2,120	21,002	–	23,122	44,829	–	67,951
Total current assets	667,702	102,329	(20,603)	749,428	162,810	4,449	916,687
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	–	89,922	–	89,922	84,251	4,233	178,406
Investments	405,189	202,842	–	608,031	276,581	–	884,612
Accounts and interest receivable	48	725	–	773	772	–	1,545
Total restricted assets	405,237	293,489	–	698,726	361,604	4,233	1,064,563
Costs to be recovered from future revenues	240,429	7,039	–	247,468	216,142	–	463,610
Investment in The Energy Authority	6,166	–	–	6,166	–	–	6,166
Other assets	10,498	–	–	10,498	7,433	–	17,931
Total noncurrent assets	662,330	300,528	–	962,858	585,179	4,233	1,552,270
Capital assets:							
Land and easements	121,235	6,660	–	127,895	59,714	3,051	190,660
Plant in service	5,141,679	1,345,035	–	6,486,714	4,252,580	53,648	10,792,942
Less accumulated depreciation	(2,686,264)	(839,469)	–	(3,525,733)	(1,879,932)	(21,815)	(5,427,480)
Plant in service, net	2,576,650	512,226	–	3,088,876	2,432,362	34,884	5,556,122
Construction work in progress	171,175	10,072	–	181,247	135,881	1,675	318,803
Net capital assets	2,747,825	522,298	–	3,270,123	2,568,243	36,559	5,874,925
Total assets	4,077,857	925,155	(20,603)	4,982,409	3,316,232	45,241	8,343,882
Deferred outflows of resources							
Unrealized pension contributions and losses	77,673	11,731	–	89,404	47,606	–	137,010
Unamortized deferred losses on refundings	79,810	15,360	–	95,170	46,399	211	141,780
Accumulated decrease in fair value of hedging derivatives	146,942	–	–	146,942	35,986	–	182,928
Total deferred outflows of resources	304,425	27,091	–	331,516	129,991	211	461,718
Total assets and deferred outflows of resources	$ 4,382,282	$ 952,246	$ (20,603)	$ 5,313,925	$ 3,446,223	$ 45,452	$ 8,805,600

JEA
Combining Statement of Net Position
(In Thousands)

September 30, 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 81,596	$ 14,049	$ (196)	$ 95,449	$ 17,618	$ 158	$ 113,225
Customer deposits	41,213	–	–	41,213	13,910	–	55,123
Total current liabilities	122,809	14,049	(196)	136,662	31,528	158	168,348
Current liabilities payable from restricted assets:							
Debt due within one year	102,240	43,785	–	146,025	33,875	1,625	181,525
Renewal and replacement reserve	–	80,809	–	80,809	–	–	80,809
Interest payable	43,536	10,657	–	54,193	32,086	699	86,978
Construction contracts and accounts payable	9,915	21,196	(20,407)	10,704	28,745	281	39,730
Total current liabilities payable from restricted assets	155,691	156,447	(20,407)	291,731	94,706	2,605	389,042
Noncurrent liabilities:							
Net pension liability	297,819	12,993	–	310,812	182,534	–	493,346
Other liabilities	37,142	1,121	–	38,263	8,031	39	46,333
Total noncurrent liabilities	334,961	14,114	–	349,075	190,565	39	539,679
Long-term debt:							
Bonds payable, less current portion	2,369,215	450,215	–	2,819,430	1,612,640	38,125	4,470,195
Unamortized premium (discount), net	68,120	16,845	–	84,965	53,751	(43)	138,673
Fair value of debt management strategy instruments	145,808	–	–	145,808	35,985	–	181,793
Total long-term debt	2,583,143	467,060	–	3,050,203	1,702,376	38,082	4,790,661
Total liabilities	3,196,604	651,670	(20,603)	3,827,671	2,019,175	40,884	5,887,730
Deferred inflows of resources							
Revenues to be used for future costs	346,625	159,648	–	506,273	21,989	–	528,262
Unrealized pension gains	6,545	2,126	–	8,671	4,012	–	12,683
Total deferred inflows of resources	353,170	161,774	–	514,944	26,001	–	540,945
Net position							
Net investment in capital assets	312,000	(11,572)	–	300,428	1,123,294	(3,218)	1,420,504
Restricted	296,268	63,217	20,407	379,892	228,181	3,534	611,607
Unrestricted	224,240	87,157	(20,407)	290,990	49,572	4,252	344,814
Total net position	832,508	138,802	–	971,310	1,401,047	4,568	2,376,925
Total liabilities, deferred inflows of resources, and net position	$ 4,382,282	$ 952,246	$ (20,603)	$ 5,313,925	$ 3,446,223	$ 45,452	$ 8,805,600

JEA
Combining Statement of Revenues, Expenses, and Changes in Net Position
(In Thousands)

