

**DRAFT**

**Please note the following:**

1. Document to be reviewed and signed off on by Counsel
2. Foley to create defined terms section
3. Materials are being refined by all advisors to address consistent formatting, language and structure/flow



**INVITATION TO NEGOTIATE  
("ITN") #[XXX-XX]  
FOR STRATEGIC ALTERNATIVES**

MS\_JEA-00000095

August [ ], 2019

To All Qualified and Interested Parties,

JEA is pleased to present the opportunity described herein.

The objective of this Invitation to Negotiate (this "ITN") is to evaluate proposals on strategic alternatives, subject to the minimum requirements JEA has set forth in the Strategic Alternatives section of this ITN, that are aligned with JEA's goal of maximizing customer, community, environmental, and financial value over the long term. JEA will consider proposals for strategic alternatives pursuant to its existing charter and business objectives, as well as those that eliminate certain existing business constraints.

The once-static utility industry is rapidly becoming a dynamic and transformative sector, forcing utilities to innovate to meet changing customer demands. Over the last decade, JEA has been significantly impacted by trends in energy efficiency. While 2017 electricity sales were 30% lower than forecasted back in 2006, customer rates increased by 71% from 2006 – 2018. With the industry facing an unprecedented transformation, JEA will need the strategic flexibility to adapt to achieve its vision of the future and can provide a unique and valuable platform for growth.

JEA is the eighth-largest government-owned utility company in the U.S. and the largest in Florida. The future of JEA is of critical importance given the more than 478,000 electric customers, 357,000 water customers and 279,000 wastewater customers who rely on JEA services.

More information on JEA's business, the City of Jacksonville (the "City" or "Jacksonville") and JEA's long term objectives can be found throughout this ITN.

JEA is pleased to present this exciting, once in a generation opportunity to transform Northeast Florida and protect future generations of our community. JEA appreciates your interest and response.

Sincerely,

**April Green**  
Board Chair, JEA

DRAFT



MS\_JEA-00000097

DRAFT

# Table of Contents

Business Highlights ..... pg. 5

The JEA Opportunity..... pg. 9

Strategic Alternatives Process..... pg. 17

Selection Process and Evaluation Criteria..... pg. 21

Frequently Asked Questions..... pg. 43

Business Overview..... pg. 53

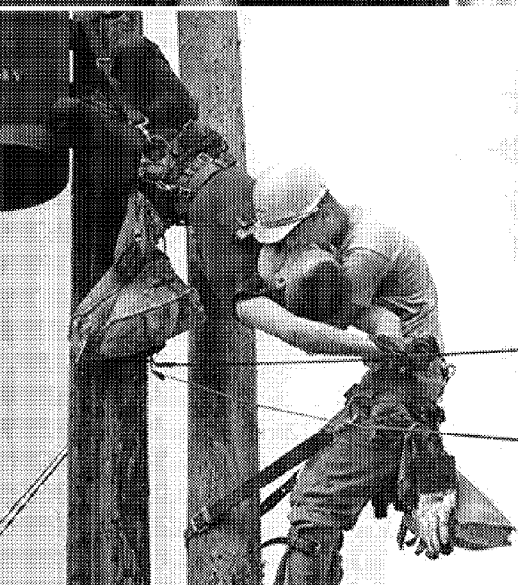
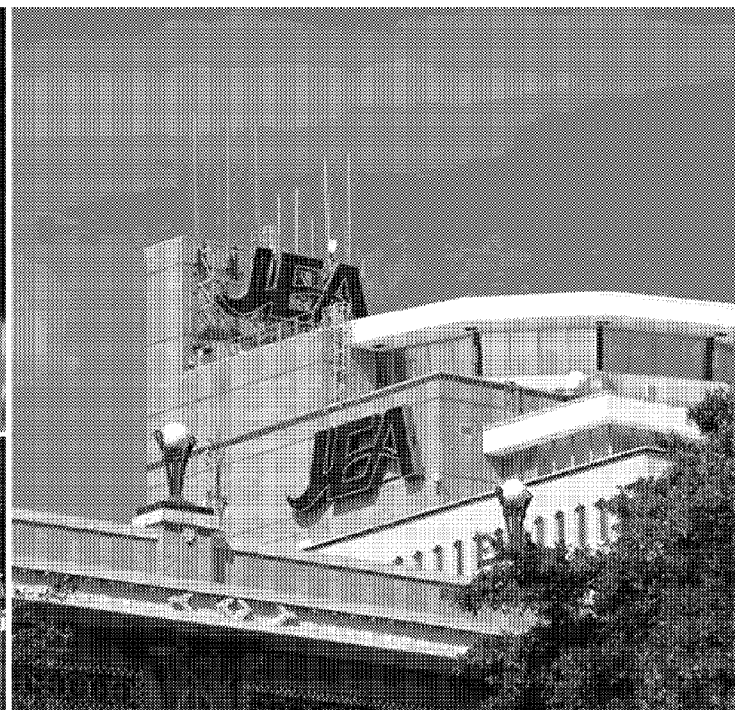
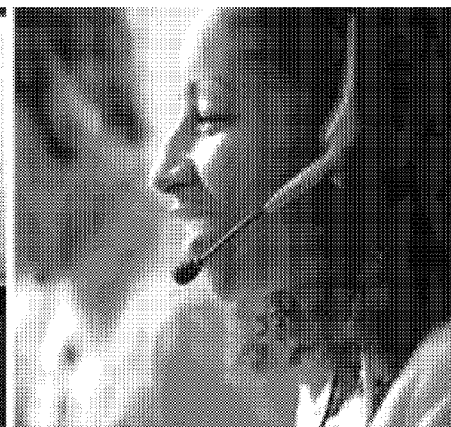
Jacksonville Market Opportunity..... pg. 72

