

October 7, 2019

JEA Procurement Bid Office
21 West Church Street
Customer Center 1st Floor, Room 202
Jacksonville, FL 32202

Re: Invitation to Negotiate #127-19 for Strategic Alternatives

American Water Works Company, Inc. (American Water) is pleased to submit the attached proposal in response to the JEA Invitation to Negotiate #127-19 for Strategic Alternatives (ITN). American Water proposes to acquire JEA's water and wastewater systems and partner with existing management and community leaders to achieve JEA's vision of the future. This proposal charts a path to an exceptional future for JEA and especially the people of greater Jacksonville who will benefit from the stability and innovation American Water offers. We believe it distinguishes us as the most highly qualified, long-term strategic partner for JEA, the City of Jacksonville and all of Northeast Florida.

This ITN represents a unique opportunity for both JEA and American Water. From my eight years as CEO of a Florida-based utility, and especially from my service on the State of Florida's BRAC base defense efforts in 2005 that included significant time in Jacksonville, I have become well acquainted with the strong connection between JEA and the communities it has served with distinction for more than half a century. American Water is committed to maintaining and building on that legacy, applying our industry-leading scale, size and experience to benefit JEA customers and the entire community, including through our water quality measures, innovation and Research and Development (R&D), and environmental, social and governance (ESG) measures.

With a history dating back to 1886, American Water is a trusted source of everything water. We know that at the end of a water pipe is a family who trusts that the water they give their child is safe, that the fire hydrant on their street can be counted on to help save lives and property, that treatment processes will shield them against potential disease. This trust motivates us, inspiring our team to continually pursue innovation and excellence.

American Water is 100% customer-driven, with a focus on delivering clean, affordable water. We engage with customers by actively listening to their concerns, doing what we can to resolve their issues and inviting feedback to discover how we can do even better. This has led to consistent customer satisfaction ratings in the top segment of the industry, including top awards in the 2019 JD Power Water Utility Residential Customer Satisfaction Study. We believe it is important not just to be a good corporate citizen, but also to be a good neighbor—to make a positive impact on the health and well-being of the communities we serve and to support and encourage every employee to do the same in their own way.

We are confident that American Water will bring the most comprehensive and compelling water and wastewater experience and capabilities to Jacksonville. American Water's successful track record in closing deals will ensure that choosing American Water will have very low execution risk. As part of this process, JEA looks to collaborate closely with other partners who are leaders in electric, district cooling and fiber communications



systems, each of whom will be similarly focused on the long-term best interests of JEA and Jacksonville residents. American Water's willingness to be flexible and nimble throughout this process will also bring tremendous value to JEA and the Jacksonville community. While this response submission is focused on all of the water-related systems, our highest priority is to collaborate with JEA and Jacksonville in the way that best serves the community overall. As such, American Water would be pleased to enter into discussions with whichever electric entities JEA chooses in order to develop the optimal approach to jointly deliver on JEA's and Jacksonville's vision for the future.

As just one indication of the quality and dependability of our services, our expertise is trusted by no less than the United States government. Jacksonville is one of the nation's foremost military communities, and it is significant that American Water is entrusted to provide water and wastewater services under long-term contracts on 16 military installations, including West Point and Joint Base San Antonio which were recently awarded—the most of any water and wastewater utility in the nation. In addition, we are proud to be a top-ranked employer of former service members, earning a place as a "Top 100 Best for Vets" employer as designated by Military Times.

As this proposal will describe in detail, American Water will use our experience in diverse markets to provide safe, affordable and environmentally conscious water services to the Jacksonville community. In the past five years alone, American Water has successfully completed over 70 acquisitions of water and sewer systems and other strategic assets across the U.S., of which the majority were municipal utilities. Given this experience, we are uniquely positioned to understand not only successful municipal transactions, but also how each city and county requires a tailored and community-specific approach. We not only focus on the financials and providing substantial added value to residents and businesses, but also pay close attention to the unique community and customer needs.

Highlights of our commitment to JEA and the Jacksonville market include:

- **Caring About People:** [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] American Water has a strong culture of volunteerism and community support that will contribute to the City of Jacksonville and surrounding areas. In addition, American Water is proud to have lasting union relationships, with nearly 50% of our total workforce being represented by 14 unions, three of which are part of JEA operations today.
- **Delivering Value to Customers:** For a minimum of 3 years, American Water will maintain current base rates for water, wastewater and irrigation customers. Additionally, our transaction is structured to assume proceeds will be used to fund a one-time \$350 credit for each water, wastewater and irrigation customer account, contributing to the \$400 million customer value requirement. We know that all water is local,

and decision-making for customers is made within our state operations by our local leadership who are in tune with our customers and communities.

- **Financial Strength and Commitment:** We are confident that the Jacksonville area will realize a total value in excess of \$3 billion from the combination of 1) the direct value realized at the time of the sale of the water and wastewater assets and [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. In addition, partnering with American Water will bring additional ongoing economic benefits to Jacksonville, including:
 - [REDACTED]
 - Significant property tax assessed value growth
 - Billions of dollars of ongoing investment in Jacksonville over the next 20 years, resulting in more business for local contractors and vendors and improved infrastructure to attract new business
 - Enhancements to customer experience through using American Water's leading Technology and Innovation organization, including its proprietary R&D specializing in water quality and technology development
 - [REDACTED]
[REDACTED]

As an NYSE-traded company and a member of the S&P 500 and the Dow Jones Utility Index, American Water is the largest publicly traded water and wastewater utility in the country and has access to the equity capital markets. In addition, American Water has strong credit ratings from S&P (A) and Moody's (Baa1), reflective of stable cash flows from lower-risk, rate-regulated water utility operations. As a result, American Water has strong access to the debt capital markets. Given our ability to effectively access the equity and debt capital markets, American Water will be able to finance this transaction and JEA's ongoing capital needs. This includes the ability to deliver a final proposal that includes a committed financing package, if needed.

- **Economic Development for the Community:** American Water will locate its new Florida headquarters and accompanying garage in Downtown Jacksonville. American Water can make this commitment without the need for an electric partner, unless requested. We will also commit to work with local businesses and economic development experts to leverage incentives and credits to maximize economic development for the community. When Jacksonville businesses thrive in partnership with us, the entire community will benefit through increased employment and a stronger tax base.
- **Environmental Leadership:** We will construct the proposed 40 MGD alternative water source by 2035 by utilizing our proven expertise in recycling, reuse and desalination. We will assist, where appropriate, the electric owner/operator to ensure that JEA can satisfy the full 100% renewable electric goal by year 2030 through power purchase agreements (PPAs), self-build or other means. Given the high energy demands



of water and wastewater systems, we already have implemented strong energy efficiency and alternative energy programs, which we will tap to deliver this commitment, including the use of solar arrays at water treatment plants. We also have technologies that could satisfy a material portion of the school and government building renewable electric needs in a cost-competitive manner. In addition, American Water proposes to solve Jacksonville's ongoing issue of aging residential septic tanks on an accelerated timeline;

- **Innovation:** American Water currently delivers state-of-the-art artificial intelligence and machine learning-based operational and customer service applications. Our proprietary water R&D program, which employs 15 scientists, regularly collaborates with the U.S. Environmental Protection Agency, the Centers for Disease Control and Prevention and many national and international water research foundations.

- **Disaster Preparedness and Response:** American Water has decades of experience preparing for and responding to natural disasters and emergencies of all kinds, ensuring that our customers continue to receive safe and reliable water services. One recent example came when Hurricane Irma set a dangerous course toward American Water's Tampa 25 MGD desalination plant, which supplies about 10% of the drinking water for the Tampa Bay area. By the time the storm arrived, our emergency plans had been fully implemented and the plant experienced only minimal damage. Our successful preparations for the worst potential outcomes freed our employees to aid in vital recovery efforts throughout the community.

Wherever we are given the opportunity to establish operations, American Water becomes part of the community. Our focus, always, is on providing the best service to the people who depend on us for one of life's most critical needs. We believe the information provided in this ITN response makes a compelling case for American Water as the best choice to partner with the people of Jacksonville for their future water and wastewater services.

Sincerely,

Susan N. Story
President and Chief Executive Officer
Authorized Officer of American Water Works Company, Inc.

American Water (EIN: 51-0063696) is a corporation and holding company with headquarters in Camden, New Jersey. With history dating back to 1886, American Water has kept life flowing for our customers by providing water and wastewater services for over 133 years. American Water was originally incorporated in the State of Delaware on August 28, 1936. American Water is qualified to do business in the State of Florida. Unless the context otherwise requires, references to "we", "us", "our", the "Company" and "American Water" means



American Water Works Company, Inc. and its subsidiaries. In addition, for the purpose of this response, “water and wastewater systems” are defined to include all of JEA’s water-related infrastructure systems, including reuse and irrigation.

[REDACTED]

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2. EXECUTIVE SUMMARY

Place the Future of Jacksonville Water & Wastewater in Trusted Hands

American Water proposes to acquire JEA's water and wastewater systems and partner with existing management and community leaders to achieve JEA's vision of the future. We have received our Board of Directors' approval to submit this reply to the ITN. Our proposal is to acquire the assets of JEA's water and wastewater systems by a wholly owned subsidiary of American Water, which would name Jacksonville as the state headquarters. American Water will consider entering into discussions with whichever entities JEA chooses, in order to develop the optimal approach to jointly deliver on JEA's and Jacksonville's vision for the future.

Our proposed transaction will maximize benefits for JEA, providing a total value in excess of \$3 billion, [REDACTED]

[REDACTED] American Water's commitment will benefit the entire community through such measures as innovation, environmental, social and governance (ESG) enhancements and our proven water quality R&D and deployment. The acquisition consideration would be cash and not subject to any financing contingencies. We are confident that these qualities among others position us as the best possible long-term strategic partner for JEA, its customers and the entire community.

American Water would be pleased to partner with an experienced and customer-focused electric utility that shares our values and commitment to the long-term interests of Jacksonville-area citizens. While the different utility segments of JEA have operated very effectively together for years, significant operational and value differences exist between electric and water/wastewater operations today such that greater efficiencies are available through a sector-focused approach. Moving forward, we believe the interests of JEA and the community would be more optimally served by individual service providers with specialized experience and expertise, given the inherent operating risks within each critical service area.

American Water is the largest and most geographically diverse private water and wastewater system operator in the United States, as measured by customer connections (3.4 million), population served (14 million people), total enterprise value (\$31+ billion) and operating revenue (\$2.9 billion). Like JEA, American Water both owns and operates its water and wastewater systems.

Also like JEA, American Water prides itself in being "purpose-driven" in its pursuit of exceptional customer service. We both measure success by holding ourselves to the highest standards. The service we provide does not simply make life more comfortable or more enjoyable for customers, it truly makes life possible and sustainable.

We understand that the water and wastewater services we provide are critical to the health and safety of our customers today and for generations to come. That is why we don't try to operate other utility services—our focus is on what we believe we do better than anyone else. We deliver safe, clean, reliable water service that is also affordable (at less than a penny a gallon)—because our customers, employees, partners, community leaders and others who depend on us deserve nothing less.

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We are obsessively focused on our customers and, every day, take pride in delivering the critical services of water, wastewater, sanitation and fire protection. We pride ourselves in making every community better because we are there—with local decision-making on customer and service issues.

JEA and the City and people of Jacksonville deserve a partner who is a trusted and recognized national leader in ensuring that water is of the highest quality and that wastewater is managed effectively, with priority concern for protecting our environment. American Water has an established record of success of closing deals, which will ensure low execution risk. As the oldest and largest water utility seeking to take on this significant and important challenge, American Water is the most qualified company to provide clean water for the people of greater Jacksonville.

Local Jacksonville Benefits - Financial, Customer, Environmental, Community

The ITN distributed by JEA sets out eight broad criteria by which it will evaluate submissions, covering a range of financial, customer-related, environmental and community goals. American Water's proposal addresses each of these criteria, ensuring that Jacksonville residents and businesses will have access to clean, safe and reliable professional water and wastewater services for generations.

The numerous advantages of American Water's proposal are summarized as follows:

Criteria 1: Achieve JEA's Goals in this ITN

American Water offers an extraordinary opportunity for the City of Jacksonville to move forward with a long-term partner that will provide exceptional benefits for the City and its residents and businesses. Our proposal would provide in excess of \$3 billion in total value to the City of Jacksonville, [REDACTED]

JEA would realize additional benefits from the options it pursues for its electric utility. Our expertise and deep experience enable us to commit to constructing the planned 40 MGD alternative water source by 2035, through our proficiency in recycling, reuse and desalination along with traditional water supply. [REDACTED]

[REDACTED] We plan to work with an electric partner to satisfy the full 100% renewable goal by the year 2030.

Our customers are always our highest priority, and American Water will meet the needs of the people within the Jacksonville service area through several ways. We commit to developing the headquarters in Downtown Jacksonville. Our transaction is structured to assume proceeds will be used to fund at least \$350 of credit for each water, wastewater and irrigation customer account. In addition, for a minimum of three years we will maintain current base rates for water, wastewater and irrigation customers. [REDACTED]

[REDACTED] We agree to protect employee retirement benefits as outlined in the ITN. [REDACTED]

Criteria 2: Experience and Customer Commitment

American Water is the largest provider of water services in the United States, currently serving 14 million customers in 1,600 communities through our water and wastewater utilities in 16 U.S. states. We serve many large service areas of similar size to JEA's water service area, including one that serves more than 370,000 connections in Missouri. We are poised well for future operations through strategic and effective supply chain management, using our size and scope to leverage volume procurement significantly more than other water utilities.

We have substantial experience with acquisitions of other utility systems, including the successful acquisition of more than 70 water and sewer systems nationwide in just the past five years, the majority of which were acquisitions of municipal water and sewer systems.

Reflecting American Water's commitment to its customers, in late 2018 the company was recognized with Advanced Customer Center of Expertise (ACCOE) certification—the first U.S. utility company to reach this benchmark. We employ an ongoing customer-listening strategy to drive a proactive, data-driven approach to customer experience. Our platform is served by two 24-hour call centers, one of which is located in Florida, and we have a dedicated customer-experience team and major accounts team. We offer our customers multiple bill payment options including online, telephone and physical locations throughout the community, and offer low-income assistance programs for customers facing particularly challenging circumstances.

Our ongoing partnership with the United States military—with long-term operations at 16 military bases across the nation, the most of any water/wastewater provider—has earned exemplary recognitions from the Department of Defense. For government and private customers, our corporate culture focuses on long-term commitment operations, with an emphasis on reliability, operational excellence, safety, continued education and professional development, and ethics.

Criteria 3: Economic Development and Benefits to Jacksonville

We are confident that the Jacksonville area will realize a total value in excess of \$3 billion from the combination of 1) the direct value realized at the time of the sale of the water and wastewater assets, and 2) the additional ongoing economic benefits realized from partnering with American Water. [REDACTED]

[REDACTED] The value provided is the net result after repaying all water and wastewater debt. In addition, partnering with American Water will bring additional ongoing economic benefits to Jacksonville, including: [REDACTED], significant ongoing property taxes, billions of ongoing investments over the next 20+ years, improved customer experience, innovation partnerships with local higher education and the options still available from JEA's electric utility business.

Reflecting the company's strong commitment to the community, we will locate our new Florida headquarters in Downtown Jacksonville, which includes a conveniently located parking garage for employees and customers.

We expect to invest several billion dollars in infrastructure over the next 20 years through this partnership, which will attract new businesses to the Jacksonville area. In addition, we expect that our proposed level of

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investment in Jacksonville will lead to thousands of new direct and indirect jobs in the Jacksonville area. This expectation is based on an estimate in a 2017 report published by The Water Research Foundation that every \$1 million in water infrastructure investment creates 16 jobs.

As a community partner, American Water will work to accelerate economic growth, and

_____ In addition, American Water will work with local vendors and will prioritize supplier diversity by working with businesses owned by women, minorities, veterans or people with disabilities to secure the goods and services we need, not just for Jacksonville but across the U.S. We recognize the value created by the Jacksonville Small and Emerging Business Program (JSEB) and would work with Jacksonville to continue that program.

With strong access to capital markets, American Water continues to invest deeply in the communities we serve. Additionally, American Water will work with Jacksonville and the Florida Public Service Commission to utilize economic incentives and opportunities to help attract business to Jacksonville.

The men and women of JEA helped build the utility into one the nation's outstanding publicly owned utilities.

Jacksonville is proudly home to a wide range of businesses, nonprofits and other organizations that make the area one of the most dynamic places in the country to live, work, play and learn. American Water will be honored to join this vibrant community and will provide a full range of benefits that significantly outperform utility industry benchmarks. In addition to this excellent formal benefits package, American Water employees also receive:

- American Water Charitable Foundation (AWCF) match for up to \$1,000 for donations to their choice of 501(c)(3) organizations;
- A company-sponsored Employee Crisis Fund to help out in times of personal financial stress;
- A college tuition match up to \$10,000 per year;
- Significant training and development opportunities; and
- A work environment not just committed to but actually practicing inclusion and diversity.