Year Ended September 30, 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric	$ 1,270,144	$ 268,899	$ (140,162)	$ 1,398,881	$ –	$ –	$ (16,675)	$ 1,382,206
Water and sewer	–	–	–	–	448,348	–	(291)	448,057
District energy system	–	–	–	–	–	8,692	(507)	8,185
Other	29,448	–	–	29,448	9,560	–	(2,279)	36,729
Total operating revenues	1,299,592	268,899	(140,162)	1,428,329	457,908	8,692	(19,752)	1,875,177
Operating expenses								
Operations and maintenance:								
Fuel	289,949	168,845	–	458,794	–	–	–	458,794
Purchased power	217,618	–	(140,162)	77,456	–	–	–	77,456
Maintenance and other operating expenses	219,434	46,445	–	265,879	141,445	4,570	(19,752)	392,142
Depreciation	199,743	42,754	–	242,497	141,838	2,364	–	386,699
State utility and franchise taxes	59,121	–	–	59,121	10,562	–	–	69,683
Recognition of deferred costs and revenues, net	(3,344)	(12,017)	–	(15,361)	11,286	–	–	(4,075)
Total operating expenses	982,521	246,027	(140,162)	1,088,386	305,131	6,934	(19,752)	1,380,699
Operating income	317,071	22,872	–	339,943	152,777	1,758	–	494,478
Nonoperating expenses, net								
Interest on debt	(94,350)	(24,064)	–	(118,414)	(63,183)	(1,395)	–	(182,992)
Investment income	5,177	1,522	–	6,699	3,832	45	–	10,576
Allowance for funds used during construction	6,102	–	–	6,102	5,644	28	–	11,774
Other nonoperating income, net	4,595	389	–	4,984	934	–	–	5,918
Earnings from The Energy Authority	6,335	–	–	6,335	–	–	–	6,335
Other interest, net	(417)	–	–	(417)	(34)	–	–	(451)
Total nonoperating expenses, net	(72,558)	(22,153)	–	(94,711)	(52,807)	(1,322)	–	(148,840)
Income before contributions	244,513	719	–	245,232	99,970	436	–	345,638
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(92,271)	–	–	(92,271)	(23,552)	–	–	(115,823)
Developers and other	906	–	–	906	65,969	–	–	66,875
Reduction of plant cost through contributions	(906)	–	–	(906)	(41,163)	–	–	(42,069)
Total contributions	(92,271)	–	–	(92,271)	1,254	–	–	(91,017)
Change in net position	152,242	719	–	152,961	101,224	436	–	254,621
Net position, beginning of year	832,508	138,802	–	971,310	1,401,047	4,568	–	2,376,925
Net position, end of year	984,750	139,521	–	1,124,271	1,502,271	5,004	–	2,631,546

JEA
Combining Statement of Revenues, Expenses, and Changes in Net Position
(In Thousands)

Year Ended September 30, 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric	$ 1,207,378	$ 252,940	$ (122,887)	$ 1,337,431	$ –	$ –	$ (15,718)	$ 1,321,713
Water and sewer	–	–	–	–	418,098	–	(694)	417,404
District energy system	–	–	–	–	–	8,731	(394)	8,337
Other	26,811	–	–	26,811	9,652	–	(2,165)	34,298
Total operating revenues	1,234,189	252,940	(122,887)	1,364,242	427,750	8,731	(18,971)	1,781,752
Operating expenses								
Operations and maintenance:								
Fuel	276,230	146,183	–	422,413	–	–	–	422,413
Purchased power	186,348	–	(122,887)	63,461	–	–	–	63,461
Maintenance and other operating expenses	214,467	48,094	–	262,561	131,806	4,823	(18,971)	380,219
Depreciation	195,105	42,754	–	237,859	142,282	2,291	–	382,432
State utility and franchise taxes	60,843	–	–	60,843	10,401	–	–	71,244
Recognition of deferred costs and revenues, net	(2,617)	(11,746)	–	(14,363)	12,836	–	–	(1,527)
Total operating expenses	930,376	225,285	(122,887)	1,032,774	297,325	7,114	(18,971)	1,318,242
Operating income	303,813	27,655	–	331,468	130,425	1,617	–	463,510
Nonoperating expenses, net								
Interest on debt	(93,673)	(26,537)	–	(120,210)	(62,835)	(1,412)	–	(184,457)
Investment income	5,987	3,279	–	9,266	4,937	22	–	14,225
Allowance for funds used during construction	4,782	–	–	4,782	4,601	24	–	9,407
Other nonoperating income, net	4,305	410	–	4,715	4,050	–	–	8,765
Earnings from The Energy Authority	6,136	–	–	6,136	–	–	–	6,136
Other interest, net	(357)	–	–	(357)	(46)	–	–	(403)
Total nonoperating expenses, net	(72,820)	(22,848)	–	(95,668)	(49,293)	(1,366)	–	(146,327)
Income before contributions	230,993	4,807	–	235,800	81,132	251	–	317,183
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(103,720)	–	–	(103,720)	(25,467)	–	–	(129,187)
Developers and other	1,841	–	–	1,841	51,811	–	–	53,652
Reduction of plant cost through contributions	(1,841)	–	–	(1,841)	(29,791)	–	–	(31,632)
Total contributions	(103,720)	–	–	(103,720)	(3,447)	–	–	(107,167)
Change in net position	127,273	4,807	–	132,080	77,685	251	–	210,016
Net position, beginning of year	705,235	133,995	–	839,230	1,323,362	4,317	–	2,166,909
Net position, end of year	$ 832,508	$ 138,802	$ –	$ 971,310	$ 1,401,047	$ 4,568	$ –	$ 2,376,925