JEA Financial Performance..... pg. 79

Exhibits ..... pg. 90

Note: Capitalized terms are defined in the Definitions section which appears in Exhibit [X]





## BUSINESS HIGHLIGHTS

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# [ ]

MS\_JEA-00000039

# Business Highlights

1

Unique Opportunity of Scale

- Largest government-owned utility in Florida
- Eighth-largest government-owned utility in the U.S.

2

High-Quality Asset with Attractive Investment Dynamics

- \$1,050 million of capital invested in the utility over the past three years, \$500 million in the electric utility and \$550 million in the water utility
- Top-quartile utility in customer satisfaction as rated by JD Power

3

Significant Asset Base with Attractive Investment Dynamics

- Net capital plant of ~\$5.3+ billion, ~\$2.7 billion at the JEA Electric and ~\$2.7 billion at JEA Water and Wastewater
- ~\$2.6 billion capital expenditure program over next five years

4

Stable, Low-Risk Regulatory Environment

- Mature core utility business with low operating risk
- Utility business inherently characterized by high barriers to entry and limited exposure to economic cycles

5

Large, Growing Jacksonville MSA with Attractive Regulatory Environment

- Seventh largest population gain in 2018 amongst U.S. cities
- Labor market thriving with unemployment rate of 3.0%, below both Florida and national unemployment rates
- No state personal income tax
- Constructive utility regulatory environment

6

New Revenue Opportunities

Traditional:

- Invest to modernize the electric grid and expand the water network
- Develop innovative rate structures

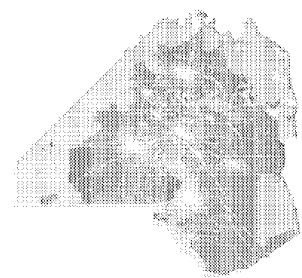
Non-Traditional:

- Build a distributed generation development business serving customers
- Build an electric vehicle leasing and infrastructure services business
- Build a behind-the-meter products and services customer platform
- Operate adjacent infrastructure services for a fee (e.g., gas, regional water)

# Business Highlights (cont'd)

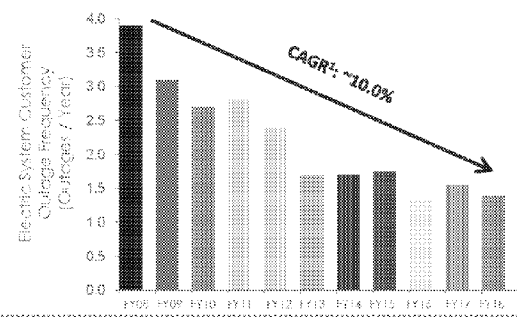
## 1 Unique Opportunity of Scale

- One the largest multi-use, government-owned utilities in the U.S. and largest in Florida
- Comprised of a fully integrated electric utility (the "Electric System"), a water and wastewater utility (the "Water and Wastewater System") and four strategically located chilled water operations
- 900-square mile service territory in the Jacksonville metropolitan statistical area ("MSA") which is home 1.5 million residents, military installations, government authorities and Fortune 500 corporations
- Unique generational opportunity due to the size and diversity of JEA's assets, operations and customers coupled with the attractive economics of the Jacksonville market