Jacksonville is home to one of the nation's most active and essential Naval installations, and American Water is highly committed to our military and veteran workforce. This was demonstrated when we earned the 2020 Military Friendly Gold Employer designation by VIQTORY—one of only four utilities to earn this designation. In addition, the company has been recognized for its efforts to support military spouses and families, without whom our service men and women would not be able to perform at peak levels. We were also recognized as a “Top 100 Best for Vets” employer by Military Times magazine.

American Water is proud to have strong relationships with our 14 different unions, which represent nearly 50% of our total workforce. This includes two of JEA's current five unions (IBEW and LIUNA). We look forward to

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adding a third common union later this year when our Pennsylvania American Water division completes a municipal acquisition where employees are represented by The American Federation of State, County and Municipal Employees (AFSCME). With the Utility Workers Union of America (UWUA), the company was the proud recipient of the Federal Mediation and Conciliation Services Directors Award for Excellence in Labor-Management Cooperation in 2016. Additionally, as part of the broad American Water footprint, employees can enjoy meaningful career growth opportunities.

Criteria 5: Innovation Plan

American Water is at the forefront of using advanced technology and will take a proactive approach to Jacksonville water loss, highlighted by processes including acoustic monitoring, satellite/sensor technologies, smart distribution systems and a zero-discharge commitment.

Through our experience in more than 1,600 communities across the country, American Water has adopted an approach that is 100% customer-driven, with a focus on delivering clean, affordable water. By listening to our customers, we are able to anticipate and resolve their issues and continually improve our processes. As a result, we consistently earn customer satisfaction ratings that are among the best in the water service industry.

[REDACTED]

Criteria 6: Environmental, Social and Governance

From preserving our most precious water resources to leading multi-year projects to decommission home septic tank systems, American Water keeps environmental considerations at the forefront of all we do. Jacksonville is blessed with an abundance of unique natural resources and exceptional waterways and we are committed to preserving them and enhancing their place as a preeminent attraction for residents and visitors.

American Water is a widely recognized ESG leader. Our Central Laboratory and treatment plants perform more than 1 million water quality tests every year—averaging more than 2,700 tests per day. Recognition of our ESG efforts has come from sources including Barron's Top 100 Most Sustainable Companies; 2019 Bloomberg Gender Equity Index; 2018 NAACP Inaugural Equality and Inclusion Index; and 2019 Disability Equity Index (100% score).

The company has shown its environmental leadership through efforts in the areas of greenhouse gas (GHG) reduction, alternative energy and conservation. American Water is also a leader in the development of alternative water sources, including operations in Tampa, FL; Monterey, CA; Fort Sill, OK; and Southern New

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Jersey. Our commitment to the environment is evidenced by our corporate activities to our employee engagement, as many of our employees volunteer their time and efforts in community activities, such as collecting trash near waterways.

One of the earliest priorities for American Water will be transitioning aging and environmentally damaging septic tanks to reliable and affordable sewer services. [REDACTED]

[REDACTED] This important process will help protect and preserve the environment, such as the First Coast's numerous waterways, from contamination while improving service to Jacksonville-area customers.

Criteria 7: Community Stewardship

American Water's substantial investment in the Jacksonville area and its commitment to community stewardship goes well beyond its ability to help fund important public safety initiatives and critical infrastructure improvement projects.

American Water believes that regulated utility decisions are best made at the local level by local people. With that in mind, the company will create a [REDACTED] [REDACTED] for its Jacksonville operations. This board is expected to include local leaders and JEA leaders who continue with American Water to provide local insight regarding Jacksonville operations. [REDACTED]

[REDACTED]. We will work with city leaders to identify priority community projects and recreational programs for partnership with American Water.

We recognize that water is essential for more than just common household uses—a reliable flow of water can also save lives and property during a fire emergency. As it does in every community it serves, American Water will work with Jacksonville fire districts to provide training, and we also provide grants to firefighter organizations.

During flooding, hurricanes and other natural disasters, American Water's priority will be to keep its treatment facilities and operations protected and in service in order to ensure that clean water continues flowing to customers. Through our 133-year history, we have encountered and successfully managed nearly every type of disaster situation imaginable and will bring the benefits of that deep experience to our work in Jacksonville.

American Water will work with local environmental groups to promote and enhance the natural beauty of the Jacksonville area, especially regarding all things water. The company has a strong culture of volunteerism and community support that it will bring to Jacksonville and surrounding areas.

American Water also recognizes its role to educate the public about the precious water resource that is at the heart of its activities. We will conduct initiatives that promote access to safe water and sanitation, educating customers on the health benefits of water. In addition, we will conduct educational programs regarding water conservation, water and wastewater treatment, the water cycle, watershed protection and the environment.

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Criteria 8: Financial Stability

What's good for the environment, our customers, our employees and our communities has also proven to be good for financial sustainability as a company. Experience and stability matter.

As a New York Stock Exchange (NYSE)-traded company and a member of the S&P 500 and the Dow Jones Utility Index, American Water is the largest private water and wastewater utility in the country and has strong access to the equity capital markets. In addition, American Water has strong credit ratings from S&P (A) and Moody's (Baa1), reflective of stable cash flows from lower-risk, rate-regulated water utility operations. As a result, American Water has strong access to the debt capital markets. Given our ability to effectively access the equity and debt capital markets, the company will be able to finance this transaction and JEA's ongoing capital needs. This includes the ability to deliver a final proposal that includes a committed financing package, if needed, that may include bridge and long-term financings of the size needed to fund this transaction.

Summary of American Water Proposal Structure and Advantages	
Criteria	American Water Proposal Summary
1. Achieve JEA's Goals in this ITN	
1.1: \$3.0 billion in value	<ul style="list-style-type: none"> Our proposed transaction will maximize benefits for JEA. [REDACTED] [REDACTED] The value provided is the net result after repaying all water and wastewater debt. In addition, partnering with American Water will bring additional ongoing economic benefits to Jacksonville to realize a total value in excess of \$3 billion. JEA and Jacksonville would realize additional benefits from the options it pursues for the electric utility.
1.2: \$350 of credit per customer account	<ul style="list-style-type: none"> Our transaction is structured to assume proceeds will be used to fund a \$350 credit for each water, wastewater and irrigation customer account.
1.3: Three year guaranteed base rate stability	<ul style="list-style-type: none"> For a minimum of three years, American Water will maintain current base rates for each water, wastewater and irrigation customer.
1.4: 100% renewable electricity to schools and city	<ul style="list-style-type: none"> [REDACTED] We intend to work with an electric partner to satisfy the full 100% renewable goal by 2030.
1.5: 40 MGD of alternative water capacity	<ul style="list-style-type: none"> We commit to construct the planned 40 MGD alternative water source by 2035 by utilizing our expertise in recycling, reuse and desalination, along with traditional water supply expertise.
1.6: Retirement benefits	<ul style="list-style-type: none"> American Water agrees to protect certain employee retirement benefits as outlined in the ITN.
[REDACTED] [REDACTED]	<ul style="list-style-type: none"> [REDACTED] [REDACTED] [REDACTED]
[REDACTED]	<ul style="list-style-type: none"> [REDACTED] [REDACTED]

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1.9: New JEA headquarters	<ul style="list-style-type: none"> American Water commits to developing its Florida headquarters in Downtown Jacksonville.
2. Experience and Customer Commitment	<ul style="list-style-type: none"> Our utilities operate in approximately 1,600 communities in 16 states in the United States, with approximately 3.4 million active customers across our water and wastewater networks. American Water serves many large service areas similar in size to JEA's, including one that serves over 370,000 connections. Our customers are supported by two 24-hour call centers, one of which is located in Pensacola. We have a dedicated customer experience team and major accounts team. In late 2018, American Water was recognized with Advanced Customer Center of Expertise (ACCOE) certification, making it the first U.S. utility company to reach this benchmark. Indiana American Water took the top spot in the Midwest Region 2019 JD Power Water Utility Residential Customer Satisfaction Study with above-average results for a number of state utilities. American Water has employed an ongoing customer-listening strategy to drive a proactive, data-driven approach to the customer experience. We offer our customers multiple bill payment options including online, telephone and one or more physical locations throughout the community. We offer low-income assistance programs. Our corporate culture demonstrates a long-term commitment to operations. American Water is poised well for future operations through strategic and effective supply chain management. As the largest water and wastewater utility in the U.S., we are able to leverage volume procurement significantly more than other water utilities for lower costs. We have significant experience with acquisitions of other municipal utility systems. Military Services Group <ul style="list-style-type: none"> American Water operates at 16 military bases across the U.S. (the most of any water/wastewater provider) with exemplary recognitions from Department of Defense. American Water is highly committed to our military and veteran workforce, as evidenced by our earning the 2020 Military Friendly Gold Employer designation by VIQTORY (one of only four utilities to earn this designation) and our involvement with the Military Spouse Employment Partnership (MSEP). Additionally, Military Times magazine named us a "Top 100 Best for Vets Employer."

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<p>3. Economic Development and Benefits to Jacksonville</p>	<ul style="list-style-type: none">• As a community partner, American Water will work to accelerate economic growth, and [REDACTED]• [REDACTED]• American Water expects to invest billions of dollars in the Jacksonville region infrastructure over the next 20 years, which in turn will lead to thousands of new jobs and attract new businesses to the area. The Water Research Foundation estimates that every \$1 million spent in water/wastewater infrastructure investment creates 16 jobs.• American Water will work with regular local vendors and prioritize supplier diversity (women, minority, veteran disabled owned) to fulfill its needs.• American Water will work collaboratively with Jacksonville and the Florida Public Service Commission to develop regulatory initiatives that encourage economic development in Jacksonville.
<p>4. Employee Retention and Benefits</p>	<ul style="list-style-type: none">• [REDACTED]• American Water is a large, public company providing employees with meaningful career growth opportunities.• American Water provides a full spectrum of benefits that are competitive with utility industry benchmarks.• In addition to our competitive formal benefits package, American Water employees also receive: American Water Charitable Foundation match for up to \$1,000 for their donation to a 401(c)3 of their choice; access to an Employee Crisis Fund to help out in times of personal financial stress; significant training and development opportunities as well as a college tuition match up to \$10,000 per year; and a work environment committed to inclusion and diversity.• American Water is proud to have strong relationships with our 14 different unions, which represent nearly 50% of our total workforce. This includes three of JEA's current five unions. We are the proud recipient of the Federal Mediation and Conciliation Services Partnership of the Year Award in 2016, in conjunction with the Utility Workers Union of America (UWUA).

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5. [Innovation Plan](#)

- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- Operational Excellence – Proactive Approach to Water Loss
 - American Water is at the forefront of using advanced technology to address water loss, [REDACTED]
[REDACTED]
[REDACTED]
- Water Research and Development – Industry Leading Solutions Ensure A Bright Business Future
 - American Water professionals have been trailblazers in water research for decades, including renewable energy applications, saltwater solutions, recycling and reuse opportunities and wastewater energy savings.
[REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

6. [Environmental, Social and Governance](#)

- ESG Leader: For some, ESG is a recent development; at American Water, it is an affirmation of the values we have held for decades. Recent honors include: 2019 Bloomberg Gender-Equity Index, NAACP Equity, Inclusion and Empowerment Index, Barron's 100 Most Sustainable Companies ranking, top scoring company (100%) on the Disability Equality Index.
- Recycling, Reuse and Desalination Expertise: We are among the largest U.S. owner-operators of water desalination, as well as water recycling and reuse, with more than a dozen advanced facilities including a 25 MGD reverse osmosis plant in Tampa, FL; a 6.4 MGD desalination and recycling/reuse facility under construction in Monterey, CA; a reclaimed water facility at Army Base Fort Sill (Lawton, OK) able to provide up to 37 MG annually; and a 15MG

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	<p>raw water reservoir for alternative water capacity constructed in Southern New Jersey.</p> <ul style="list-style-type: none">• Accelerated Septic Phase-Out: We will work with the City of Jacksonville to resolve Jacksonville's residential septic tank issue on an accelerated timeline. [REDACTED] [REDACTED] [REDACTED]• Committed to Sustainability: We are reducing our greenhouse gas emissions by 40%, with a target date of 2025 from our 2007 baseline through deployment of renewables, efficiency initiatives and upgrade projects such as pressure management and pump refurbishment. We have already achieved approximately a 31% reduction in GHG emissions through 2018, toward our goal of a 40% reduction by 2025. Wherever possible, we consider green energy when negotiating power purchase agreements to reduce costs and lower our carbon footprint.• Inclusion and Diversity: We are dedicated to maintaining an equitable workforce, leadership team and Board of Directors. In 2018, over 52% of promotions were filled by minority, female, veteran or disabled candidates. Our Board of Directors consists of 11 members, including six women and two African American board members. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
7. Community Stewardship	<ul style="list-style-type: none">• [REDACTED] [REDACTED] [REDACTED] [REDACTED]• We will work with city leaders to identify priority community projects in the Jacksonville area for potential partnership with American Water, such as parks and community amenities.• American Water will work with the Jacksonville fire stations to provide training and grants, as we do in every community we serve.• American Water will work with local environmental groups to promote and enhance the natural beauty of the Jacksonville area, especially regarding all things water.

8. Financial Stability	<ul style="list-style-type: none">As an NYSE-traded company and member of the S&P 500 and the Dow Jones Utility Index, American Water has access to a full range of capital market alternatives.We have strong investment-grade credit ratings, more than \$31 billion of total enterprise value and a \$2.25 billion credit facility (expandable to \$2.75 billion), as well as ample balance sheet capacity sufficient to fund this transaction and JEA's ongoing capital needs.
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The Trusted Source of Everything Water

American Water offers the City of Jacksonville, JEA employees and its customers unique qualities that cannot be found with other partners. These include:

- Sole Focus on U.S. Water and Wastewater:** We pride ourselves on being solely focused on water and wastewater systems given the critical nature of these services to our customers. We own and operate 130 wastewater systems, more than 80% of which utilize treatment and recycling technologies similar to JEA's operations. We also operate over 51,000 miles of water pipes, enough to circle the Earth twice.
- [REDACTED] and Strong Union Relationships:** [REDACTED]
[REDACTED]
[REDACTED] We are proud of our history of strong union partnerships, with nearly 50% of our total workforce represented by 14 unions, three of which are part of JEA operations. American Water acquires an average of 10-15 municipal and private utility systems every year, and we have successfully transitioned large numbers of multi-union employees. We believe this experience distinguishes us as a leader among our peers.
- Trusted Partner of the U.S. Military:** Jacksonville boasts a rich history and connection with American military families through Naval Station Mayport, Naval Air Station Jacksonville, Kings Bay Naval Base, Camp Blanding Joint Training Center, Naval Aviation Depot Jacksonville and Marine Corps Blount Island Command. Military veterans make up nearly 10% of the Jacksonville population, and the City of Jacksonville estimates that 100,000 residents are directly or indirectly employed by the U.S. military presence. American Water's military services expertise is entrusted by the U.S. government to provide water and wastewater services on 16 military installations under long-term contracts, the most of any water and wastewater utility. Each of these contracts was awarded through a competitive bid process to the party that offered the best value to the base. In addition, we are a top-ranked employer of former service members, a distinction recently recognized by the 2020 Military Friendly Gold Employer designation by VIQTORY as well as the Military Spouse Support honor and Top 100 Best for Vets Employer by Military Times magazine.
- Large Scope and Operating Scale:** As the nation's largest water services company, we are the only provider with the direct ownership and operating experience to serve large populations like the one served by JEA. We buy more pipe, pumps and valves than any other water utility in the nation, giving us the greatest purchasing power in the industry—which allows us to pass on savings to our customers and the community. We make a greater investment per year in our systems on both a per-customer and

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absolute measurement basis, with more than \$1.8 billion per year planned over the next five years in our existing footprint.

- **Aligned Interests as a Permanent Member of Our Communities:** Unlike concessionaires and operations and maintenance service providers, our long-term interests are directly aligned with the communities we serve when we accept ownership of the long-lived assets. American Water is able to minimize rate increases by lowering operating costs—allowing for more investment in the community. With our current capital structure, for every \$1 in saved operating and maintenance expenses, we can invest \$8 in capital with no increase in our customers' bills—clearly a big deal for our customers and the community.
- **Uncompromising Safety Culture:** We believe that no one should get injured at work and that every person should return home to his or her family in the same or better shape than when they came to work. During 2018, we had fewer injuries than in any other year recorded in our company's history. Our goal is to have zero safety incidents and injuries, and we believe that it is possible. [REDACTED]
- **Innovative Research and Development:** For more than three decades, American Water's proprietary research and development program has evolved into a national and international drinking water and wastewater industry leader, performing groundbreaking research on emerging contaminants such as PFAS; making water quality monitoring breakthroughs addressing known and emerging contaminants; and developing various water technologies in partnership with the EPA, CDC and numerous national and international environmental and water research foundations and organizations. Our Central Laboratory and our treatment plants perform more than 1 million water quality tests every year. As the only water utility with our own proprietary water R&D program, we partner our plant operations, maintenance, state and corporate engineering and Technology and Innovation organization with our R&D group to ensure compliance, improve treatment techniques and water quality, reduce our carbon footprint and enhance our operational effectiveness. With our partnerships with external agencies, we help establish effective environmental, health and safety and water quality standards and regulations that can aid the entire water industry. We hold nine patents in water technology applications and continue to raise the bar for smart technology deployment.
- [REDACTED]
- **Outstanding O&M Efficiency:** We continue to improve operations and maintenance (O&M) and capital efficiency through innovative technology applications, supply chain operations and cost management with a 35.4% O&M efficiency ratio ($\text{\$ O\&M Expense} / \text{\$ Revenue}$). Our compound average growth rate (CAGR) in O&M has been 0.6% across our company since 2010. This efficiency allows us to invest more capital without as much impact on customer bills.