JEA
Combining Statement of Cash Flows
(In Thousands)

Year Ended September 30, 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	$ 1,207,614	$ 269,957	$ (143,764)	$ 1,333,807	$ 433,648	$ 8,282	$ (17,473)	$ 1,758,264
Payments to suppliers	(601,766)	(201,275)	143,764	(659,277)	(91,308)	(4,171)	19,752	(735,004)
Payments to employees	(162,586)	(31,104)	–	(193,690)	(58,234)	(496)	–	(252,420)
Other operating activities	4,110	–	–	4,110	3,256	(27)	(2,279)	5,060
Net cash provided by operating activities	447,372	37,578	–	484,950	287,362	3,588	–	775,900
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(92,225)	–	–	(92,225)	(23,469)	–	–	(115,694)
Net cash provided by (used in) noncapital and related financing activities	(92,225)	–	–	(92,225)	(23,469)	–	–	(115,694)
Capital and related financing activities								
Acquisition and construction of capital assets	(128,450)	–	–	(128,450)	(177,345)	(2,123)	–	(307,918)
Interest paid on debt	(102,667)	(20,226)	–	(122,893)	(69,122)	(1,391)	–	(193,406)
Repayment of debt principal	(102,240)	(43,785)	–	(146,025)	(33,875)	(1,625)	–	(181,525)
Defeasance of debt	(153,210)	–	–	(153,210)	(6,135)	–	–	(159,345)
Proceeds from issuance of debt, net	90,405	–	–	90,405	–	–	–	90,405
Developer and other contributions	–	–	–	–	24,805	–	–	24,805
Other capital financing activities	(650)	389	–	(261)	2,229	–	–	1,968
Net cash used in capital and related financing activities	(396,812)	(63,622)	–	(460,434)	(259,443)	(5,139)	–	(725,016)
Investing activities								
Purchase of investments	(641,438)	(572,124)	–	(1,213,562)	(589,885)	–	–	(1,803,447)
Proceeds from sale and maturity of investments	714,603	585,322	–	1,299,925	561,671	–	–	1,861,596
Investment income	7,158	3,855	–	11,013	6,535	45	–	17,593
Distributions from The Energy Authority	6,182	–	–	6,182	–	–	–	6,182
Net cash provided by (used in) investing activities	86,505	17,053	–	103,558	(21,679)	45	–	81,924
Net change in cash and cash equivalents	44,840	(8,991)	–	35,849	(17,229)	(1,506)	–	17,114
Cash and cash equivalents at beginning of year	295,223	130,018	–	425,241	163,138	8,541	–	596,920
Cash and cash equivalents at end of year	$ 340,063	$ 121,027	$ –	$ 461,090	$ 145,909	$ 7,035	$ –	$ 614,034
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 317,071	$ 22,872	$ –	$ 339,943	$ 152,777	$ 1,758	$ –	$ 494,478
Adjustments:								
Depreciation and amortization	199,743	42,754	–	242,497	143,179	2,364	–	388,040
Recognition of deferred costs and revenues, net	(3,344)	(12,017)	–	(15,361)	11,286	–	–	(4,075)
Other nonoperating income, net	313	–	–	313	(1,117)	–	–	(804)
Changes in noncash assets and noncash liabilities:								
Accounts receivable	(2,083)	1,058	–	(1,025)	(12,751)	(409)	–	(14,185)
Accounts receivable, restricted	28	–	–	28	26	–	–	54
Inventories	(1,582)	(19,603)	–	(21,185)	(3,507)	–	–	(24,692)
Other assets	(23,056)	–	–	(23,056)	(4,564)	(27)	–	(27,647)
Accounts and accrued expenses payable	21,878	(2,327)	–	19,551	3,780	(69)	–	23,262
Current liabilities payable from restricted liabilities	–	4,409	–	4,409	–	–	–	4,409
Other noncurrent liabilities and deferred inflows	(61,596)	432	–	(61,164)	(1,747)	(29)	–	(62,940)
Net cash provided by operating activities	$ 447,372	$ 37,578	$ –	$ 484,950	$ 287,362	$ 3,588	$ –	$ 775,900
Non-cash activity								
Contribution of capital assets from developers	$ 906	$ –	$ –	$ 906	$ 41,163	$ –	$ –	$ 42,069
Unrealized gains (losses) on fair value of investments	$ (2,193)	$ (2,556)	$ –	$ (4,749)	$ (2,961)	$ –	$ –	$ (7,710)