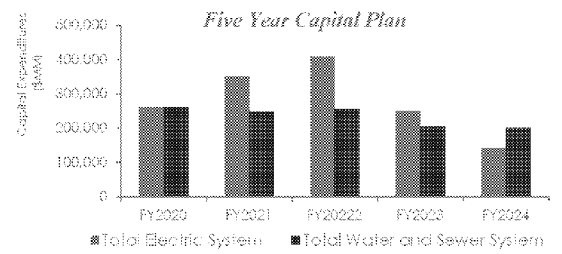
## 2 High Quality Asset with Attractive Investment Dynamics

- Generated ~\$1.8 billion in revenue, \$752.9 million in EBITDA and 2.3x combined debt service coverage for the fiscal year end September 30, 2018
- Sustained reduction in outage duration and frequency over the past 11 years for the JEA Electric System
- Less than 2% of the Water and Sewer system customer base experiences unplanned outage
- Top-quartile utility in customer satisfaction as rated by JD Power



## 3 Significant Asset Base with Attractive Investment Dynamics

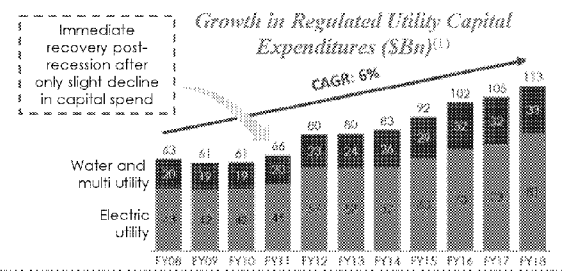
- Net capital assets as of March 2019 were ~\$2.7 billion for both the Electric System and the JEA Water & Wastewater System
- ~\$1.050 million invested between the water and electric utilities over the past three years
- Forecast to invest ~\$2.6 billion in capital expenditure from 2019E – 2023E
  - This investment will enable investors capture attractive returns, while improving system reliability



# Business Highlights (cont'd)

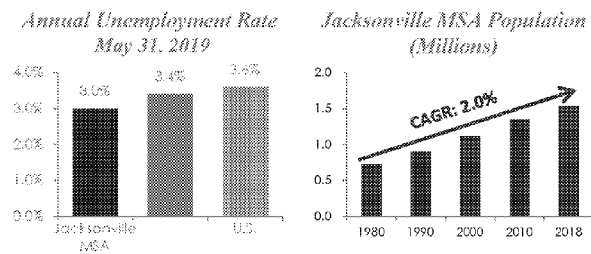
## 4 Stable, Low-Risk Regulatory Environment

- Utility models inherently characterized by high barriers to entry and limited exposure to economic cycles
- Multi-use utility structure offers diversified risk profile across multiple utility systems
- Constructive regulatory environment provided by the Florida Public Service Commission ("FPSC") has provided the ability for neighboring investor-owned utilities to generally be permitted a reasonable opportunity to earn the authorized returns



## 5 Large, Growing Jacksonville MSA with Attractive Regulatory Environment

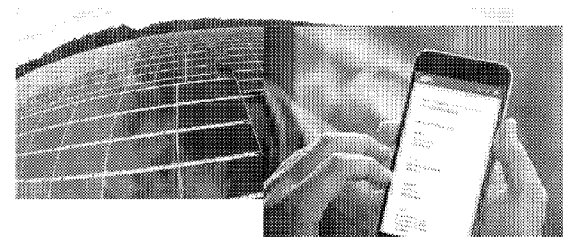
- Jacksonville is one of the fastest growing cities in the U.S., posting the nation's 13th largest population gain in 2017 and seventh largest population gain in 2018
  - Population growth is forecasted to continue at an average annual pace of approximately 1.3% per year through 2024, outpacing the national average of 0.6% over that same period
- Jacksonville's labor market is thriving with an unemployment rate of 3.0%, which is below both the Florida and national unemployment rates
- Over the next several years, the economy in Jacksonville is expected to outperform the Florida and national economies



## 6 New Revenue Opportunities (Traditional & Non-Traditional)

JEA, as a core infrastructure service provider, can expand on its current position and harness new revenue growth – both traditional and non-traditional