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- **Recycling, Reuse and Desalination Expertise:** We are among the largest U.S. owner-operators of water desalination, as well as water recycling and reuse, with more than a dozen advanced facilities including a 25 MGD reverse osmosis plant in Tampa, FL, and a 6.4 MGD facility under construction in Monterey, CA.

We are confident that American Water brings the most compelling water and wastewater experience and capabilities to Jacksonville. While the response we have submitted is to engage with JEA and Jacksonville on all of the water-related systems, our highest priority is to collaborate with JEA and Jacksonville in the way that best serves the community overall. The willingness to be flexible and collaborate with partners is an integral part of how American Water does business. Over the past five years, American Water has entered agreements to acquire over 70 systems, the majority of which were municipal systems. Many of these communities had unique objectives that we were able to meet by being flexible in our approach. In addition, American Water and its executive leadership team have a long track record of solid relationships and employment with major electric utilities, operating companies and vendors, many of which we would expect will participate in this process. From our past experience in partnering with these entities, we are confident that we could successfully implement a partnering agreement should JEA and Jacksonville require one as part of this process.

Simply put, we believe American Water is the best water and wastewater partner for the future of JEA, the City of Jacksonville and the residents of the city and surrounding communities. American Water has the experience in diverse markets to provide safe, affordable and environmentally conscious water services to the Jacksonville community. We look forward to exploring the many ways American Water and JEA can align their capabilities and interests during the negotiation process.

3. STATEMENT OF INTEREST AND QUALIFICATIONS

American Water proposes to acquire JEA's water and wastewater systems and partner with existing management and community leaders to achieve JEA's vision of the future. Our proposal provides a total value in excess of \$3 billion through the direct value realized at the time of the sale of the water and wastewater assets and additional ongoing economic benefits realized from partnering with American Water.

[REDACTED]

[REDACTED]

[REDACTED]

In addition to this direct value, American Water will bring additional ongoing economic benefits to Jacksonville, including:

- [REDACTED]
- [REDACTED]
- Significant property tax assessed value growth;
- Billions of dollars of ongoing investment in Jacksonville over the next 20 years resulting in more business for local contractors and vendors and improved infrastructure to attract new business; and
- Enhancements to customer experience through using the expertise of American Water's proprietary R&D organization specializing in water quality and technology.

Flexibility to Develop an Optimal Approach for Jacksonville

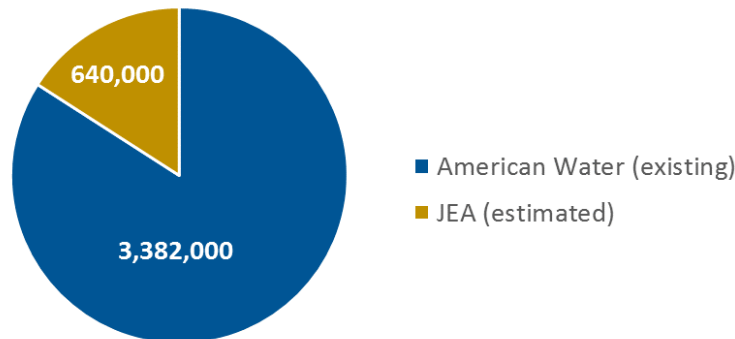
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Jacksonville Will be an Important Member of the American Water Family

American Water is proud to serve 3.4 million active water and wastewater customer connections in approximately 1,600 communities. In a typical year, we acquire 15-20 systems, providing American Water's water and wastewater solutions to even more cities and counties across the U.S. One of the solutions we provide is upfront funds to address the dozens of priorities that governmental entities and elected officials deal with every day. The chart below summarizes our existing water and wastewater customer connections and

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highlights JEA's prominence - the addition of JEA would make Florida the third largest state in the American Water family.



Staying Local So We Can Improve Lives Across Northeast Florida

As with each of our utility subsidiaries, our Florida operations will be a stand-alone utility company with local management and operations teams for decision-making, backed by and the full support of American Water and its service company. This Florida-based company will be regulated by the Florida Public Service Commission, which will oversee, among other things, customer rates, utility capitalization and our investment activities. We believe this “matrix” form of governance allows more effective local decision-making for our customers and communities, while fully leveraging the size, scope and scale of supply chain savings, R&D, technology development and disaster recovery support if ever needed from the parent company.

JEA has always put the interests of its customers first. Given JEA's constant desire to improve, exploring ways to partner with an organization that can help keep rates stable over time is exceptionally prudent. The JEA board has set out several key principles in seeking a partner:

- Maintaining stable rates and exceptional customer service experiences;
- Protecting and growing JEA jobs;
- Seeking meaningful benefits for the community at large;
- Committing to the same high quality of service and environmental standards JEA has always maintained; and
- Accessing capital for all future needs, including compliance with state and EPA mandates.

American Water shares JEA's goals and believes we are the water and wastewater partner to make this vision a reality for generations to come.

4. ORGANIZATIONAL OVERVIEW

American Water Keeps Life Flowing

With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly traded water and wastewater utility company (NYSE: AWK). The company employs more than 7,100 dedicated professionals who provide drinking water, wastewater and other related services to more than 14 million people in 46 U.S. states. American Water conducts the majority of its business through regulated utilities that provide water and wastewater services, collectively presented as our “Regulated Businesses.”

Our Regulated Businesses provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale-for-resale customers. Following our proposed transaction, JEA water and wastewater will be an integral member of American Water’s Regulated Businesses



segment. We also operate Market-Based Businesses that provide a broad range of related and complementary water, wastewater and other services to residential and smaller commercial customers, U.S. government military installations, shale natural gas exploration and production companies, municipalities, utilities and industrial customers. American Water does not have electric distribution operations and does not intend to bid for JEA’s electric assets.

American Water Values & Strategies

American Water Values

Our core values help explain who we are as a company and what we represent to our stakeholders. They are the principles that guide our decisions and form the cornerstones of our business culture.

Safety

Safety underpins everything we do. Every day, our employees should return home in the same, or better, condition as they were when they came to work. Our commitment to safety extends to our customers and the communities we serve. Our target is—and must be—zero injuries.

Trust

We are the trusted source of everything water. Our customers and all our stakeholders trust in our ability to operate in accordance with federal, state and local regulations and be a leader in the industry. We are the only consumable/ingestible utility service and we don’t take this trust for granted. We will continue working to bring together all stakeholders to ensure that we have safe, reliable and affordable water and wastewater services. We have a long and rich history of serving customers and providing trusted solutions for the communities we serve, and we will continue to do so.



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Environmental Leadership

We are responsible for the sustainability of critical water and wastewater services, but clean water doesn't happen without environmental leadership. At American Water, we all play a role in being an environmental leader, from ensuring water quality at our plants to conserving energy and being an environmental policy leader.

Teamwork

We continue to build an environment where every employee feels included and knows how he or she contributes to the company's strategies and goals. We promote and support an inclusive and diverse culture, and work together to meet common goals. We hold each other accountable and challenge each other to reach the best decisions to help ensure that we meet our commitments to the communities we serve.

High Performance

Consistent high performance is the key to being the best water and wastewater utility in the country. When it comes to complying with strict federal regulations for delivering clean, quality drinking water, we consistently score among the highest of all water providers.

American Water Strategies

Our purpose and values drive our company strategy. We have developed our "strategy wheel" to illustrate what we must do to reach our vision. It features five key focus areas for our business. Each area has associated performance aspirations and goals, designed to deliver continuous improvement through the coming years.

Customers

Our customers are at the center of everything we do and every decision we make. We want to be the best, and if our customers have a choice as to who serves them, we want them to choose us. Customer input, along with empathy for our customers' ideas and experiences, drives how we change and improve our processes and systems. We are all about showing customers and communities that we care about what they care about. It is why people trust us to provide a life-sustaining service every day. As a result, our customer base continues to grow.

Safety

Safety is both a strategy and a core company value, and that is on purpose. To us, safety is more than just "the right thing to do." The health and safety of our employees and contractors is a leading indicator of our company's health. Simply put, if we get safety right, we can get everything else right.

People

Maintaining an environment where our people feel valued, included and accountable is critical to our ability to serve our customers every day. We are working together to create an environment where employees can live up to their fullest potential and feel confident that what they do directly contributes to our company's ability to stay strong, grow and make a difference in our customers' lives.



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Operational Excellence

To excel, we have to get the fundamentals right. Our operational excellence strategy helps us to find better and more efficient ways to do business and to provide safe, clean and affordable water services for our customers. As the largest water and wastewater company, we assume the responsibility to go beyond minimum requirements and be an industry leader in operational and environmental excellence.

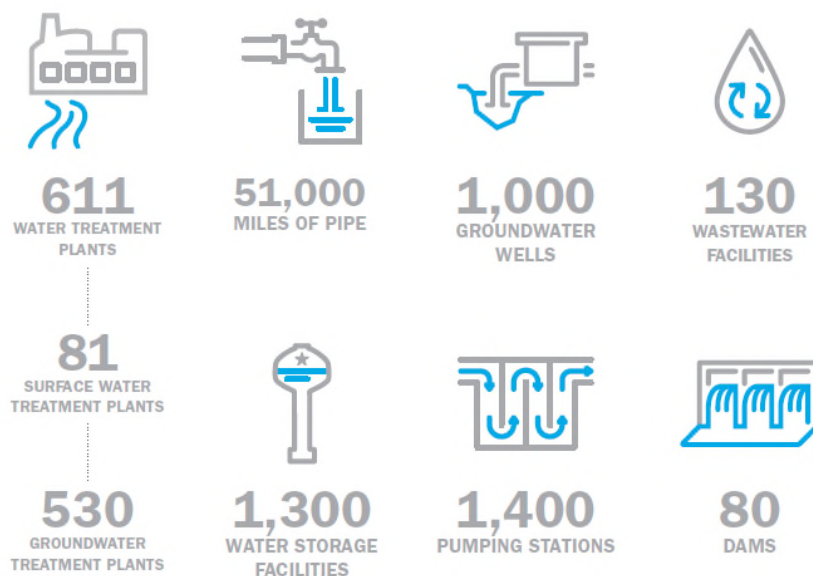
Growth

We believe that when companies grow, they can invest more in creating stable jobs, training, benefits, infrastructure and investment in our communities. Our growth benefits all our stakeholders, including our shareholders.

Regulated Business – Our Core Business Provides Clean Water for Life

American Water provides water and wastewater services to residential, commercial, industrial, public authority, fire service and sale-for-resale customers in 16 states. We serve 3.4 million active customer connections in approximately 1,600 communities and provide more than 1 billion gallons of treated water every day. American Water's experience in servicing large populations is unmatched by any other regulated U.S. water or wastewater company.

Regulated water and wastewater accounted for 87% of our total operating revenue in 2018. Our utilities are generally subject to economic regulation by state public service commissions (PSCs). Various federal, state and local governments also regulate environmental, health and safety and water quality matters.



With many assets across our expansive footprint, we have operating expertise in a wide range of treatment technologies and facility types. Additionally, we have encountered and solved countless operational challenges over our 133-year history, which has shaped our culture to become intensely focused on operational excellence as a core strategy.

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Capital Investments to Ensure Safe and Clean Water Delivery

To grow, maintain and make our water and wastewater systems more reliable and resilient, American Water plans to invest \$8.0 billion to \$8.6 billion in capital expenditures over the next five years just in the jurisdictions we currently serve. Capital needs are continually assessed based on our asset risk framework and prioritized based on our asset investment strategy, which includes the number of customers impacted, resiliency needs, impacts of climate variability, critical facilities served and community growth. Our capital program is governed by strict policies and practices to ensure that capital dollars are deployed in an efficient manner to meet the most significant and critical needs on behalf of our customers.

We have proactively improved our pipe renewal rate to a 120-year replacement cycle (0.8%+) compared to the national water industry average of a 250-year cycle (0.4%/year), which will enable us to replace 2,000 miles of main and collection pipes over the next five years. In addition, during this same period, our capital investment in treatment plants, storage tanks and other key above-ground facilities will increase by over 10%, further addressing infrastructure renewal, resiliency, water quality, operational efficiency, technology and innovation and emerging regulatory compliance needs. Additionally, we are investing significantly in resiliency projects to address the impacts of climate and weather variability by hardening our assets to ensure water and wastewater service during hurricanes, tropical storms and other extreme weather events.

Proven Leader of Wastewater Fundamentals

In addition to our expertise in potable water, American Water owns and operates 130 wastewater treatment plants (WWTPs) across the U.S., which range in size from less than 10,000 gpd up to 20 MGD. In addition, we own and operate more than 175 wastewater collection systems with a combined total of more than 2,500 miles of separate sanitary and combined wastewater system piping and over 600 sewage lift stations.

Given the vast number and scale of these facilities, American Water has experience with nearly every conventional and advanced wastewater treatment technology currently being used in the industry, including numerous activated sludge and biological nutrient removal configurations; trickling filters; rotating biological contactors; facultative lagoons; sequencing batch reactors (SBRs); membrane bioreactors (MBRs); grit and screenings headworks technologies; aerobic and anaerobic digesters; gravity and dissolved air floatation thickening; centrifuge, belt press and screw press dewatering; and thermal drying and lime stabilization.

American Water is able to draw on the industry-leading experience of our operations and engineering staff in all of our states and at corporate to better inform our decision-making process when evaluating alternatives for upgrading or expanding existing equipment or facilities.

American Water has experience tackling the multitude of challenges that wastewater systems face on a regular basis. Like JEA, a number of our WWTPs are located in warm-weather climates and where water resources are limited. We have experience developing and operating a range of water reuse facilities in various service areas and through our association engagements.

For example, six of American Water's WWTPs in California provide reuse water for local crop and landscape irrigation, and American Water recently completed construction of the first unrestricted non-potable reuse facility in the State of Oklahoma at our Fort Sill WWTP, where the reuse water is currently used for landscape irrigation and cooling water purposes. In New Jersey, American Water owns and operates several MBR facilities

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that discharge highly treated effluent to ground water, which helps to replenish aquifers and eliminates pollutant loading to high-quality streams from septic systems in the area.

In addition, many of our facilities discharge to sensitive ecosystems, which means we must meet stringent discharge standards related to biochemical oxygen demand (BOD), total suspended solids (TSS), total nitrogen and phosphorous. Specifically, American Water owns multiple WWTPs near Woodbridge, VA, that discharge to tributaries of the Chesapeake Bay. These facilities are equipped with SBRs and tertiary filtration technology that allow the facilities to meet stringent total nitrogen and phosphorous discharge requirements. In fact, our plants have been so successful in meeting their total maximum daily load (TMDL) allowances that we have been able to offset operating costs by selling excess nutrient trading credits to nearby utilities that cannot meet their own discharge limits.

Several other American Water WWTPs also provide biological and/or chemical nutrient removal, which is an important factor for reducing the risk of harmful algal blooms in large urban water bodies like the St. Johns River.

Wastewater Innovations

American Water is also a leader in innovation, having developed and patented a wastewater treatment process technology called NPXpress. This process reduces aeration energy consumption by up to 50% and supplemental carbon sources for Biological Nutrient Removal (BNR) plants by up to 100%. The unique operating conditions of the NPXpress process promote the growth of a type of microorganism that removes nitrogen and phosphorus in wastewater. These microorganisms require less oxygen and carbon sources to convert ammonia nitrogen to nitrogen gas than conventional BNR plants. This is just one example of the technical expertise at American Water.

Market-Based Business - Innovative Customer-Centric Offerings

We also operate Market-Based Businesses beyond regulated utility services that provide a broad range of related and complimentary water, wastewater and other services to residential and smaller commercial customers, the U.S. government on military installations, and municipalities, utilities and industrial customers. These businesses are not subject to economic regulation by state PSCs. Our primary market-based businesses are the Military Services Group and Homeowner Services Group.