JEA
Comb ning Statement of Cash Flows
(In Thousands)

Year Ended September 30, 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	$ 1,299,754	$ 255,812	$ (126,088)	$ 1,429,478	$ 416,441	$ 9,554	$ (16,806)	$ 1,838,667
Payments to suppliers	(637,812)	(165,181)	126,088	(676,905)	(82,255)	(4,169)	18,971	(744,358)
Payments to employees	(156,876)	(25,743)	–	(182,619)	(57,085)	(544)	–	(240,248)
Other operating activities	29,106	–	–	29,106	12,830	–	(2,165)	39,771
Net cash provided by operating activities	534,172	64,888	–	599,060	289,931	4,841	–	893,832
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(103,586)	–	–	(103,586)	(25,393)	–	–	(128,979)
Payment from City of Jacksonville, Florida	38	–	–	38	–	–	–	38
Net cash provided by (used in) noncapital and related financing activities	(103,548)	–	–	(103,548)	(25,393)	–	–	(128,941)
Capital and related financing activities								
Acquisition and construction of capital assets	(158,631)	–	–	(158,631)	(137,833)	(1,581)	–	(298,045)
Interest paid on debt	(105,146)	(22,094)	–	(127,240)	(69,024)	(1,404)	–	(197,668)
Repayment of debt principal	(98,765)	(50,945)	–	(149,710)	(36,180)	(1,610)	–	(187,500)
Proceeds from issuance of debt, net	–	–	–	–	3,000	–	–	3,000
Developer and other contributions	–	–	–	–	22,020	–	–	22,020
Other capital financing activities	4,613	410	–	5,023	3,358	–	–	8,381
Net cash used in capital and related financing activities	(357,929)	(72,629)	–	(430,558)	(214,659)	(4,595)	–	(649,812)
Investing activities								
Purchase of investments	(1,179,522)	(520,661)	–	(1,700,183)	(604,483)	–	–	(2,304,666)
Proceeds from sale and maturity of investments	1,072,095	514,705	–	1,586,800	542,166	–	–	2,128,966
Investment income	6,414	3,797	–	10,211	3,773	21	–	14,005
Distributions from The Energy Authority	7,462	–	–	7,462	–	–	–	7,462
Net cash provided by (used in) investing activities	(93,551)	(2,159)	–	(95,710)	(58,544)	21	–	(154,233)
Net change in cash and cash equivalents	(20,856)	(9,900)	–	(30,756)	(8,665)	267	–	(39,154)
Cash and cash equivalents at beginning of year	316,079	139,918	–	455,997	171,803	8,274	–	636,074
Cash and cash equivalents at end of year	$ 295,223	$ 130,018	$ –	$ 425,241	$ 163,138	$ 8,541	$ –	$ 596,920
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 303,813	$ 27,655	$ –	$ 331,468	$ 130,425	$ 1,617	$ –	$ 463,510
Adjustments:								
Depreciation and amortization	195,105	42,754	–	237,859	145,460	2,291	–	385,610
Recognition of deferred costs and revenues, net	(2,617)	(11,746)	–	(14,363)	12,836	–	–	(1,527)
Other nonoperating income, net	(49)	–	–	(49)	1,548	–	–	1,499
Changes in noncash assets and noncash liabilities:								
Accounts receivable	4,834	2,872	–	7,706	(1,751)	824	–	6,779
Accounts receivable, restricted	55	–	–	55	24	–	–	79
Inventories	(195)	14,031	–	13,836	(2,063)	–	–	11,773
Other assets	(1,251)	–	–	(1,251)	(1,038)	–	–	(2,289)
Accounts and accrued expenses payable	(57,412)	(9,671)	–	(67,083)	4,632	127	–	(62,324)
Current liabilities payable from restricted liabilities	–	(799)	–	(799)	–	–	–	(799)
Other noncurrent liabilities and deferred inflows	91,889	(208)	–	91,681	(142)	(18)	–	91,521
Net cash provided by operating activities	$ 534,172	$ 64,888	$ –	$ 599,060	$ 289,931	$ 4,841	$ –	$ 893,832
Non-cash activity								
Contribution of capital assets from developers	$ 1,841	$ –	$ –	$ 1,841	$ 29,791	$ –	$ –	$ 31,632
Unrealized gains (losses) on fair value of investments	$ (291)	$ (220)	$ –	$ (511)	$ 1,135	$ –	$ –	$ 624

