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Sent: Friday, February 23, 2018 11:20 AM
To: Charleroy, Melissa M. - Executive Assistant
Subject: Revised Draft
Attachments: Jim Fuller Draft Letter Feb 23 2018.docx



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By Email to jfuller@meagpower.org

James E. Fuller
Municipal Electric Authority of Georgia
1470 Riveredge Parkway, N.W.
Atlanta, Georgia 30328

Re: Meeting to Discuss JEA's Power Purchase Agreement

Dear Jim:

Thank you and your colleagues for taking the time to meet with us next week. This meeting is likely JEA's final effort to work with MEAG on a mutually agreeable commercial solution concerning the Amended and Restated Power Purchase Agreement ("PPA") relating to Plant Vogtle Units 3 & 4. As we have communicated to you in the past, it is not in the best interest of JEA's ratepayers for the construction of the last and only US nuclear project to continue and for JEA to continue to be bound by the terms of the PPA.

Since we last discussed JEA's position, (i.) the Georgia Public Service Commission ("GPSC") ruled to continue to allow cost recovery for Georgia Power on costs related to Plant Vogtle Units 3 & 4; and (ii.) most importantly, the JEA Board and the City of Jacksonville ("City") has undertaken an analysis of privatization of the utility's assets.

The JEA Board and the City are evaluating the possibility of privatizing JEA. JEA believes it would be in the best interest of MEAG's members to come to a mutually agreeable commercial solution before the commencement of a privatization of JEA's assets. Upon a privatization transaction, it is anticipated that the City would defease all outstanding bond obligations of JEA and terminate the corresponding bond resolutions. Enclosed with this letter is a copy of the Public Financial Management, Inc. ("PFM") report presented to the City Council and the JEA Board last week. This week, the City Council President formed a special committee on the potential sale of JEA.

Given the recent developments related to a potential privatization of JEA, we need to collectively develop an exit strategy for JEA from the PPA. One proposed idea would be for JEA to assign its rights and obligations under the PPA to MEAG in exchange for a monetary payment from JEA to MEAG. If an assignment arrangement is not a viable solution for MEAG, please consider other possible parties that an assignment proposal could work for. Part of the discussion next week

should include a path for assignment and any other exit strategies that your team can construct. All creative solutions are welcomed.

JEA is not litigation adverse, but does prefer to amicably resolve JEA's concerns without going through litigation. After consultation and advice of litigation counsel, JEA believes there are sound legal arguments to seek relief from the inequitable treatment that exists under the current PPA. Should we not be able to reach an agreement on a path forward, JEA will be obligated on behalf of its ratepayers to take legal action.

I am hopeful that we can come to a mutually beneficial outcome and look forward to our meeting next week in Atlanta.

Best regards.

Paul E. McElroy

Cc: Melissa Dykes
Jody Brooks, Esq.