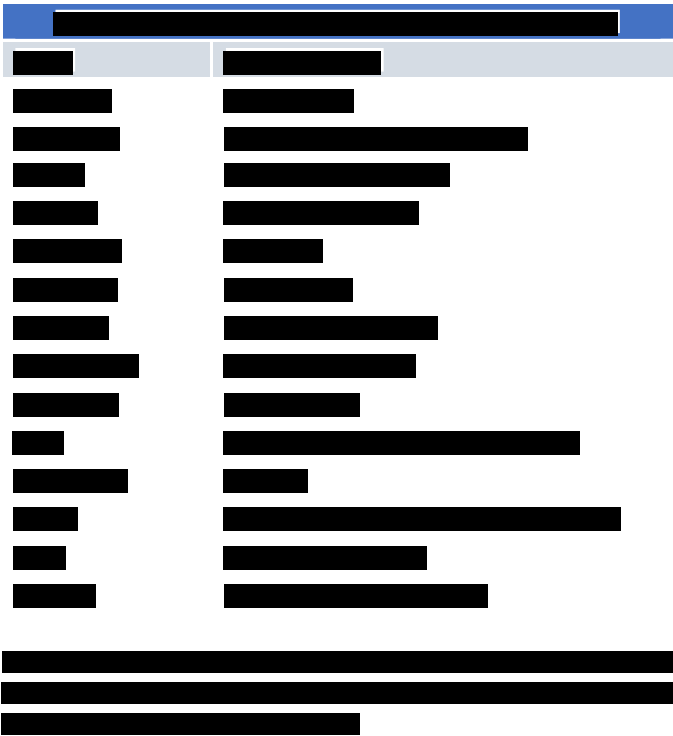
Military Services Group

American Water's Military Services Group (MSG) is a trusted partner of the Department of Defense and holds 50-year contracts through the Defense Logistics Agency's (DLA) Utilities Privatization program. As of September 2019, MSG holds operations and maintenance contracts at 16 military bases across the country, including in the Southeastern U.S. at Fort Polk, LA, and Fort Rucker, AL. The scope of these contracts generally includes the daily operations and maintenance of the installations' water and wastewater systems, a capital program focused on asset replacement and, in certain instances, systems expansion. The replacement of assets assumed when a contract is awarded to American Water is funded from the contract fee. Our backlog of revenue associated with our MSG contracts is approximately \$5 billion, with an average remaining contract term of 42 years.

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The U.S. Navy has not been as active to date in privatization efforts as have the Army and Air Force, and we are working with Navy leadership and the Department of Defense to find ways we can be solutions providers for these critically important installations. With the exceptional representation of the Navy and Marine Corps in Jacksonville, we look forward to this continued constructive engagement.

American Water is trusted by the U.S. Department of Defense to manage water and sewer systems on military bases



We are proud to receive awards and recognition for projects, initiatives and achievements from various agencies across our portfolio. Several notable achievements include:

- Recognition by the U.S. Army with an “Installation Excellence Award” for achievement related to energy reduction at Fort Rucker. The award, achieved through partnerships with companies like American Water, is awarded to installations that “better mission performance and enhance the working and living conditions for military men and women, DoD civilians and their families.” Between 2015 and 2017, Fort Rucker reduced energy usage by 11% and since 2007 has reduced water usage by 48%. The achievement was made possible through a partnership with the University of Memphis and the Alabama Department of Environmental Management to study energy usage at the main wastewater treatment plant. As a result of a number of recommended operational adjustments, the team is seeing a more than 15% reduction in energy usage at the treatment plant alone.
- The Oklahoma Water Resources Board (OWRB) recognized Fort Sill leadership in late 2018 during the Governor's Water Conference. The water reuse project sought to address problems suffered during the state's four-year drought from 2010-2014 and is a critical part of system resiliency for service members, contractors and families across the installation. This project was the first entity in Oklahoma to win a

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Class 2 wastewater reuse permit, allowing for unrestricted irrigation in public spaces using wastewater effluent that could be reused given that it had been treated to higher-than-normal standards. Permit issuance required additional infrastructure to transport wastewater, provide additional treatment, and then transfer the water to other locations for non-potable uses. The reclaimed water has the potential to reduce Fort Sill's water usage by as much as 37 million gallons a year.

- Both Fort Leavenworth and Scott Air Force Base have been recipients of the American Water Works Association Partnership for Safe Water Directors Award for five consecutive years, with additional recognition given to Fort Hood, Fort Sill and Fort Polk. These awards demonstrate the commitment to providing the highest in water quality to customers and optimizing systems through continuous improvement.
- In addition, Fort Hood was awarded the 2016 Secretary of the Army's Award for Excellence in Water Conservation, reducing water consumption by 24% per five years.

For the U.S. military, these services play a critical role in ensuring readiness, resiliency and sustainment of every mission undertaken to secure American freedoms. Reliability of utility services is vital to mission success.

Homeowner Services Group

American Water's Homeowner Services Group (HOS) is the premiere utility-owned homeowner warranty and utility solutions company in the U.S. Over its nearly 20 years of operations, HOS has accumulated unsurpassed experience among service plan administrators. Originally conceived in 2001 to educate over 2 million American Water utility customers regarding their utility service responsibilities and provide them with an affordable solution for repair of their service lines, HOS now manages a broad portfolio of programs and utility solutions in 43 states and Washington, D.C. [REDACTED]

Many of our HOS community partnerships have been active for more than 10 years. Each engagement is customized to fit the needs of our partner, featuring utility line protection (water line, sewer lateral, septic lines, internal plumbing, gas line, electric line and surge), maintenance and repair plans (water heater, HVAC, laundry, kitchen), leasing programs (water heater, appliances) and initiatives tailored to specific needs such as lead service line replacement, Notice of Violation resolution, water line leak detection and point of use filtration. We also have revenue-sharing partnerships where cities, agencies and companies share in the revenues from these services, an activity that would benefit the City of Jacksonville.

[REDACTED]
[REDACTED]
[REDACTED]. This could be a true win-win for Jacksonville, from both revenue sharing and more satisfied water and wastewater customers following the transaction.

American Water Service Company

American Water Service Company, a subsidiary of American Water, provides professional services at cost, enabling our subsidiaries to operate in the most cost-effective manner while providing affordable access to fundamental corporate support services such as technology and innovation, compliance, water quality, R&D, engineering, safety, human resources, training, legal and governance, operations, procurement, rates and regulatory support, risk management and insurance. We operate two national customer service centers, located in Pensacola, FL and Alton, IL, which provide 24-hour customer relations, field service and operational support to our regulated businesses, and also employ local customer care and customer advocacy employees in our state operations.

Physical and Cyber Security

As providers of essential water and wastewater services, both JEA and American Water place top priority and focus on the protection of critical infrastructure. This includes facilities that provide water and wastewater service to our customers, the protection of our facilities, technology systems, and customer and employee information. We share goals and focus of our program to:

- Ensure the cybersecurity of our operational technology systems;
- Safeguard the physical security of our employees, facilities and assets;
- Maintain compliance with customer data security and data privacy regulations; and
- Provide support and leadership to our operations teams in emergency response and business continuity activities.

While adherence to the National Institute of Standards and Technology (NIST) Cybersecurity Framework is mandatory for electric utilities, it is voluntary for both gas and water utilities. American Water voluntarily adopted these standards in 2014 to ensure the highest levels of protection for our customers.

Our security team conducts regular internal security reviews and partners with the Department of Homeland Security on external security assessments, using the results to develop improvement initiatives and further enhance security controls of company assets and systems. We are also very active in the state Fusion and emergency operations centers in each of the states within which we operate, bringing an array of key federal, state and local security stakeholders together for better coordination of efforts.

Risk and Resilience Assessments

As required under the America's Water Infrastructure Act of 2018, we complete detailed risk assessments and mitigation plans for all our public water systems that serve a population of at least 3,300. We use an "all-hazards" approach to risk assessment based on the methodology outlined in the AWWA J100 standard, which incorporates various risk scenarios such as extreme weather, source water contamination and malevolent threats. These assessments help us identify potential solutions to manage identified risks. We involve local officials in these assessments and look forward to doing the same with key personnel of the City of Jacksonville.

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Cyber and Digital Security

Technology solutions are vital to reliable and resilient water systems. For that reason, cybersecurity is core to our vision of resiliency and sustainability. As we continue to implement intelligent water and wastewater systems, we ensure that industry-leading cyber controls are designed, built, tested and integrated into all aspects of our technology. These controls protect our existing systems and enable the implementation of secure innovation. Enhancing the customer experience while safeguarding the integrity of company information and systems is our security mission. As mentioned earlier, our cybersecurity program is consistent with industry best practices, including NIST Cybersecurity Framework as well as the American Water Works Association (AWWA) Process Control System Security Guidance for the Water Sector. We also commit to our customers that we will not sell or share their private information.

Training and Exercises

We have security awareness employee trainings for physical and cybersecurity risks, incident response and emergency preparedness. This training reinforces the shared responsibility for security with all employees, contractors and visitors, and supports a safe and secure work environment. We host dozens of preparedness exercises across our business annually (over 30 such exercises were conducted in 2018), while also participating in regional and national-level exercises with state and federal partners. In addition to our state-level operations, our Executive Leadership Team and Board of Directors also engage in these exercises. Not only do these activities enhance readiness, they often identify opportunities for increased operational efficiency.

We have established a business continuity framework across the company, bringing functional and operational teams together for the purpose of reducing risk and enhancing resiliency. In 2018, we conducted over 30 business continuity exercises in our regulated states. As part of the framework, we adopted the nationally recognized National Incident Management System, which enables unified emergency response and effective coordination with emergency management in the communities we serve. We also participate in the Water/Wastewater Agency Response Networks by responding to emergencies by delivering water, loaning equipment and receiving aid from other water purveyors in case of emergencies.

Partnerships and Leadership

Demonstrating external leadership and fostering effective partnerships is key to our internal success and to making improvements to security across the water and wastewater sector. [REDACTED]

[REDACTED] We also take a leadership role in advancing security and resiliency of the water and wastewater sector through participation in key working groups, such as the national [Water Sector Coordinating Council \(WSCC\)](#). Together with other utilities and the EPA, we collaborate in a public-private partnership to plan and implement programs aimed at achieving the common goal of clean and safe water, land and air for all Americans. [REDACTED]

Financial Details

American Water is the largest and most geographically diverse publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. We have a strong balance sheet, total assets of approximately \$22 billion as of June 30, 2019, and a debt-to-capitalization ratio that is comparable to our utility peers. Our debt is long-term in nature with typical tenors of 10 and 30 years. We continuously monitor and optimize our debt portfolio to mitigate our average interest cost and to optimize maturities. We have minimal long-term debt maturing over the next several years. In 2018, we generated revenues of \$3.4 billion and net income of \$567 million. This strong 2018 operating performance generated \$1.4 billion in operating cash flows. Our operating cash flows have been a reliable, steady source of funding, sufficient to meet operating requirements and fund the majority of the company's capital investments.

Ready Access to Capital

Our low-risk regulated water and wastewater utility profile and the company's strong balance sheet and cash flows support our strong, investment-grade credit ratings with S&P (A/Stable) and Moody's (Baa1/Stable), which enable us to regularly access the debt capital markets at favorable interest rates that mitigate the impact of interest expense on customer bills. We most recently raised \$1.1 billion of senior unsecured notes in 2019, \$1.325 billion in 2018 and \$1.350 billion in 2017. We secure low-interest loans through state and federal infrastructure programs. We also have sufficient liquidity through our revolving credit facility and commercial paper program. Our \$2.25 billion revolving credit facility is expandable to \$2.75 billion and supports our \$2.1 billion commercial paper program.

We also have access to the public equity capital markets. American Water's financial capabilities are well-known in the equity investment community, including the Florida State Board of Administration, which has invested in American Water stock. Our ability to deliver strong results for all of our stakeholders—customers, employees and investors—has supported continued growth in our share price.

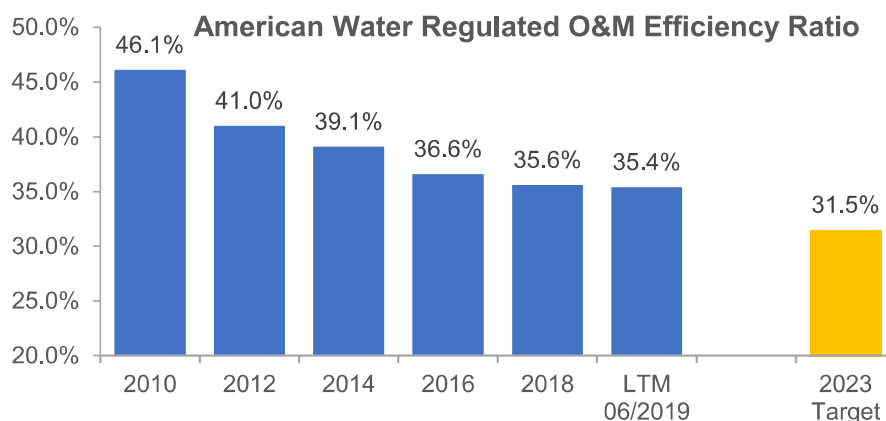
Given our ability to access capital markets, American Water will be able to finance this transaction and JEA's ongoing capital needs. This includes the ability to deliver a binding proposal that includes committed financing, including bridge and long-term financing sufficient to fund this transaction.

A Leader in Water Utility O&M Efficiency

American Water has a dedicated, multi-year focus on identifying and implementing permanent operational improvements across our businesses. In all cases, we aim to limit any customer rate increases while balancing infrastructure investment needs and protecting water quality.

We track an "O&M efficiency ratio" that captures the overall efficiency of our regulated utility operations, and is defined as adjusted regulated O&M expenses divided by adjusted regulated operating revenues. In 2018, our regulated businesses achieved an adjusted O&M efficiency ratio of 35.6% for the year ending December 31, 2018. We have a line of sight to a 31.5% O&M efficiency ratio by 2023, which is a key element of our commitment to ensure affordability for our customers. This is important, because we know that for every \$1 we can save in O&M costs, we can invest \$8 in capital with no impact on customers' bills.

RESPONSE TO JEA INVITATION TO NEGOTIATE (127-19)



Long -Term Capital Planning Process

We use a long-term planning process to evaluate our water and wastewater systems for capacity, condition and performance today and into the future. Our comprehensive planning study (CPS) process assesses a 15-year or longer time horizon to develop a system roadmap. The CPS process includes:

- An evaluation of supply availability against projected growth of customer usage;
- Water treatment performance versus projected changes to water quality standards and research information on emerging contaminants of importance; and
- Asset condition and performance versus efficiency, safety and obsolescence.

We examine service levels related to pressure, flow, leakage and water quality in piping networks for drinking water systems. We also assess wastewater collection systems for capacity, inflow and infiltration rates, manhole and pipe condition and overflow events. We conduct numerous CPS studies each year, with systems evaluated on a rotating basis, based on priority. These studies provide a prioritized improvement plan for each system, ensuring that we continue to provide our customers with safe, clean, reliable and affordable water for decades—which we know is also a goal of Jacksonville.

Proud to Have Strong Union Relationships

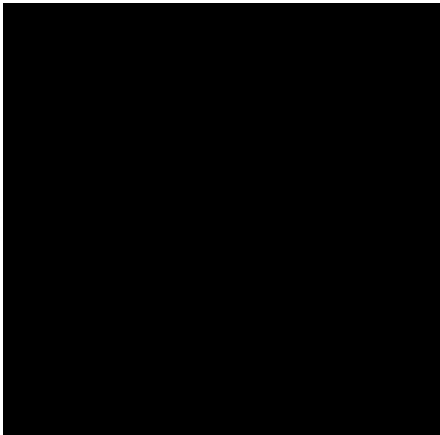
American Water is proud to have lasting union relationships, with nearly 50% of our total workforce being represented by 14 national unions under 70 collective bargaining agreements.

As we understand, the majority of JEA's workforce is unionized with five unions. American Water has strong and positive relationships with two unions that overlap with JEA—International Brotherhood of Electrical Workers (IBEW) and Laborers International Union of North America (LIUNA). We look forward to adding a third common union later this year when our Pennsylvania American Water division completes a municipal acquisition where employees are represented by The American Federation of State, County and Municipal Employees (AFSCME)—another of JEA's five unions. Upon completion of the acquisition, AFSCME will be part of the American Water family.

RESPONSE TO JEA INVITATION TO NEGOTIATE (127-19)

Our experience in successfully transitioning large numbers of union employees is unmatched in the water and wastewater sector. [REDACTED]:

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]



[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Labor Management Relations

Every five years, we negotiate national health and welfare benefits with our union-represented employees. On July 31, 2018, a new five-year national benefits agreement was ratified, covering 3,200 of our union-represented employees. The agreement was endorsed by all unions prior to ratification and was overwhelmingly approved by their members. Highlights of the new agreement include union-represented employees’ participation in our cash-based annual performance plan and additional medical plan options for our employees and their families.

Labor and Management Collaboration

We are proud of our strong union collaboration, which is in part due to the creation of annual Labor Management Conferences that began in 2015.