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Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
JEA
Jacksonville, Florida

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of JEA, which comprise the statements of net position as of September 30, 2017, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered JEA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JEA's internal control. Accordingly, we do not express an opinion on the effectiveness of JEA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JEA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

December 5, 2017

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BOND COMPLIANCE INFORMATION

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Building a better working world

Report of Independent Certified Public Accountants on Schedules of Debt Service Coverage

The Board of Directors
JEA
Jacksonville, Florida

We have audited, in accordance with auditing standards generally accepted in the United States, the accompanying schedules of debt service coverage (as specified in the respective JEA Bond Resolutions) of the JEA Electric System, the JEA Bulk Power System, the JEA St. Johns River Power Park System, the JEA Water and Sewer System and the JEA District Energy System for the years ended September 30, 2017 and 2016, based on the financial statements referred to in the Report on Financial Statements as of September 30, 2017 and 2016 paragraph below.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of the schedules of debt service coverage in conformity with the respective JEA Bond Resolutions. Management also is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules of debt service coverage that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedules of debt service coverage based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules of debt service coverage are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules of debt service coverage. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules of debt service coverage, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedules of debt service coverage in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedules of debt service coverage.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the schedules referred to above present fairly, in all material respects, the debt service coverage of the JEA Electric System, the JEA Bulk Power System, the JEA St. Johns River Power Park System, the JEA Water and Sewer System, and the JEA District Energy System for the years ended September 30, 2017 and 2016, in conformity with the basis specified in the respective JEA Bond Resolutions.

Contractual Basis of Accounting

The method of calculating the schedules of debt service coverage is prescribed by the applicable JEA Bond Resolutions, which require the maintenance of certain minimum debt service coverage ratios. Our opinion is not modified with respect to this matter.

Report on Financial Statements as of September 30, 2017 and 2016

We have audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of JEA as of and for the years ended September 30, 2017 and 2016, and have issued our report, with an unmodified opinion thereon, dated December 5, 2017.

Restrictions on Use

This report is intended solely for the information and use of management and the board of directors of JEA, and the bond trustees and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

December 5, 2017

A member firm of Ernst & Young Global Limited

JEA Electric System

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30	
	2017	**2016**
Revenues		
Electric	**$ 1,206,919**	$ 1,240,324
Investment income (1)	**5,939**	3,675
Earnings from The Energy Authority	**6,335**	6,136
Other, net (2)	**29,758**	26,777
Plus: amounts paid from the rate stabilization fund into the revenue fund	**79,216**	66,812
Less: amounts paid from the revenue fund into the rate stabilization fund	**(15,991)**	(99,758)
Total revenues	**1,312,176**	1,243,966
Operating expenses (3)		
Fuel	**253,204**	246,737
Purchased power (4)	**284,436**	251,729
Other operations and maintenance	**199,511**	189,794
State utility taxes and franchise fees	**57,951**	59,614
Total operating expenses	**795,102**	747,874
Net revenues	**$ 517,074**	$ 496,092
Debt service	**$ 71,557**	$ 79,428
Less: investment income on sinking fund	**(1,431)**	(2,603)
Less: Build America Bonds subsidy	**(1,516)**	(1,517)
Debt service requirement	**$ 68,610**	$ 75,308
Senior debt service coverage (5), (min 1.20x)	**7.54 x**	6.59 x
Net revenues (from above)	**$ 517,074**	$ 496,092
Debt service requirement (from above)	**$ 68,610**	$ 75,308
Plus: aggregate subordinated debt service on outstanding subordinated bonds	**137,892**	98,419
Less: Build America Bonds subsidy	**(2,070)**	(2,084)
Total debt service requirement and aggregate subordinated debt service	**$ 204,432**	$ 171,643
Senior and subordinated debt service coverage (6), (min 1.15x)	**2.53 x**	2.89 x

(1) Excludes investment income on sinking funds.
(2) Excludes the Build America Bonds subsidy.
(3) Excludes depreciation and recognition of deferred costs and revenues, net.
(4) In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.
(5) Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.
(6) Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x

JEA Bulk Power Supply System

Schedule of Debt Service Coverage
(In Thousands)

	Year ended September 30 2017	2016
Revenues		
JEA	**$ 66,818**	$ 65,382
Investment income	**150**	133
Total revenues	**66,968**	65,515
Operating expenses (1)		
Fuel	**36,745**	29,493
Other operations and maintenance	**14,522**	17,893
Total operating expenses	**51,267**	47,386
Net revenues	**$ 15,701**	$ 18,129
Aggregate debt service	**$ 9,679**	$ 10,758
Less: Build America Bonds subsidy	**(699)**	(737)
Aggregate debt service	**$ 8,980**	$ 10,021
Debt service coverage (2)	**1.75 x**	1.81 x