- Traditional opportunities include investing to modernize the grid and expand the water network and/or developing innovative rate designs (e.g., fixed rates, locational pricing)
- Non-traditional opportunities could include building a distributed generation business (e.g., providing solar installation, maintenance and financing services for customers), scaling core energy and water businesses (e.g., becoming a water utility for neighboring territories) and/or establishing an energy and water marketplace for efficient appliances and "smart" technologies



Sources: Moody's Economics, Company Filings, Equity Research, Bureau of Labor Statistics  
1 S&P Global Market Intelligence, report consolidated: 70 largest regulated U.S. utilities

DRAFT



# THE JEA OPPORTUNITY

JEA | INVITATION TO NEGOTIATE (“ITN”) FOR STRATEGIC ALTERNATIVES | ITN# [XXX-XX]

MS\_JEA-00000103

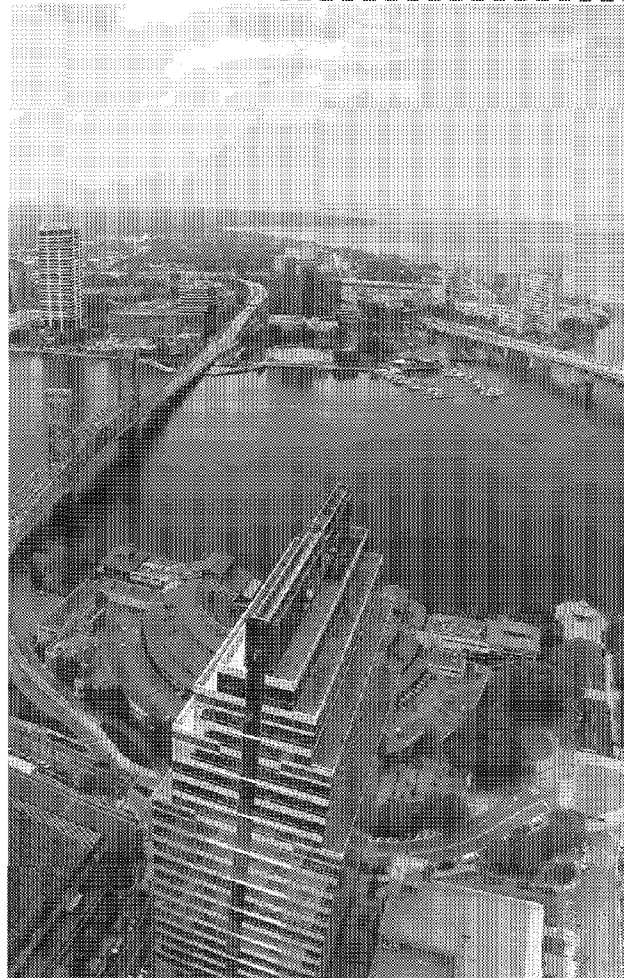


TBU – McKinsey to provide data on the percentage of the top 50 utilities with unregulated business

# The JEA Opportunity

- This is a unique opportunity because utilities like JEA are only available once in a generation
- 125-year old established electric, water, sewer, and chilled-water utility serving a growing territory of 1.5 million people
- Very profitable and well-run operationally
  - Best-in-class customer satisfaction
- Because of current ownership structure JEA has been unable to capitalize on tremendous potential for growth in its business
- Traditional growth:
  - Tremendous expertise in core business provides platform for additional acquisition
  - Current ownership structure restricts JEA to current service territory
- Unregulated growth:
  - [X] (% of top 50 utilities' business is unregulated?)