Labor management conferences were started to improve and open communication lanes and create a dialogue between labor and management. American Water also formally adopted a labor management resolution:

“American Water is committed to partnering with our unions to build a strong Company, by acknowledging our past and looking to a future where we forge a lasting and productive partnership based on mutual trust and respect”

The success of these events continues to yield benefits for our workforce. In 2018, we expanded the one annual conference to five Regional Labor Management Conferences to involve more local union leadership as well as more front-line supervisors.

We are proud of the relationships that we have cultivated and are pleased to have received recognition alongside our largest union, the Utility Workers of America (UWUA), as joint recipients of the Federal Mediation

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and Conciliation Services' 2017 Award for Excellence in Labor Management. This award affirmed American Water's journey to improve our relations with our unions and forge working partnerships built on the pillars of trust and respect.

The Future Of Labor Relations

American Water fosters an all-inclusive culture and work environment where every employee should feel valued, respected and included, which enables our team to continue to thrive, grow and succeed.

We are forward-thinking when it comes to the impact of technology on union-represented employees and their work. [REDACTED]

In addition, American Water developed a Joint Health Care Committee (JHCC) in 2014 to socialize and collaborate on health care insurance costs and other programs affecting the health and welfare of our employees. The committee meetings are a venue for transparently sharing information about healthcare plans for annual action and in advance of the five-year national bargaining. The group assesses recommendations for future plan options with an eye toward controlling rising costs.

Community Development: An Ongoing American Water Commitment

Customers are the center of everything we do, and we have a proud legacy of going the extra mile for the communities we serve. Water is inherently local, and we believe that helping our communities thrive is a business imperative. By understanding the needs of each community we serve, we can better serve neighbors and customers. It is vital for us to maintain strong partnerships with local communities, promote public outreach and consultation and provide financial support to local communities. To support our mission and stay true to our values, we also provide opportunities for employee volunteerism.

We understand and demonstrate the importance of remaining a valued community partner through contributions of dollars, time, energy and resources. These contributions help enhance our reputation, maintain a successful business and enable our social license to operate.

Since 2012, American Water has volunteered more than 28,000 hours in the communities we serve, provided more than \$7.5 million to nonprofits across the country (including the United Way and Water For People), and funded \$4.3 million in charitable projects just through the American Water Charitable Foundation.

Below are just a few examples of the many economic development, volunteerism and local initiatives we have proudly supported across our footprint:

Community Outreach And Education

- Awarded \$150,000 grant to Bel Air, MD, to support the development of Chesapeake Sensory Plaza for the community

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- Facilitated three “Project WET (Water Education for Teachers)” workshops that engaged 60 traditional and non-traditional Camden, NJ, educators with an informative six-hour day of hands-on water education training
- Donated \$50,000, with support from the American Water Charitable Foundation, to the Camden City Police Department
- Provided free water service installations to Camden’s Hispanic Family Center Community Garden and St. Anthony of Padua Community Garden

Environmental Leadership

- Awarded Eastern Pennsylvania Coalition for Abandoned Mine Reclamation a \$20,000 grant from the American Water Charitable Foundation to fund multiple roadside and streamside cleanup events
- Provided Top of Georgia Economic Development Initiative a \$20,000 grant from the American Water Charitable Foundation to fund park and pond improvements and create an outdoor eco learning lab
- Served as an active member of Camden Collaborative Initiative, Camden SMART (Stormwater Management And Resource Training) Initiative and Camden Water Equity Task Force team

Workforce Development

- Donated \$200,000, with support from the American Water Charitable Foundation, to the Camden City School District for construction of a STEM lab at Woodrow Wilson High School
- Funded \$20,000 to Golden Girl Group Home for Learning and Development Center in Ceredo, WV
- Partnered with New Headquarters Construction Contractors to hire Camden, NJ, residents
- Developed GIS and Asset ID partnerships with Hopeworks, employing 60 young adults in Camden, NJ

We look forward to investing significantly in Jacksonville and being a valued community partner in education and jobs.

Focus on Customer Experience

In today’s world of swift and increasingly personal service, where fulfillment is usually no more than a click away, the job of meeting—and surpassing—customer expectations has never been more challenging. We are determined to rise above every challenge and to surpass every expectation.

That means constantly evolving to offer clear, concise and understandable bills; handling customer inquiries and service requests through new communication mediums; and expediting information to customers during service outages or emergencies. We strive to provide every customer with an outstanding experience, to keep life flowing for our customers and to provide safe, clean, affordable and reliable water and wastewater services to the communities we serve. This program would especially be important in Jacksonville, home to numerous large military, industrial and commercial customers who are key to the City’s economic health.

[REDACTED]

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An example of our customer dedication is Indiana American Water, which took the top spot in the Midwest Region 2019 JD Power Water Utility Residential Customer Satisfaction Study. Meanwhile, several Homeowner Services utility partners, including the New York City Department of Environmental Protection, scored at or near the top in the same study, proving that our unwavering commitment to customers works.

Our goal is to always treat our customers well so that if they had a choice of their water or wastewater service provider, they would choose American Water.

Industry-Leading Research and Development

More than three decades since its inception, our R&D program has evolved into an industry-leading water-related research program, achieving advancements in the science of drinking water and wastewater. Our treatment strategies are designed to stay ahead of emerging contaminants, and our research lab differentiates us from our peers with in-house scientific and engineering experts who hold relationships with external governmental, industry and environmental groups.

We have a team of scientists who are recognized as cutting-edge innovators in their fields, as well as our water quality and testing laboratory in Belleville, IL, which is one of the most advanced in the country and is home to a team of scientists who are recognized as innovators in their fields. We are actively combining the deep expertise of our researchers with some of today's most sophisticated technology to continue to protect water quality, revolutionize source water monitoring and invest in ever-smarter water infrastructure. In addition, many of the advances we make in our labs and research facilities are shared with the industry as a whole.

Over 1 Million Water Quality Tests Per Year

We are experts in water quality testing and treatment. Our water-testing laboratories and other facilities in our water treatment plants perform more than 1 million water quality tests per year, and we consistently outperform state and federal drinking water and wastewater standards in comparison to industry averages. We have a reputation among both internal and external stakeholders for maintaining water quality significantly better than regulatory standards and guidelines.

American Water's in-house research department leads the industry with a team of 15 scientists and engineers, many of whom are Ph.D's, whose focus is on improving our ability to detect and remove contaminants and pathogens from the water by developing and deploying water technology applications. Our decades of commitment to research is unrivaled in the industry, and American Water research scientists, engineers and operations staff have contributed to many of the seminal research studies that have been relied upon by the U.S. Environmental Protection Agency and state regulators in the development of new standards and regulations for water and wastewater systems.

As an example, one of American Water's principal scientists, Dr. Zia Bukhari, Ph.D., was recognized by the American Water Works Association with its 2019 Best Paper Award in Water Science & Research for his paper entitled "Occurrence of Legionella in Non-potable Reclaimed Water." This paper is particularly salient to American Water, JEA and other utilities across the country that will increasingly rely on non-potable reuse as a renewable water source to safely meet the future supply needs of our customers.

Over the past 35 years, American Water has completed more than 100 research projects funded by external research agencies and policy institutes, and our research team is currently working on nine different research

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projects with funding from the Water Research Foundation (WRF), the Water Reuse Research Foundation (WRRF) and the California Energy Commission. Current research agendas focus on detection, analysis and treatment of a number of emerging contaminants and pathogens, including per- and polyfluoroalkyl substances (PFAS), legionella and algal toxins in both drinking water and reuse applications. Our research has also looked at many other aspects of water and wastewater utility operations, including energy efficiency, lead service line replacement, leakage reduction and resiliency planning.

The city of Jacksonville could benefit from American Water's leading emerging contaminants expertise

- **PFAS/PFOAS:** We have a cross-functional team focused on the scientific and regulatory framework related to PFAS/PFOAS detection and technologies for removal. Our research group has a long history in researching these chemicals and is currently active in externally funded projects related to the detection, occurrence and removal of PFAS/PFOAS. We also have the capability to address PFAS chemicals contamination, having worked with military bases and others to decontaminate certain well water containing the contaminants.
- **Lead:** We continually communicate, educate and work with customers on steps to minimize exposure to lead. With our expertise, we work with state legislatures, policymakers and other stakeholders to endorse the ability of American Water subsidiaries to replace customer-owner lead service lines (LSLs) to protect public health.
- **Legionella:** We continually communicate, educate and work with customers on steps to minimize exposure to legionella which, although typically occurring in premise customer-owned plumbing and not our distribution mains, is a potential danger to our customers and so one of our priorities to prevent.

[REDACTED]

To better understand contaminants, we equip our labs with state-of-the-art technologies for measuring water quality constituents at our Central Laboratory and Water Research Laboratories. We continually investigate new substances and contaminants to identify threats to our water supply, act on emerging regulations and new EPA and state agency health advisories, and evaluate the benefits of alternative or advanced treatment technologies.

Our Environmental and Operational Excellence group includes the Water Research Group, composed of scientists with backgrounds in chemistry, engineering and microbiology. More than three decades since its inception, our research and development program has evolved into an industry-leading water-related research program, achieving advancements in the science of drinking water and wastewater.

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We participate in the Partnership for Safe Water, the EPA's voluntary program to meet more stringent goals for protection against microbial contamination through treatment optimization, and are proud of our awards for accomplishments in the distribution aspects of the program, where American Water accounts for approximately 19% of the systems receiving the Phase III Director Award for Distribution Systems (5 out of 26 systems). Additionally, two of our systems were recognized for 5 Year Directors Awards for Distribution System Operations.

Furthermore, we participate in the Lead Service Line (LSL) Replacement Collaborative (lsrcollaborative.org), a joint effort of 25 national public health, water utility, environmental, labor, consumer, housing and state and local governmental organizations. The LSL Replacement Collaborative's goal is to accelerate full removal of lead pipes that still provide drinking water to millions of American homes. We continue to look for better ways to maximize drinking water quality protection and improve the efficiency of LSL replacement.

5. PROCESS GOALS

Delivering on Our Commitment to Jacksonville

American Water proposes to acquire JEA's water and wastewater systems in a cash transaction that will realize a total value in excess of \$3 billion from the combination of the direct value at the time of the sale of the water and wastewater assets and the additional ongoing economic benefits realized from partnering with American Water. We are happy to consider a partnership arrangement with other bidders to help ease transaction costs and logistical concerns for JEA relating to the sale of the electric, district cooling and fiber communications services.

The table below provides an overview of our ability to satisfy each of the process goal. Please refer to Section 6, entitled "*Response to Evaluation Criteria*," for details of our response to each of the goals.

Minimum Requirement	American Water
1. Financial <ul style="list-style-type: none"> Greater than \$3 billion of value to the city of Jacksonville 	<ul style="list-style-type: none"> Our proposed transaction will maximize benefits for JEA, [REDACTED]. The value provided is the net result after repaying all water and wastewater debt. In addition, partnering with American Water will bring additional ongoing economic benefits to Jacksonville to realize a total value in excess of \$3 billion. JEA and Jacksonville would realize additional benefits from the options it pursues for the electric utility. <p>Detail around American Water's financial stability and strong access to capital can be found in Section 6.8.</p>
2. Customers <ul style="list-style-type: none"> Greater than \$400 million of value distributed to customers At least three years of contractually guaranteed base rate stability for customers 	<ul style="list-style-type: none"> Our transaction is structured to assume proceeds will be used to fund a \$350 credit for each water, wastewater and irrigation customer account (not including electric customer credits) contributing to the \$400 million customer value requirement. We will maintain current base rates for water, wastewater and irrigation customers for a minimum of three years.

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Minimum Requirement	American Water
3. Environmental <ul style="list-style-type: none"> • Commitment to develop and provide 100% renewable electricity for the Duval County Public School system and the City of Jacksonville by 2030 • Commitment to develop and provide 40 MGD of alternative water capacity to Northeast Florida by 2035 	<ul style="list-style-type: none"> • American Water will work with an electric utility partner to satisfy the full renewable goal, and we have technologies already in operation that will support this renewable goal in a cost-effective manner as well as strong energy efficiency programs that have resulted in lower energy use across our water operations. • American Water can commit to constructing the planned 40 MGD alternative water source by utilizing its expertise in recycling, reuse and desalination.
4. Community Impact <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <ul style="list-style-type: none"> • Protection of certain employee retirement benefits • Commitment to new headquarters and employees in Downtown Jacksonville 	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <ul style="list-style-type: none"> • American Water commits to protect employee retirement benefits. • American Water commits to develop its headquarters in Jacksonville, with or without a potential partner.

6. RESPONSE TO EVALUATION CRITERIA

We strongly believe the transaction we contemplate will create significant value for Jacksonville customers, JEA employees and the City of Jacksonville. We are happy to consider partnership arrangements with other bidders to further maximize value to JEA and help ease transaction costs and logistical concerns.

6.1 Proposal to Achieve JEA's Goals in This ITN

6.1.1: Greater than \$3 billion of value to the City of Jacksonville

American Water's proposal will realize a total value in excess of \$3 billion from the combination of 1) the direct value realized at the time of the sale of the water and wastewater assets and 2) the additional ongoing economic benefits realized from partnering with American Water. Our proposed transaction will maximize benefits for JEA,

██████████. The value provided is the net result after repaying all water and wastewater debt. In addition, partnering with American Water will bring additional ongoing economic benefits to Jacksonville, including:

- [REDACTED]
- [REDACTED]
- Significant property tax assessed value growth,
- Billions of dollars of ongoing investment in Jacksonville over the next 20 years, resulting in more business for local contractors and vendors and improved infrastructure to attract new business, and
- Enhancements to customer experience through using the expertise of American Water's proprietary R&D organization specializing in water quality and technology.

JEA and Jacksonville would realize additional benefits from the options it pursues for the electric utility. ■

6.1.2: Greater than \$400 million of value distributed to customers

American Water commits to structure an offer such that proceeds will be used to fund a \$350 credit for each water, wastewater and irrigation customer account, exclusive of electric customer credits, contributing to the \$400 million customer value requirement.

6.1.3: At least three years of contractually guaranteed base rate stability for customers

American Water will maintain current water, wastewater and irrigation base rates for a minimum of three years. We also commit to stable, continued capital investment into water and wastewater utilities. Please refer to [Section 6.2.5](#) for details on this commitment.

6.1.4: Commitment to develop and provide the City of Jacksonville and the Duval County Public School system 100% renewable electricity by the year 2030

American Water will work with an electric utility partner to satisfy JEA's goal of 100% renewables in schools and government buildings. [REDACTED]

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6.1.5 Commitment to provide 40 MGD of alternative water capacity by 2035

American Water commits to deliver the proposed 40 MGD alternative water capacity by 2035 through utilizing our expertise in recycling, reuse and desalination along with traditional water supply expertise. Our commitment is detailed further in [Section 6.6](#) of this Response.

6.1.6: Protection of certain employee retirement benefits

American Water commits to protect certain employee retirement benefits. [Section 6.4](#) contains additional support for this commitment.

6.1.7:

6.1.8:

6.1.9: Commitment to new headquarters [REDACTED] in Downtown Jacksonville, contributing to the economic development of the community

As part of this collaborative approach, American Water commits to develop its headquarters in Downtown Jacksonville, [REDACTED] to oversee its Jacksonville operations, [REDACTED]

[REDACTED] Please reference [Section 6.3](#) below for additional commitment detail.

6.2 In-Depth Experience and Customer Commitment to Jacksonville

Although more than 85% of our total operating revenues in 2018 were derived from regulated operations in which we are the only supplier of water and wastewater services, we approach every customer encounter with a relentlessly competitive mindset. While our regulated customers do not currently have a choice of their water provider, we believe it is critical to provide such strong customer experiences and treat our customers so well that if they were given a choice of a water or wastewater service provider, they would choose American Water.

If Given the Choice, We Want Customers to Choose American Water Because They Want to, Not Because they Have to

We hold ourselves to a standard that is continually growing more personalized. In today's world of increasingly personalized service, where fulfillment is usually no more than a click away and our customers are expecting an "Amazon-like" experience, the job of meeting and surpassing customer expectations has never been more challenging.

By listening to our customers, we aim to achieve customer satisfaction and service quality ratings in the top quartile of service industries beyond the water and wastewater industry. In Jacksonville, we will implement a

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multi-year strategic plan to enhance technology and innovation across all customer experience lines [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

6.2.1: Longevity of utility generation, transmission and distribution operations of greater than 5 years

A Long -Standing History & Focus On The Future

With history dating back to 1886, American Water has kept life flowing for our customers by providing water and wastewater services for over 133 years—and we have efforts in place to keep life flowing for years to come. Today, when we lay pipe in the ground, build water treatment facilities, expand our research capabilities, or invest in the training and well-being of our employees, we are not thinking merely in quarters or years. We are thinking in decades, preparing for the challenges that lie ahead. It is not enough for us to be the trusted source of everything water for our current customers. We expect to be there for their children and grandchildren as well.

Supplier Savings, Quality and Diversity to Fuel Longevity

American Water has significant price leverage when we buy materials and supplies in the marketplace, given our annual spend of \$1.8 billion in water and wastewater equipment, products and services.