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

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

JEA St. Johns River Power Park System

Schedule of Debt Service Coverage
(In Thousands)

1st Resolution

	Year Ended September 30	
	2017	**2016**
Revenues		
JEA	**$ 134,020**	$ 117,157
FPL	**128,737**	130,052
Investment income	**3,828**	3,300
Total revenues	**266,585**	250,509
Operating expenses (1)		
Fuel	**168,845**	146,183
Other operations and maintenance	**38,110**	39,165
Total operating expenses	**206,955**	185,348
Net revenues	**$ 59,630**	$ 65,161
Aggregate debt service	**$ 47,521**	$ 52,123
Debt service coverage (2)	**1.25 x**	1.25 x

(1) Excludes depreciation and recognition of deferred costs and revenues, net.
(2) Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.25x.

2nd Resolution

	Year Ended September 30	
	2017	**2016**
Revenues		
JEA	**$ 14,572**	$ 14,510
Investment income	**250**	199
Total revenues	**14,822**	14,709
Operating expenses	**–**	–
Net revenues	**$ 14,822**	$ 14,709
Aggregate debt service	**$ 12,950**	$ 12,930
Less: Build America Bonds subsidy	**(389)**	(410)
Aggregate debt service	**$ 12,561**	$ 12,520
Debt service coverage (1)	**1.18 x**	1.17 x

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

JEA Water and Sewer System

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30 2017	2016
Revenues		
Water	$ 181,313	$ 170,807
Water capacity fees (1)	8,859	7,893
Sewer	264,469	248,990
Sewer capacity fees (1)	15,916	13,799
Investment Income	6,793	3,802
Other (2)	9,560	11,746
Plus: amounts paid from the rate stabilization fund into the revenue fund	26,842	21,790
Less: amounts paid from the revenue fund into the rate stabilization fund	(24,276)	(23,489)
Total revenues	489,476	455,338
Operating expenses		
Operations and maintenance (3)	152,007	142,208
Total operating expenses	152,007	142,208
Net revenues	$ 337,469	$ 313,130
Aggregate debt service	$ 97,699	$ 85,332
Less: Build America Bonds subsidy	(2,500)	(2,502)
Aggregate debt service	$ 95,199	$ 82,830
Senior debt service coverage (4), (min 1.25x)	3.54 x	3.78 x
Net revenues (from above)	$ 337,469	$ 313,130
Aggregate debt service (from above)	$ 95,199	$ 82,830
Plus: aggregate subordinated debt service on outstanding subordinated debt	17,592	12,587
Total aggregate debt service and aggregate subordinated debt service	$ 112,791	$ 95,417
Senior and subordinated debt service coverage (5)	2.99 x	3.28 x
Fixed charge coverage	2.78 x	3.01 x

(1) Effective October 1, 2001, the Water and Sewer Bond Resolution was amended to include capacity fees in total revenues. Had such capacity fees not been included in the calculation for the fiscal years ending September 30, 2017 and 2016, then the debt service coverage would have been 2.77x and 3.05x.
(2) Excludes the Build America Bonds subsidy.
(3) Excludes depreciation and recognition of deferred costs and revenues, net.
(4) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.
(5) Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges). Based on the first requirement, minimum annual coverage is 2.77x and 3.05x. Based on the second requirement, net revenues must exceed 100% of aggregate debt service and 120% of aggregate subordinated debt service, or $116,309 and $97,934 for the fiscal years ending September 30, 2017 and 2016.

JEA District Energy System

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30	
	2017	2016
Revenues		
Service revenues	$ 8,692	$ 8,731
Investment income	45	22
Total revenues	8,737	8,753
Operating expenses (1)		
Operations and maintenance	4,570	4,823
Total operating expenses	4,570	4,823
Net revenues	$ 4,167	$ 3,930
Aggregate debt service (2)	$ 3,022	$ 3,024
Debt service coverage (3) (min 1.15x)	1.38 x	1.30 x

(1) Excludes depreciation.

(2) On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month.

(3) Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

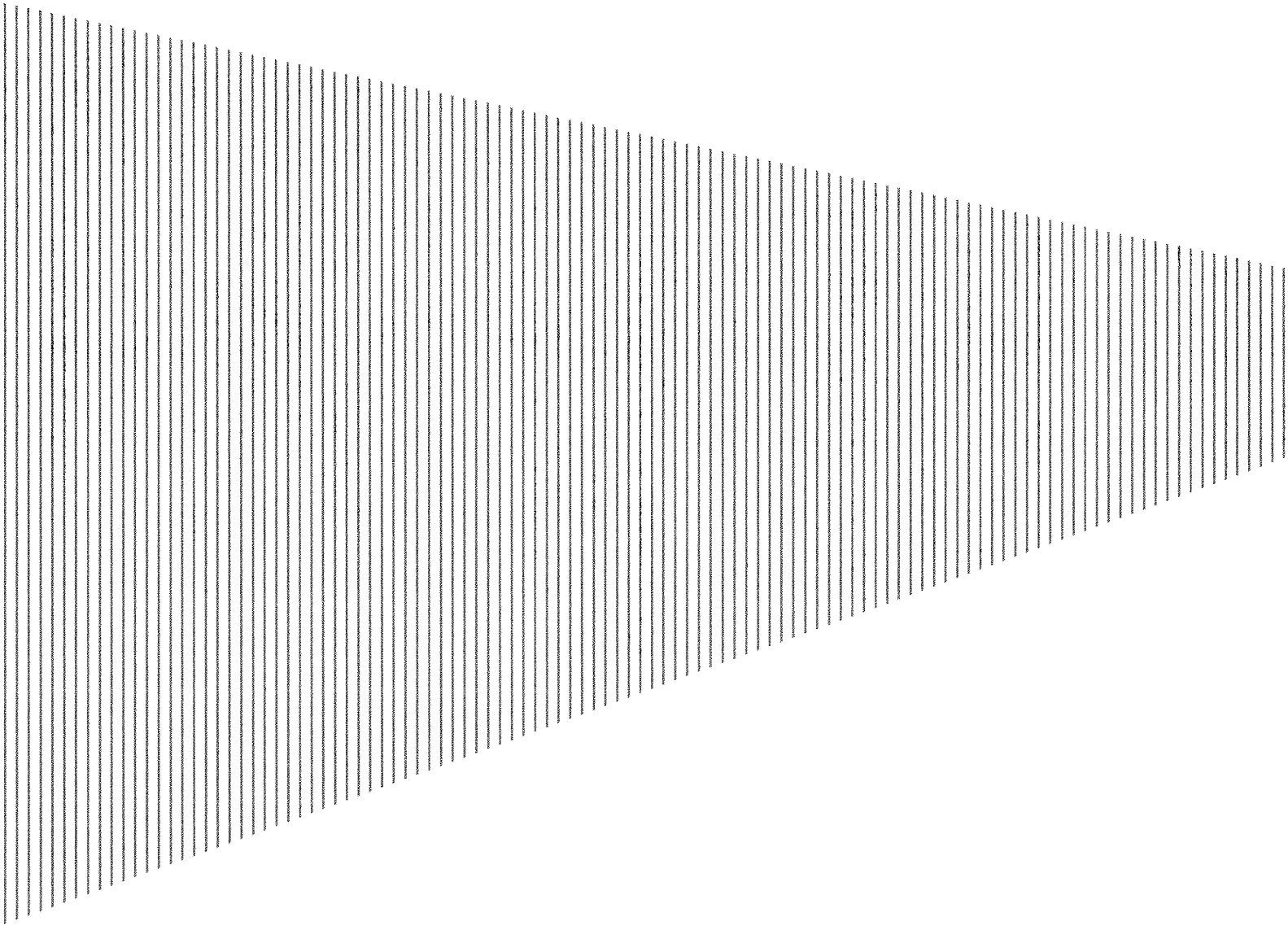
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NON DISCLOSURE AND CONFIDENTIALTY AGREEMENT

This Agreement is made as of February____, 2018 by and between _____, having its principal place of business at _____, (the "COMPANY") and **JEA**, having its principal place of business at 21 W. Church St., Jacksonville, FL 32202, referred to collectively as "**Parties**", and individually as "**Party**."

WHEREAS, the Parties are currently exploring a potential engagement related to a transaction (the "**Transaction**"). In the course of discussions regarding the Transaction, the Parties may share sensitive information and exchange information and data which is confidential and proprietary, and in such events the Parties agree that this Transaction shall be governed by this Non Disclosure and Confidentiality Agreement ("**Agreement**").

THEREFORE, in consideration of the receipt by the Parties from each other of such Confidential Information for their mutual benefit in connection with the Transaction, and the mutual covenants contained herein, the Parties hereby agree as follows:

(1) "**Confidential Information**" shall mean all descriptive information, economic, business, technical, engineering, data, or other documents relating to the "Transaction," which one Party (the "**Disclosing Party**") discloses to the other Party (the "**Receiving Party**") in documentary form, or which a Party discloses orally, identifies as being confidential, or at the time of disclosure, except any portion of such Confidential Information which: (i) at the time of disclosure is generally available to the public (other than as a result of a disclosure by any Party in violation of this Agreement); (ii) was available to any Party on a non-confidential basis from a source other than the Party hereto providing the Confidential Information, provided that such source is not and was not known by the Receiving Party to be bound by a confidentiality agreement that was applicable to the Confidential Information; or (iii) has been independently acquired or developed by any Party without violating any of its obligations under this Agreement.