Below are a few examples of how our supply chain program is able to use this market power to produce savings:

- We have over 50,000 miles of main pipes in the ground and purchase about \$150 million worth of pipe, valves, hydrants and meters each year. We have been able to work directly with manufacturers for national pricing agreements. [REDACTED]
[REDACTED]
- As a Top 100 Non-Government U.S. Fleet, we spend about \$24 million to buy 300-500 service vehicles per year. Because of our scale, we are able to negotiate directly with manufacturers. [REDACTED]
[REDACTED]
- We purchase approximately \$55 million of water treatment chemicals annually across multiple products and suppliers. [REDACTED]
[REDACTED]

[REDACTED]	
[REDACTED]	
■ [REDACTED]	■ [REDACTED]
■ [REDACTED]	■ [REDACTED]
■ [REDACTED]	■ [REDACTED]
■ [REDACTED]	■ [REDACTED]

We also have a well-established Supplier Diversity Program to better afford smaller organizations, and those run by women, minorities, veterans, individuals with disabilities and LGBTQ members the opportunity to provide essential products and services. As part of our commitment to Jacksonville and supplier diversity, American Water will continue to participate in the JSEB program to support small business owners in the community. We

strive to have diverse suppliers participate in all Supply Chain sourcing events and in 2018, [REDACTED]
[REDACTED]

6.2.2: Leveraging Customer Insights to Improve Experience and Satisfaction

Like JEA, American Water focuses on listening intently to the needs of our customers and works hard to find solutions that benefit them and the communities we serve. Receiving feedback from our customers is vital to improving our customer initiatives and ensuring the best possible customer experience. [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] We judge our customer performance through a quarterly survey conducted by an independent third-party firm, comparing our customers' satisfaction to those of customers across the country from both public and private water and wastewater utilities located near our operations.

[REDACTED]
[REDACTED]
[REDACTED]

- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
[REDACTED] [REDACTED]	[REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
[REDACTED]	[REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
[REDACTED] [REDACTED]	[REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- **Personalize Information and Services:** Making our customers' lives easier is a central theme to our customer-obsessed strategy. Delivering on this requires water and wastewater utilities to tailor each aspect of the customer journey to meet the individual customer's expectations.

[REDACTED]

As the needs of our customers shift, we strive to be a leader in providing them with the tools to work with us however they would like. Recently, we launched an updated, mobile-enabled Self-Service Customer Portal that allows customers to access their account 24/7 from anywhere.

[REDACTED]

[REDACTED]

RESPONSE TO JEA INVITATION TO NEGOTIATE (127-19)

- **Empathy and Experience:** For our customers, doing business with American Water should be easy—be it service, billing or programming. That’s why American Water takes customer concerns and customer disputes very seriously and works diligently to find solutions to each challenge.

We have several layers in place to manage relationships and keep customers satisfied. The type of concern will determine which layer is engaged.

Customer Advocacy Team

- Every American Water state subsidiary has a dedicated Customer Advocacy Team. This team serves as our feet on the street and is customer-facing.
- Customers working with this team will receive support from the start including communications trafficking and assistance to accelerate the issue to final resolution.



**REDUCING THE
NUMBER OF
TOUCHPOINTS THE
CUSTOMER NEEDS**

Customer Care Operations

- Our call center operations in Pensacola, FL, and Alton, IL, also feature small teams of issue resolution specialists who are dedicated to each American Water state subsidiary.
- These specialists receive specific training on interacting with customers who have targeted concerns and disputes.
- The resolution process typically begins and ends with this team. If the specialist is unsuccessful in resolving the issue, it is moved through an orderly chain of command to ensure timely resolution.

“Every associate, in person or on the phone, always takes care of any issue I have, with a great attitude. Great customer service.”

– Residential Customer, WV

“We are very satisfied. They are very forthcoming and supportive when we have issues. We are a high volume user. We are pleased with the response to requests, and the professionalism of the staff.”

– Industrial Account, NJ

- **Improve Systems and Processes:** Our customer obsession drives us to continually challenge the norm. Real process changes come out of our efforts to glean insights from listening to customer feedback we receive from our Customer Advocacy Teams and Customer Care Operations. Our goal is to allow our customers to engage with us how, when and from wherever they like.

A recent success in this regard included our comprehensive company-wide utility bill redesign. Based on feedback from thousands of American Water customers through our online customer community, we streamlined our water bills, both paper and electronic, making it simpler and easier to understand, while remaining compliant with local PSC regulations. [REDACTED]

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We recognize that each of our customers has unique needs and wants to create flexibility in how they can pay for their services. Below is a list of different methods and payment options we provide to customers so they can select the right option for themselves. In addition to flexible options, we have instituted a number of customer assistance programs, including Budget Billing, Installment Plans and donation programs, to support our customers in need.

88% of new portal users were satisfied with the ease of completing their task on the American Water website

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6.2.3: Our corporate culture demonstrates a long-term commitment to our operations

A Culture Built on Safety

Safety is more than just “the right thing to do”—it is a core company value and strategy that shows American Water’s commitment to a longstanding community presence as a corporate citizen and ensuring the safety of our customers.



As an ongoing strategy that American Water has embraced, Occupational Health and Safety (OHS) translates to better performance across our entire organization. With healthy and injury-free employees, our culture of caring is reinforced and we perform better as a business, lower our operating costs and increase employee morale.

We constantly and rigorously listen to our employees and inspect work sites with a focus on enhancing safety. Through frequent labor-management meetings across the company, we explore new ways to further enhance safety on the job. If it takes longer to do a task safely, then employees are empowered to take the time they need. We have numerous peer-to-peer safety inspections where coworkers help each other without management involvement. Every employee has a “Stop Work” authority and can shut down an unsafe job (including contractors) and will never be penalized for doing so.

RESPONSE TO JEA INVITATION TO NEGOTIATE (127-19)

American Water's 2018 safety performance was the best in our recorded history.

However, our target always is—and must be—zero injuries.

Under our Health and Safety Charter, we hold all employees and contractors to the same high standard of safety accountability for themselves, their coworkers and the communities we serve. We engage all management and hourly (union/non-union) employees in our safety management system through our Certified Safe Worker program.

50% 

50% REDUCTION IN
WORKPLACE INJURIES
SINCE 2013

Continued Education and Professional Development

JEA employees who join American Water will be eligible to participate in our tuition reimbursement program, which offers up to \$10,000 per year in tuition costs, registration fees and books for courses or degrees that might enhance employees' overall effectiveness in his or her current role, or for potential developmental opportunities. The company encourages and supports employees who enroll in college, university and technical school courses to gain specific knowledge or to obtain a degree. With Jacksonville's numerous institutions of higher learning, these opportunities could be used by employees to gain important skills to develop into more well-rounded professionals while supporting the region's institutions. This program is intended to enhance employees' professional development and their skills and knowledge related to American Water's business.

As an added benefit, JEA employees who transition to American Water will have full access to a robust library of content that offers guided learning about the utility industry, safety, leadership and other meaningful topics. In addition to engaging and informative digital content, American Water also offers regular small group education and development courses. We firmly believe that continuing education helps improve each member of our team and we require that every employee receive at least 20 hours of formal training every year.

Ethics Embedded in Every Facet of Our Business

American Water maintains a culture of professional respect and emotional safety across our organization. This is demonstrated through our best-in-class respect and dignity policy, harassment-free workplace policy, and ongoing training policies. For the benefit of our employees, we encourage reporting through human resources, management or a confidential third party-administered Ethics Hotline that is available to employees and external stakeholders, including suppliers and customers.

Seamless Integration Process

We are confident that JEA customers will benefit from American Water's proven expertise in successfully integrating municipal acquisitions. American Water utilizes SAP as its core enterprise resource planning system enabling streamlined business integration. In late 2018, the company was certified as an Advanced Customer Center of Expertise (ACCOE) and is the first U.S. utility company to reach this noteworthy benchmark. [REDACTED]

RESPONSE TO JEA INVITATION TO NEGOTIATE (127-19)



**Closed water and wastewater deals counted as separate transactions.

***Data as of 07/31/2019. We closed 12 acquisitions in 2019 totaling 30,700 connections. Excludes organic growth.

American Water also leverages innovative Data Stewardship Platform (DSP) technology to support customer data transition, bringing a unique benefit to our company and entities it acquires. The DSP combined with American Water proprietary features deliver many benefits, including:

- Highly scalable approach to customer volume: Regardless of the number of customers we serve, our processes and integration techniques can be quickly and effectively scaled to easily accept new customers.
- Advanced customer GIS mapping technology: These innovative technologies allow our team to more effectively map and notify customers in the event of a customer-impacting emergency.
- Proactive and established user acceptance process: Having an intuitive process helps improve programmatic approval flows across organizations with built-in data validation.

6.2.4: Strong focus on maintaining reliability and minimizing time of disruptions

We are keenly focused on maintaining reliability and minimizing time of disruptions because water management and climate variability are inextricably linked. The impacts of climate variability, such as sea level rise, and increases in frequency of extreme weather events directly affect water sources and infrastructure. The number and frequency of droughts, severe storms and wildfires has intensified over the past 20 years. Further, the U.S. Geological Survey has linked river salinity to climate change. The changing of source water makeup and extreme weather events directly impacts the environmental aspects of our business and is something American Water's leadership team regularly considers when determining future plans and preparedness strategies.

American Water has policies directly focused on this, such as our Capital Program Management Policy requiring investment in our infrastructure to follow specific recommendations from our comprehensive asset planning process. This includes assessing risks from climate variability and developing appropriate mitigation and adaptation strategies. For example, in our construction we use either a 100-year minimum or 500-year flood elevation as the basis for design, depending on the criticality of the asset and specific application.

When we build new facilities, we consider climate variability, raising critical equipment well above historic flood levels and designing for more frequent and intense weather events to strengthen their resiliency. We have committed approximately \$1.5 billion or more annually to upgrade and renew water and wastewater treatment

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plants, distribution and transmission pipes, pumping stations and other essential facilities. Approximately 8% of our capital investment is dedicated to resiliency.

Disaster Planning

We invest in the resiliency of our systems and in the communities we serve. Infrastructure that is in poor condition or designed for historical environmental conditions is more susceptible to the impacts of extreme weather events, especially flooding and droughts, which can result in contamination or loss of service. Challenging weather conditions, and thus the related risks, are predicted to continue and escalate. Given Jacksonville's coastal location, the city is especially vulnerable to this threat. With Northeast Florida experiencing a rise in the occurrence of hurricanes and related storm surge activities, the JEA will benefit from American Water's approach to disaster planning, which addresses risks through redundancies and strategic planning. This work is vital to continually meet all customers' basic needs for clean, safe and reliable water.

Increased climate variability including intense storms and winds can lead to power outages that have the potential to affect services if appropriate preparations are not taken. We must be prepared for these events by ensuring that our most critical facilities can operate for an extended period of time on stand-alone power generation sources, such as gas-powered generators and/or solar panels. Additionally, our emergency response plans focus on strategies to mitigate the potential impact from extreme weather and climate variability to improve the reliability of our systems for the benefit of our customers.

American Water's investment approach provides many opportunities to increase climate resilience in the communities served by JEA by implementing mitigation and adaption strategies. As climate models and forecasts continue to improve, we are constantly evaluating risks to our operations and implementing new design standards into our engineering processes to make assets more resilient.

Capital Investment Planning

Like JEA, American Water has a robust process in place to develop strategic capital investment plans, which includes making our assets and operations more resilient to climate variability and other threats from our changing world. Our resiliency planning strategy is not limited to our capital investment plans—it is also integrated into our asset management, emergency response planning, capacity development and other decision-making processes.

American Water will continue to prioritize and invest in our resiliency efforts. This forward-thinking philosophy will extend to our partnership with JEA because we see the readiness of our systems as critical to addressing weather challenges and climate variability impacts on our life-sustaining services.

In 2018 alone, our completed resiliency projects included:

- \$37 million flood protection project at the Raritan-Millstone plant in Bridgewater, NJ
- \$45 million water supply pipeline project to reduce the risk of water scarcity in Monterey, CA
- \$13.4 million emergency generator at the central water treatment plant in St. Louis, MO, allowing us to treat over 120 million gallons of water each day

These projects manage water supply, a finite resource, and safeguard customers' long-term needs. In some regions, concerns about long-term water scarcity and water quality are increasing stakeholder expectations for

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American Water to protect this valuable resource and ensure access to clean, safe water into the future. The risks posed by climate change increase pressure to plan for and address Water Supply Resilience.

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RESPONSE TO JEA INVITATION TO NEGOTIATE (127-19)

6.2.5: Focus On Maintaining Rate Stability For Customers

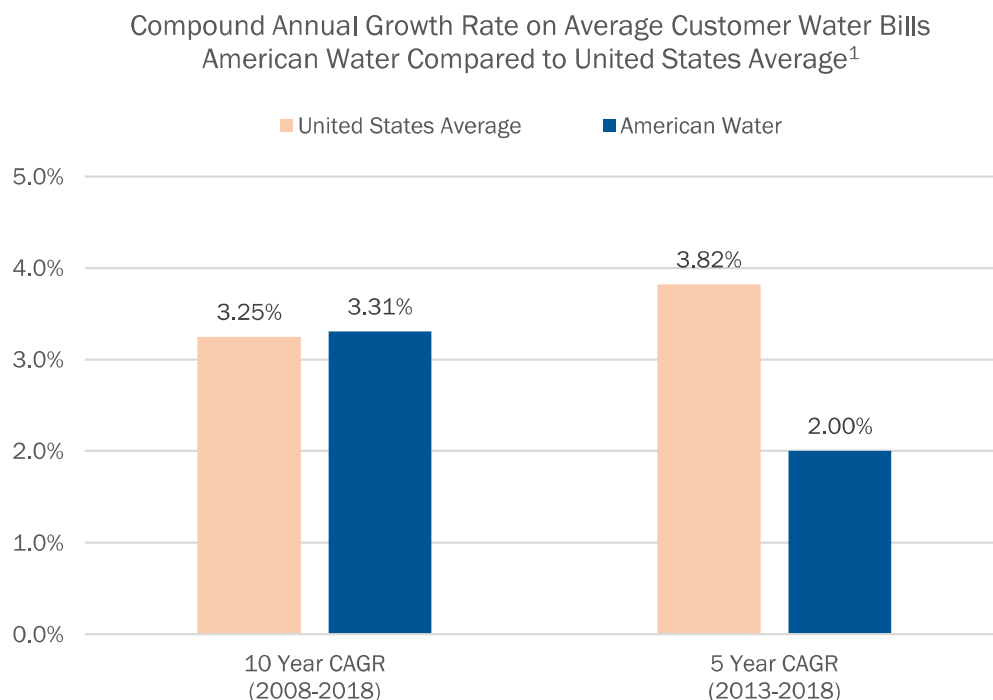
American Water's history and experience in large-scale purchases of water and wastewater systems is tied to a deep understanding of the need for stability and predictability of rates.

JEA will benefit from American Water's ability to share our compliance and capital investment acumen, while leveraging our volume purchasing power, scale, technology and innovation development.

American Water Rate History

American Water has diverse regulated utility operations throughout the country, operating within a variety of regulatory frameworks that differ from state to state. Despite varying geographic conditions that impact costs, American Water's rate changes, on an annual basis, have been comparable or lower than the water and wastewater consumer price index.

American Water's annual rate change is nearly half of the United States average over the last 5 years



¹ United States Average is based on percent change to the U.S. Bureau of Labor Statistics housing / utility consumer expenditures (All Consumer Units) for Water and Other Public Services. AWK is based on the percent change in residential revenue per residential customer, based on data from AWK's 10-Ks.

Our rate case management program aims to balance infrastructure investment needs and protect water quality while limiting rate increases. Over the past 5 years (2013-2018), our average water customer bill across our service areas increased by only 2.0% per year, which is nearly half the United States average of 3.82%.

In an operating environment where the company plans to invest more than \$1.8 billion per year across the country on infrastructure and other necessary capital projects, American Water is able to mitigate rate increases

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by lowering its per-customer operating costs. As we noted earlier, for every \$1 in O&M savings, we can invest \$8 of capital with no adverse impact on a typical customer's bill. This is a result of growing the customer base through strategic acquisitions and optimizing shared and back-office services, allowing the company to maintain a robust field staff to operate our systems at high service quality. Through a partnership with the Jacksonville community, we will apply these same savings and efficiency strategies to bring current JEA customers the best possible service at the lowest possible rates.

American Water has taken a leading position in promoting innovative ways to limit sizable increases in bills while replacing aging infrastructure. These include infrastructure replacement surcharges, future and hybrid test years, and mechanisms for utility plant recovery, expenses and revenue stability. In our view, Florida has a constructive regulatory environment and American Water looks forward to proactively delivering rate stability to customers in Jacksonville under the construct provided by the Florida Public Service Commission.

Low-Income Tariffs and Grant Programs

When it comes to water access and affordability, JEA and its customers can be confident that American Water will use customer-focused strategies that benefit the community in two distinct ways. The first is to provide safe, clean and reliable water service to meet our customers' needs, and work hard and smart to ensure that we meet this commitment every day. The second is ensuring that the cost of water service to all customers is affordable, including implementing ratemaking structures and processes that protect our most vulnerable customers. Protecting all of our customers, no matter their economic status, is vitally important to American Water's vision for the Jacksonville community.

To help ensure that water is affordable for all customer populations, American Water participates in a number of practices including low-income tariffs, grant programs and payment plans.

Where approved by state legislatures or regulatory authorities, we offer customer assistance programs to help financially challenged or disadvantaged households pay for water services. Programs vary by state and include assistance in the form of one-time emergency grants and/or ongoing service charge discounts. Other examples include rebates for water-saving appliances, leak detection kits, free water-saving devices and educational booklets to help customers make their homes more water efficient and reduce water costs.

In many states, to help promote access to clean water, vulnerable populations are eligible for low-income tariffs. We have low-income programs for 12 states (over 85% of our regulated operations), including California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Tennessee, Virginia and West Virginia. In Pennsylvania, for example, qualifying households can work with community action agencies to receive discounts of up to 80% on their fixed monthly water charges. In most states, other customers support these low-income tariffs.

Additionally, our grant program, funded by employee contributions and shareholders, is available in most states where we operate. To qualify for a grant, customers must have annual household incomes at or below a specified percent (i.e. 200%) of the Federal Poverty Guidelines and applicants must have made a sincere effort to pay their bill. These efforts, coupled with maintaining current base rates for a minimum of three years, give JEA customers certainty about the future of their utility costs.

6.3 Economic Development and Benefits to Jacksonville

American Water is Dedicated to the New JEA Headquarters

As part of our bid, American Water commits to locating its Florida headquarters in Downtown Jacksonville. We are flexible as to whether our Jacksonville headquarters is a result of JEA's existing or future procurement processes or our own initiative. We recently completed construction of our LEED platinum-certified corporate headquarters building in Camden, NJ, on time and on budget, so we are confident that we can successfully execute on and exceed this requirement.

While we remain open to stakeholder discussions regarding possible ways in which to implement this exciting development in Downtown Jacksonville, one option is to continue to develop the new JEA headquarters on West Adams Street as currently proposed by Ryan Companies, which includes a nine-story "Class A" office building with a nine-level parking garage.



The estimated cost of construction of the new JEA headquarters for the base building shell and parking garage is approximately \$72.2 million, which does not include costs for interior tenant improvements, furniture, fixtures and equipment. American Water commits to continue to develop the base building shell and interior improvements consistent with the project costs and schedule established by JEA and Ryan Companies, or to otherwise meet JEA's and Jacksonville's objectives. Our bid contemplates American Water assuming full responsibility for the completion of this building, irrespective of a potential partner on other segments of JEA. American Water recognizes that JEA's plans regarding this building may change over time. If, for any reason, JEA's headquarters plans change, American Water is willing to either work with any new plans that JEA may have or begin to develop our own plans. In any event, American Water would maintain its commitment to have its headquarters in Downtown Jacksonville.

American Water will commit to the highest standards of sustainability and environmental leadership when developing the JEA headquarters, as we have done for our newly completed headquarters. In December 2018, American Water relocated over 600 employees to its newly completed LEED platinum-certified headquarters in Camden, NJ. Both the base building shell and interiors of our headquarters building earned all possible points within the sustainable site credit category. American Water's headquarters is a 220,000-square-foot "Class A" office building with a 662-space parking garage, and is comparable to the size of JEA's proposed headquarters.



This building demonstrates American Water's commitment to sustainability and environmental leadership stewardship in all aspects of our business and we would strive to do the same for the JEA. Achieving LEED

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platinum certification required a tremendous amount of collaboration through design, construction and completion of our new home in Camden and lent us the expertise to do the same for future projects. Notable environmentally friendly building features include: a water reuse system, providing water for the building toilets and landscaping; LED lighting through the building and solar shades on the windows to maximize the use of natural light; high-efficiency glass windows to reduce the heat impact inside the building; low-flow toilets, sinks and showers to reduce water usage and high-efficiency HVAC system to reduce energy consumption.

American Water's move to Camden has been an opportunity to contribute to the continuing revival of the city. We invested in Camden's youth and the city's future economic prosperity, and provided clean, safe, reliable and affordable water and water services to customers. Just as American Water's move came with a goal of improving the quality of life in Camden, the company would act as a catalyst for development in Downtown Jacksonville. This future agreement, outlined more deeply in Section 6, "Building Stronger Communities," provides a comprehensive plan for how American Water will emphasize and promote community education and outreach, job training programs and hiring initiatives at the Jacksonville headquarters. Our headquarters in Jacksonville would be a tangible demonstration of our commitment and desire to become part of the Jacksonville community, as we have done in countless other communities across the country throughout our 133-year history.

Industry Affairs Partnership with JAX Chamber

American Water looks forward to working with the 3,000-member JAX Chamber to recruit potential companies to the region. Northeast Florida cannot reach its full potential without predictable commercial and industrial water and wastewater rates, as well as strong infrastructure, in place. This commitment includes supporting strong environmental protections for the St. Johns River and other important local natural resources including the Northeast Florida shoreline, Intracoastal Waterway and Timucuan Preserve.

As noted previously, American Water is committed to developing a new headquarters in Jacksonville.

We bring unique value in our willingness to work with the community to directly create new jobs in Jacksonville areas of priority, as our company hires nearly 1,000 people every year to serve our businesses across the country.

Training is a key element for the success of any workforce— since 2015, we have invested \$900,000 in internships at Hopeworks, a Camden, NJ, nonprofit that is teaching students to use Global Positioning Systems (GPS) technology to digitize water lines and other assets while building tech-savvy skills and our future workforce. We offer student internships and provide the nonprofit with equipment and technology including laptops, Panasonic Toughbooks, computer monitors and office furniture. While we are proud to support this important program financially, the most meaningful way we help enhance opportunities for student success is through hands-on experiences where students work alongside American Water employees, learning skills and building friendships and mentors.

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To underscore the true impact of that strategic partnership with Hopeworks, here is an excerpt of a recent letter from Executive Director Dan Rhoton regarding an award application to Jersey Water Works under the One Water Award:

“At Hopeworks, we often cite our partnership with American Water as a model. This nomination is one opportunity to bring recognition to an innovative industry partner who is truly transforming lives in Camden. On average, youth entered our program with an average annual income of under \$900. The average annual wage for those same young people now averages over \$33,000!”

6.4 Employee Retention, Salaries and Benefits

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] In addition, American Water commits to protecting certain employee retirement benefits as outlined in the ITN. We offer a highly competitive full spectrum of medical, prescription, dental and vision coverage plus disability, life insurance, voluntary benefits, paid family leave, a wellness program, 401(k) Saving Plan with immediate vesting and much more. We strive to ensure that our employees have the choice, value and quality they need when making benefit elections to provide important protection for them and their families. When American Water last benchmarked our medical plan in 2019, we were very competitive in the utility market on each deductible and out-of-pocket amount, and on medical plan actuarial values.

We also believe it is important to update our plans to meet the needs of our diverse workforce. In 2019 we added coverage for the treatment of autism, hearing aids and transgender services. Current and future JEA employees will benefit from American Water's progressive approach to paid family leave, generous vacation, holiday and sick policies, transparency and equity in pay.

We have proven to be an employer of choice by providing a comprehensive compensation program, designed to recognize our people and the vital roles they play in our success. All our employees, including union-represented, participate in the short-term Annual Performance Plan, which pays cash bonuses based on established goals that are the same from front-line employees through the CEO.

Seamless Employee Integration

We take pride in the support we provide to the employees of newly integrated companies. Prior to transition, a team of American Water human resource professionals conducts onsite meetings to review our compensation, benefit plans and other employment-related items. We welcome the spouses of employees to attend a meeting and we schedule evening sessions to accommodate differing schedules.

Beginning with the first day of employment, the HR team will be on-site to onboard the employees, help them navigate the HR and Benefits website, assist with benefit enrollment, guide them through safety and operations training sessions and answer any questions. This employee-centered support continues from day one throughout their career with American Water.

Below are just a few examples where American Water has exceeded employee expectations:

"...the city called a meeting shortly after we heard the rumors and confirmed what I thought was my worst fear. They were selling us. In the meeting Karen Cooper and other representatives of American Water assured us that they didn't have a room full of people to take our jobs. They wanted our experience. As time went on, we spoke with other FSR guys, Field employees and others that work on the water side and they told us how great a company American Water was to work for. Through contract negotiations I came to realize this was the easiest contract I have ever been involved with."

– Bob Herring, Teamsters Union, Local 525

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"The transition for me was how quick the union and American Water were able to reach an agreement. I feel it was fair for both parties and knowing now that it was the best thing that could happen to this group. I feel we are being treated very fairly with all the changes. Going into this was a huge adjustment for me. I had been with the city for 29 years and the thought that starting over was horrible. But after all the negotiations and meetings it became pretty clear that I wasn't losing anything, in fact things got better."

– Todd Pohlman, Teamsters Union, Local 525

"From a safety standpoint, the transition has been absolutely awesome. When we came to American Water, we came with nothing other than the shirts on our backs. We literally had no safety equipment to bring with us. American Water went out of their way to get us all the safety equipment they purchase to protect their employees. Since June 26th when the transition took place, all my fears have changed to enjoying going to work and loving my job again. This has turned out to be one of the most awesome experiences of my life. Thank you American Water."

– Tony Bellitto, Teamsters Union, Local 525

American Water Charitable Foundation

Knowing that JEA employees are active in their community, the benefits that the American Water Charitable Foundation offers will also undoubtedly be well-received. Employees who donate their time to a 501(c)3 are eligible for matching funds at a rate of \$20 per hour volunteered, as well as a 100% match on contributions for cash donations, up to \$1,000 in total across both programs. This benefits nonprofits in the entire community surrounding Jacksonville and we are proud that JEA employees will have the opportunity to make a meaningful difference in the organizations and causes that directly affect the community where they live and work.

Employee Crisis Fund

JEA employees will also have access to the Employee Crisis Fund, a program funded by American Water Charitable Foundation employee donations. Grants of up to \$2,000 are available if American Water employees from anywhere in the company experience financial challenges in dealing with natural disasters, serious injuries or illnesses, as well as other extreme circumstances of need.

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Inclusion and Diversity

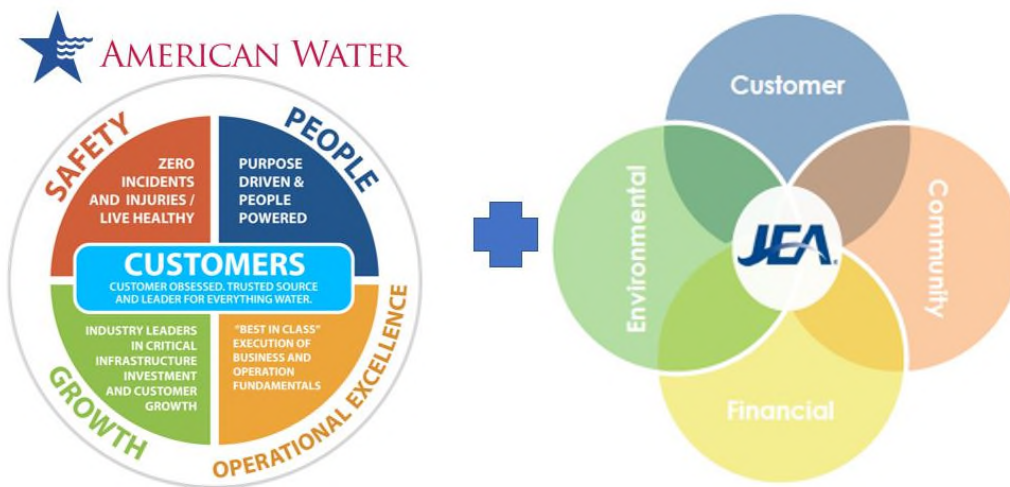
Jacksonville is a diverse community that celebrates the diverse backgrounds and people that make a city great. American Water sees diversity as a vital element in creating an environment where differences are accepted and are important to the company's success. As we live our values daily, we create a culture of inclusion for all. Below are examples how our each of our values is structured to be inclusive of everyone who works at American Water.

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- Safety is a great example of our dedication to inclusion. We want every single person who is part of our company to go home to his or her family in as good a shape or better than when he or she came to work—and we wish for each of our employees and their families to live safely in their personal lives as well. This commitment comes from our fundamental caring and concern for every employee—not just at work, but 24 hours a day.
- Trust is a simple word that encompasses a tremendous amount of meaning. First, trust implies an open, candid, respectful, honest and caring relationship. It also means challenging each other respectfully and holding ourselves accountable for doing the right thing when it is most difficult to do so. That is why we have zero tolerance for any type or form of discrimination or harassment. Inclusion means appreciating the value of each person’s diversity and acknowledging their thoughts, ideas and concerns.
- Environmental Leadership is at the heart of who we are and what we do. Water is a critically essential, life-giving product and service for all living creatures. We must ensure that we protect our water sources, and are diligent in our stewardship of the planet so we can continue to provide this critical part of daily life, and uphold the physical and economic health of the communities we are privileged to serve.
- Teamwork means we recognize that our employees are stronger together. That leveraging our different talents, backgrounds, viewpoints and beliefs helps us understand our diverse customers and communities better. That our differences make us able to “Keep Life Flowing.” Because of this, it is critical that we include the thoughts and ideas of everyone who is part of our American Water team when making decisions that affect our business.
- High Performance means we like to win. No apologies—we want to be the best at what we do. We will be honest and ethical, and win the right way. We want to be the best place for people to work. To be the best company—of any kind—that our customers deal with. We want to be the most trusted by our regulators and elected officials, and make a big difference for good in the communities we serve. We will solve the problems our nation faces with emerging water quality, water supply and infrastructure challenges. We will find the best ways to give our customers a great personal experience. And we will leverage the strengths and abilities of each of our employee councils.

6.5 Innovation Plan

At American Water we focus the efforts of our people and extensive resources through our *Purpose Driven, People Powered, Customer Obsessed and Trusted Source of Everything Water* strategy. Innovation is a priority at American Water and is embedded in our overall strategy and the many initiatives we develop to enhance services for our customers. JEA has always been an innovation leader in public utilities throughout its history, and we see alignment between American Water's and JEA's priorities and see tremendous opportunities to support JEA in its strategy, particularly through four untapped growth opportunities that we discuss further in the innovation plan details below.



JEA's existing platform is an excellent foundation to drive the growth needed to fuel Jacksonville's ever-changing water and wastewater needs. By coupling this platform with American Water's resources, expertise and extensive external network, we see opportunities that will place the Jacksonville community in the driver's seat to keep life flowing, not only for residents of greater Jacksonville but for Floridians in every part of the state. With American Water's national footprint, we are interested in exploring potential opportunities to use this combined enhanced platform to develop innovation pilots in Jacksonville with a view to expand them nationally—and the resulting recognition of Jacksonville as the birthplace of water and wastewater technological advances. At American Water we value strategic growth as much as JEA does, and we believe each innovation opportunity solidifies the future of the utility, establishes new revenue channels and assures the future success of JEA and the Jacksonville economy.

Our innovation plan consists of the following components, which can be delivered by either our regulated or market-based businesses.

- Technology and Innovation
- Operational Excellence
- Water Research and Development
- Homeowner Services

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Operational Excellence - Proactive Approach to Jacksonville Water Loss

American Water makes a significant investment in technology and resources to keep our water losses to a minimum. We foresee an opportunity to integrate these investments across Northeastern Florida to increase

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resiliency from hurricanes, floods and other emergency situations. Additional innovative technologies and programs all help drive efficiency by minimizing the withdrawal of limited freshwater supplies, reducing power demands associated with pumping and treatment, and using less chemicals and other resources throughout our processes.

- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]

Water Research and Development—Industry Leading Solutions Ensure A Bright Business Future

[REDACTED]

Cutting-edge solutions are needed today to address the challenges of professionals have been trailblazers in water research, developing solutions to address health advisories, controlling contaminant issues (such as Cyanotoxins, lead and PFAs), delivering energy and water conservation at the water-energy nexus, and collaborating with the AWWA, EPA and others. These solutions have demonstrated mutually beneficial results for customers, communities, the environment, American Water and now greater Jacksonville. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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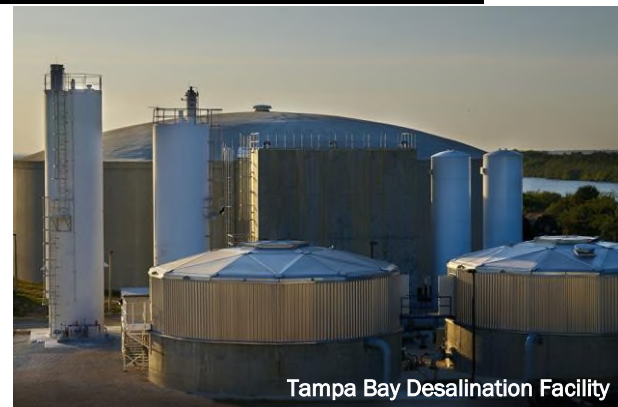
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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



RESPONSE TO JEA INVITATION TO NEGOTIATE (127-19)

- **Wastewater Energy Savings:** American Water's patented, award-winning NPXpress process could be used to reduce the energy and chemical demands of JEA's existing wastewater treatment plants, especially those that employ BNR technology. Our team of research scientists and process engineers has the experience to develop customized solutions that minimize energy and maximize value.
- **EPA Awards Innovation:** Every Jacksonville resident will benefit as American Water provides services that grow the number of awards (now 68) it receives from the EPA. We are fortunate to have received extensive recognition for our high standard of water quality excellence.