(2) Regardless of whether a Transaction is consummated, during the period for which the obligations set forth in this Agreement are in effect, the Parties will keep such Confidential Information confidential and subject to the terms of this Agreement.

(3) Recipient shall employ all reasonable efforts to maintain any information received hereunder secret and confidential. Recipient shall not use Confidential Information for any purpose other than that set forth in Paragraph 1 above without prior approval of the Disclosing Party.

(4) No Receiving Party shall itself, or permit its employees or agents at any time to, use, reveal, report, publish, transfer or otherwise disclose to any person, corporation or other entity any Confidential Information without the prior written consent of the Disclosing Party providing the Confidential Information, except a Receiving Party may distribute the information, subject to any specific measures directed against such disclosure in Paragraph 3, to officers, employees or consultants of the Receiving Party who have a need for such information for purposes of evaluating the Transaction, provided that any disclosure by such officers, employees

or consultants in violation of the provisions of this Agreement shall be a breach of this Agreement by the Receiving Party.

(5) (a) If JEA is requested or required or becomes legally compelled (by deposition, interrogatories, subpoena, civil investigative demand, or similar process) to disclose any Confidential Information, JEA shall provide COMPANY with prompt notice of such request(s) so that COMPANY may seek an appropriate protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. The Parties further agree that if, in the absence of a protective order or other remedy not obtained, or that COMPANY waives compliance with the terms hereof, JEA agrees to provide only that limited portion of the information that it is advised by written opinion of counsel is legally required and to exercise its best efforts to obtain assurance that confidential treatment will be accorded such Confidential Information.

(b) The Parties acknowledge that JEA is a body politic and corporate that is subject to Chapter 119, Florida Statutes, and related statutes known as the "Public Records Laws". If a request is made to view Confidential Information, JEA will notify COMPANY of such request and the date that such records will be released to the requester unless COMPANY obtains a court order enjoining such disclosure. If COMPANY fails to obtain that court order enjoining disclosure, JEA will release the requested Confidential Information on the date specified. Such release shall be deemed to be made with COMPANY's consent and will not be deemed to be a violation of law, including but not limited to laws concerning trade secrets, copyright or other intellectual property.

(c) Upon a Party's request, the other Party shall return all Returnable Confidential Information (as hereinafter defined) of the requesting Party, except for that portion of such Returnable Confidential Information that may be found in analyses prepared by, or for, the returning Party (collectively, "Analyses"), and the returning Party and its Representatives shall not retain any copies of such Returnable Confidential Information. The portion of Returnable Confidential Information that may be found in Analyses prepared by, or for, the returning Party, and any Returnable Confidential Information furnished by the Requesting Party not so requested or returned, will be held by the returning Party and kept subject to the terms of this Agreement or destroyed. For purposes hereof, the term "Returnable Confidential Information" means: (i) written Confidential Information that is marked by the disclosing Party "Confidential - Subject to Confidentiality Agreement." Such legend shall be stamped on the first page and on each succeeding page which contains Confidential Information subject to this Agreement and (ii) oral Confidential Information that is indicated by the disclosing Party at the time of disclosure, by providing to the receiving Party a written statement identifying the date and nature of the disclosure, the persons present when the disclosure was made, and is marked with the written statement "Confidential - Subject to Confidentiality Agreement."

(6) Nothing contained herein shall eliminate the Receiving Party's right to use: (i) any information disclosed to it by a third party so long as the Receiving Party does not know or have reason to know if such third party acquired that information directly or indirectly from the Disclosing Party; or (ii) any information developed by employees or agents of the Receiving Party without any direct or indirect use of or reliance upon the Confidential Information.

(7) The Parties' obligations concerning non-disclosure and use of Confidential Information contained in this Agreement shall continue for two years from the date of each disclosure, and then terminate.

(8) The Parties agree that in the event of a breach of this Agreement, the Disclosing Party providing the Confidential Information shall be entitled to equitable relief, including injunction and specific performance, in addition to all other remedies available at law or equity.

(9) This Agreement shall be interpreted, governed and construed under the law of the State of Florida.

(10) This Agreement shall in no way be construed to establish any relationship between COMPANY and JEA with respect to the Transaction that is the subject of this Agreement.

(11) This Agreement sets forth the full and complete understanding of the Parties to this Agreement and there are no other representations, covenants or agreements, expressed or implied, other than those expressly set forth herein. No amendments or modifications hereof shall be valid unless evidenced in writing and executed on behalf of both of the Parties.

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

COMPANY

By:_____
Title:_____
Date:_____

JEA

By:_____
Title:_____
Date:_____