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6.6 Environmental, Social and Governance

Sustaining Our Values

As with JEA, American Water's ESG is an affirmation of the values we have upheld for decades, and has been and continues to be an essential part of our business. At American Water, we know that "how" a company operates is just as important as "what" a company does. A commitment to ESG principles is a priority for our entire company, from the Board of Directors to leadership to every employee. We truly believe that organizations do well by doing good.

At American Water, ESG is much broader than just three words. It includes environmental leadership and sustainability; operational excellence; employee engagement, safety and equality; active community engagement, civic and charitable involvement; and transparency and good governance—all are foundational to our corporate strategy. Today's stakeholders expect corporations to provide leadership on ESG principles and make a positive impact. Stakeholders want to see defined and measured actions and results that are reflective of a company's commitment to such principles.

Sustainable Commitments That Guide All Operations

Environmental leadership is one of five core values at American Water, and we have the responsibility to treat and deliver the most precious of life's needs—water. Our primary responsibility is the delivery of clean, affordable, reliable water and wastewater services. In fulfilling our responsibilities, we have committed ourselves to environmental leadership. We consistently work to protect public health and promote environmental stewardship.

American Water's commitment to sustainability is integrated into all operations and will be invaluable to the City of Jacksonville.

Some examples of how we have committed to environmental leadership include:

- We have established a goal of reducing our greenhouse gas emissions 40% by 2025 – and already achieved a 31% reduction from our 2007 baseline through 2018 – through deployment of renewable energy and efficiency initiatives and projects, such as pressure management and pump refurbishment.
- We consider green energy whenever possible when negotiating power purchase agreements, in order to reduce our costs and lower our carbon footprint.
- American Water maintains a portfolio of alternative energy sources to reduce GHG emissions while increasing access to cheaper renewable energy.
- Overall in recent years, our residential customers have saved about 1,100 gallons per customer per year—or 3.3 billion gallons annually, about 12.5 million cubic meters—through conservation and efficiency measures. Among the initiatives contributing to these savings are:

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- California American Water's leading conservation program, which totaled about 100 million gallons in water savings in 2018.
- New York American Water's 2018 conservation study, featuring a detailed evaluation of water use patterns and a customer survey about water consumption habits that identified the water-savings opportunities.
- [REDACTED]
[REDACTED]

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Alternative Water Capacity

American Water has significant experience in resolving regional water supply issues across its geographic footprint and will bring this competency to the greater Jacksonville area. By collaborating and partnering with numerous stakeholders, including neighboring utilities, state environmental regulators, municipalities and various local and state public officials and stakeholder groups, we can forge solutions such as alternative raw water supplies, water recycling/reuse and demand management.

American Water commits to addressing the water supply needs of the Northeast Florida region, which are estimated by JEA to be an additional 40 MGD by 2035

RESPONSE TO JEA INVITATION TO NEGOTIATE (127-19)

Accelerated Septic Phase Out Program

We understand that a number of Jacksonville neighborhoods are the cause of environmental concern because they do not have access to JEA's community sewer network and have aging residential septic tanks. American Water proposes to work with the City of Jacksonville to resolve Jacksonville's replacement of aging residential septic tanks on an accelerated timeline. [REDACTED]

Social Impact

At American Water, we approach every day with a three-part commitment to transparency, responsibility and integrity. By doing the right things the right way, positive results will follow—for everyone. We take very seriously our company's impact on everyone it touches—our people, customers, communities, investors, regulators, vendors and many more. This commitment to people is reflected in everything we do, including these recent examples:

- We have a long-standing commitment to gender equality at all levels of our company, as evidenced by our inclusion on the Bloomberg Gender-Equality Index and our continued commitment to Paradigm for Parity, an action plan to further diversity our leadership.
- We invested nearly 80,000 hours in employee safety training in 2018, helping to ensure that our employees should return home every day in the same, or better, condition as they were when they came to work.
- We enhance the lives of those we serve by supporting our employees in giving back to organizations they care about. Encouraging employee volunteerism creates a more engaged workforce and generates positive returns to the communities we serve.
- We sponsor company-wide workplace-giving campaigns focused on helping communities around the world: local United Way organizations and Water For People. Our employees contribute to these giving campaigns because they care deeply about our local and global communities. These are just part of the hundreds of other organizations that our company and employees support in our U.S. communities.

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Dedicated to an Equitable Workforce, Leadership Team and Board of Directors

American Water has been recognized for its efforts by inclusion in the 2019 Bloomberg Gender-Equity Index, the NAACP Equity, Inclusion and Empowerment Index, Barron's 100 Most Sustainable Companies ranking #23 as highest utility, and the Disability Equality Index (DEI) as a top-scoring (100%) company.

The American Water Board of Directors is chaired by an independent chairman, a rarity in the utility industry. Our transparent governance structure guides our day-to-day operating decisions, ensuring that we have the values, principles and management strategy needed to maintain that trust and meet our regulatory requirements.

[REDACTED]

Strong corporate governance practices support our strategic direction, culture of ethics and brand reputation, and provide critical oversight of cybersecurity, technology and market and economic trends analysis. At American Water, effective corporate governance means:

- Adopting the philosophy that all stakeholders—not just shareholders—are critical to the long-term financial sustainability of the company;
- Having a high-quality, diverse Board of Directors that reflects our customers;
- Implementing policies and procedures that promote governance quality, protect stakeholders' best interest and engage stakeholders;
- Promoting the integrity of governing bodies, such as by ensuring the independence of the chair;
- Ensuring clear lines of accountability for "material" environmental and social topics, including board engagement on sustainability topics; and
- Demonstrating transparency and accountability to stakeholders through public disclosures.

We have also added a Safety, Environmental, Technology and Operations (SETO) Committee to our Board of Directors. The SETO committee assists the Board in the oversight and review of:

- Employee and public safety;
- Environmental policies and practices including water quality and emerging contaminants;
- Technology policy, strategy and governance, including physical and cybersecurity matters related to the company's operations; and
- Operational performance and risks (other than risks covered by another committee of the board).

Our Board of Directors consists of 11 members, including six women and two African Americans. [REDACTED]

[REDACTED]

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We are a leader in integrating ESG principles into our business and maintain an equitable workforce and management team. Diverse representation is always included as a focus on job requisitions and when building a candidate pool. Specific focus is given to job opportunities that are non-traditional for female candidates, such as plant operators, distribution employees, etc.

- In 2018, over 52% of transfers/promotions were filled by minority, female, veteran or disabled candidates.
- Everyone at American Water plays an important role in creating an inclusive workforce. Our 2018 campaign “# Beautifully Different” invited diverse employees from across the company to share what makes them beautifully different and capture their stories in a video. In 2019, the Inclusion and Diversity Advisory Council solicited Inclusion and Diversity Champions to serve as liaisons with local workforces to ensure that all voices are heard within our company.

In 2017, American Water formed a national Inclusion and Diversity Council, which includes executives, an advisory council and champions from across the business. The Council promotes diversity in the company's workforce and aims to reflect the local communities it serves through the people it employs. It seeks feedback from employees on the current climate of diversity and inclusion at American Water and what opportunities exist for improvement. When you focus on doing the right things the right way, positive results follow, and that's part of American Water's daily approach based on transparency, responsibility and integrity.

6.7 Building Strong Communities

We have strong roots in every community we serve—not just as American Water employees, but as neighbors, families and friends. We never forget that at the end of every water pipe, there's a family depending on us to provide life's most critical need. That every fire hydrant property maintained will save lives. That every treatment plant serves as a barrier against disease. And that every community should be stronger because we are there.

Since 2012, we have volunteered more than 28,000 hours in the communities we serve. In September 2018 alone, American Water provided more than 5,000 hours of service through company-sponsored events. The Jacksonville community would become a large beneficiary of American Water-sponsored community service following the company's entry into the market.

In addition, we sponsor national workplace-giving campaigns with the United Way and Water For People, as well as supporting our employees' own charitable endeavors through the American Water Charitable Foundation. Through these efforts, American Water and AWCF have provided:

- \$5 million to United Way
- \$4.3 million in giving through the AWCF
- \$2.1 million to Water for People

In the developing world, we support Water For People, an international non-profit organization working across nine countries to bring safe water and sanitation to 4 million people. In 2018, our partnership raised more than \$200,000, with total donations reaching \$2.5 million in the last decade. In 2017 and 2018, our annual United Way giving campaign raised nearly \$816,000. During the last ten years, the campaign generated approximately \$5 million in donations to United Way efforts across the country.

We will bring this strong community focus to the greater Jacksonville market, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Our strong commitment to Jacksonville also extends to working with elected officials and municipal stakeholders on meaningful community investment agreements that benefit local hiring, giving and community and school engagement.

American Water pledges to be a key player in building up the communities in JEA's service territory [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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Projects in the community, as part of American Water’s service territory, would be eligible for the American Water Charitable Foundation’s signature grant program, Building Better Communities, which awards two to three annual grants in amounts up to \$250,000. This is in addition to the Charitable Foundation’s environmental grant program, in amounts of up to \$20,000, for projects that impact water and the environment, healthy living, environmental education and community sustainability. Many initiatives organized by the St. Johns River Water Management District align with our Charitable Foundation criteria and will be candidates for grant awards.

Water Education for Teachers—Project WET

Currently in Florida, three sponsoring organizations exist to certify community educators in Project WET (Water Education for Teachers). These include the University of Florida School of Forest Resources & Conservation, the League of Environmental Educators in Florida and the Southwest Florida Water Management District. American Water pledges to work through these organizations to offer Project WET certification to a minimum of 100 community educators and teachers per year across Duval County. Community educators can include a wide range of individuals in addition to teachers, such as scouting leaders and community volunteers. These training opportunities offer insight into diverse water topics to empower educators and assist in reaching children with objective, experiential, science-based water education.

American Water will provide Water Education for Teachers certifications to no fewer than 100 Jacksonville educators each year

Duval County School Partnership

As Duval County schools continue to age, with more than 65% of the county schools hitting the 50-year mark and beyond, American Water is interested in exploring opportunities to engage with the school district on increased investment in water and energy efficiency throughout school facilities that enable new sources of revenue.

[REDACTED]

A partnership with Duval County Public Schools would certainly extend to supporting Science, Technology, Engineering and Math (STEM) education through year-round learning opportunities; exposure to American Water careers on an age-appropriate basis; in-kind donations of computers, lab equipment and furniture; and engagement and sponsorship of Duval County schools’ science fairs.

Leading Disaster Preparedness and Coordination Efforts

JEA customers, as well as businesses and industries across the surrounding service area, will benefit from American Water's resources and leadership on storm and disaster resiliency, preparedness and response. These plans are a critical foundation of American Water's stewardship of the surrounding community because they incorporate business continuity on behalf of customers with regulator and key stakeholder management. As part of JEA's vision for the water utility of the future, American Water's weather hardening and preparedness plans will bring JEA's excellent operations into the fold.

Storm responsiveness plans start with training by way of the National Incident Management system, enabling coordinating government, private-sector and nongovernmental organizations to work together during domestic incidents. From a high level, responsiveness and incident management plans include incident recognition processes, risk assessment procedures and processes, incident action plans, a comprehensive communication plan, corporate reporting requirements and incident closedown steps.

External agencies, stakeholders and liaisons are accounted for and given a voice through the incident and event management practice to ensure mindfulness of the impact of a response on the surrounding community. As it does in most locations across the U.S., American Water would open its facilities in Jacksonville free of charge to community partners including first responders, emergency management coordinators and a wide range of organizations for planning sessions and as a base for operations in times of need.

6.8 Financial Stability

What's good for our environment, our customers, our employees and our communities has also proven to be good for financial sustainability as a company. American Water is:

- The largest publicly traded water and wastewater utility, with total enterprise value of \$31 billion+
- The only water company in the S&P 500, Dow Jones Utility Index and the Philadelphia Utilities Index (UTY)
- Able to access low-cost financing through both state and federal water and wastewater infrastructure programs, such as state revolving funds and the Water Infrastructure Finance and Innovation Act (WIFIA)

Strong Access to Capital

American Water has the ability to access capital in large scale through various public and private debt and equity markets. In conjunction with the signing of a Purchase and Sale Agreement (PSA), American Water has the ability to secure a committed financing package that may include bridge and long-term financings of the size needed to fund this transaction.

We have favorable investment-grade credit ratings from S&P (A) and Moody's (Baa1), reflective of stable cash flows from lower-risk, rate-regulated water utility operations. We have access to our \$2.25 billion credit facility (expandable to \$2.75 billion) and \$2.10 billion commercial paper program for short-term capital as needs arise.

Experience Managing Large Capital Investment Programs

American Water recognizes that JEA has a \$1.04 billion projected water and wastewater capital investment program for the five-year period ending September 30, 2023. We understand that the majority of this capital program is planned to be funded from water and wastewater system revenues (including capacity charges) and no new JEA debt.

American Water commits to continue with these planned investments determined to be necessary as a result of JEA's resource planning process. As we become more familiar with the JEA water and wastewater systems, we plan to identify and make incremental maintenance and growth investments to improve the system for the benefit of all customers.

We invest significant amounts of capital across the company to add, replace and maintain property, plant and equipment, and to improve aging infrastructure. We focus on both capital efficiency and O&M efficiency in order to spend every capital dollar most cost-effectively and save O&M costs, in order to do more capital investment with minimal impact on customer bills. American Water is projected to invest more than \$1.8 billion in net company-funded capital improvements per year for the next five years. The addition of JEA's water and wastewater business will increase American Water's total annual capital investment program to no less than \$2.0 billion per year, or at least \$200 million for Jacksonville-area projects.

American Water continues to be on a steady path making capital investments to ensure clean, safe and reliable water service, while we continue to improve our operating efficiencies to benefit our customers.

7. ADDITIONAL INFORMATION

Additional information about the benefits of American Water can be viewed on the following links:

- [American Water Regulated Business Operations](#)
- [American Water Market Based Business](#)
- [American Water Camden Headquarters](#)
- [American Water ESG Commitment](#)
- [American Water Infrastructure Investment](#)
- [American Water Geothermal Capability](#)

Appendix 1 – Respondent Certification

127-19 APPENDIX A – RESPONSE FORM

Company Name: American Water Works Company, Inc.

Company's Address 1 Water Street, Camden, New Jersey 08102

Phone Number: 856-955-4800 FAX No: N/A Email Address: Susan.Story@amwater.com

☒ I have read and understood the Sunshine Law/Public Records clauses contained within this solicitation. I understand that in the absence of a redacted copy my proposal will be disclosed to the public "as-is".

RESPONDENT CERTIFICATION

By submitting this Response, the Respondent certifies that it has read and reviewed all of the documents pertaining to this Solicitation, that the person signing below is an authorized representative of the Respondent Company, that the Company is legally authorized to do business in the State of Florida, and that the Company maintains in active status an appropriate contractor's license for the work (if applicable). The Respondent also certifies that it complies with all sections (including but not limited to Conflict of Interest) of this Solicitation.

We have received addenda

Susan N. Story

October 7, 2019

Handwritten Signature of Authorized Officer of Company or Agent

Date

1 through 4

Susan N. Story, President and CEO

Printed Name and Title

Appendix 2– Conflict of Interest Certificate

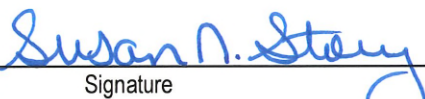
CONFLICT OF INTEREST
CERTIFICATE

JEA IFB No. 127-19

Bidder must execute this form, if applicable, relative to Florida Statute 112.313. Failure to submit this form, if applicable, shall result in rejection of this bid.

I hereby certify that the following named JEA official(s) and employee(s) having material financial interest(s) (in excess of 5%) in this company have filed Conflict of Interest statements with the Supervisor of Elections, 105 East Monroe Street, Jacksonville, Duval County, Florida, prior to bid opening.

Name	Title or Position	Date of Filing
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>


Signature

Susan N. Story, President and CEO
Name of Certifying Official
(type or print)

American Water Works Company, Inc.
Company Name

1 Water Street
Business Address

Camden, New Jersey 08102
City, State, Zip Code