Add tombstone awards at bottom

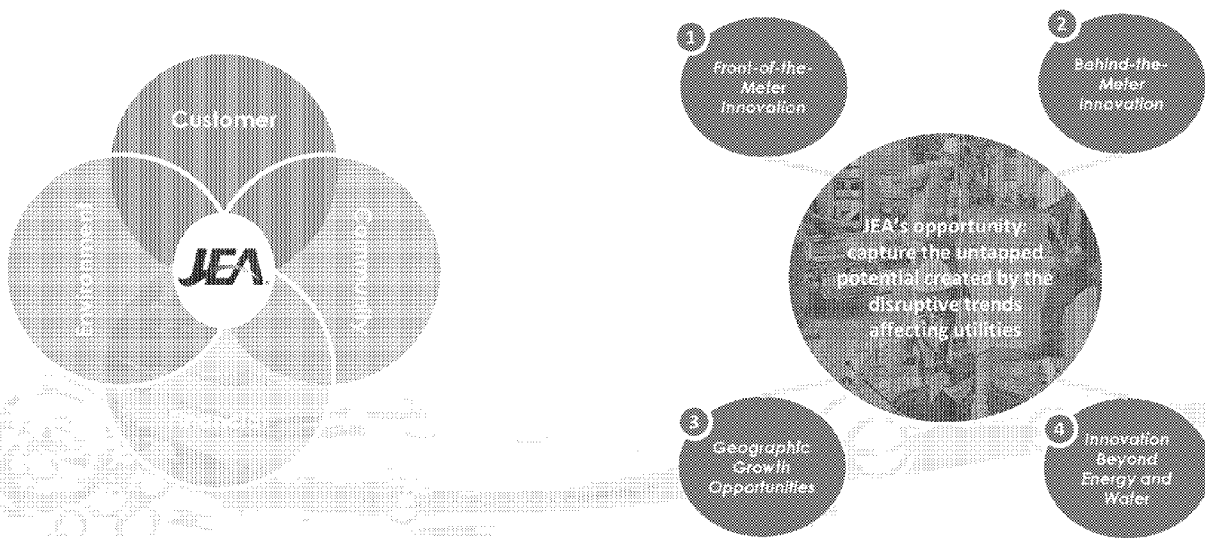


Unlike other opportunities, JEA has worked to develop consensus among community stakeholders about how we measure value: Customer, Community, Financial, and Environmental

<b>JEA's Vision</b> <ul style="list-style-type: none"><li>JEA's Vision is to improve lives by accelerating innovation</li></ul>	<b>JEA's Mission</b> <ul style="list-style-type: none"><li>JEA's Mission is to provide the best service by becoming the center of our customers' energy and water experience</li></ul>
---	--

Corporate Measures

- JEA's Mission will be guided by and evaluated against how JEA, as employees, drive four Corporate Measures of JEA's Value
- Maximizing value in these four measures will require JEA to capitalize on the disruptive trends in the utility market in order to develop unique opportunities to drive new revenue and growth
- In particular, there are untapped growth opportunities along four axes shown in the below-right graphic



# JEA's existing platform creates tremendous leverage to unlock growth

By pivoting the business to incorporate strategic revenue growth opportunities – while rigorously controlling expenses in JEA's traditional businesses – JEA can maximize customer, community, environmental and financial value across its service territory. Value creation could occur in one of the areas listed below or in other innovative areas of business growth:

## 1 Front-of-the-Meter Innovation

JEA could expand its current business model to offer products, services and programs to enhance value of the existing utility business, while offering high-value enhancements in product offerings and resiliency to JEA's customers. These opportunities could include:

- **Create a distributed generation ("DG") business**, catalyzing adoption of renewables (e.g., provide rooftop solar installation and maintenance for residential, commercial, and industrial customers)
- **Create an electrification business**, supporting decarbonization and fuel-switching (e.g., port and public vehicle fleet electrification, EV charging stations)
- **Provide premium resiliency and reliability services** (e.g., microgrids, storage assets) for customers who desire them (e.g., data centers, hospitals, gas stations, military)
- **Provide natural gas** to Jacksonville and beyond, capturing synergies across services

## 2 Behind-the-Meter Innovation

Behind-the-meter solutions offer a unique opportunity to merge the power of technology and data to truly enhance JEA's customers' experience and improve lives in our community. The utility meter provides a gateway to a customer's entire experience.

- Opportunities could include, but are not limited to:
  - Smart home applications to optimize a customer's experience inside their own home while better protecting natural resources
  - Utilizing data to predict a customer's needs or in-home equipment failures before the customer even knows they will need it
  - Leveraging behind-the-meter opportunities to optimize overall system operations
  - **Establish a behind-the-meter energy and water business**, directly providing efficient, connected appliances and solutions for homes and businesses (e.g., install and manage "smart" appliances, monetize data associated with smart home technologies)
  - **Establish a digital energy and water marketplace** (e.g., market, install and manage efficient appliances and "smart" technologies, provide peer-to-peer energy trading)

The Behind-the-meter category is rich in technology-forward and life-improving opportunities not only for utility businesses, but for any business that deeply and uniquely touches customers' lives

# JEA's existing platform creates tremendous leverage to unlock growth (Con't)

## 3 Geographic Growth Opportunities

JEA leads the way among its industry peers in water and wastewater operations, and can serve as a growth platform to provide water, electric and other services beyond its current service territory to the region and beyond

JEA's core operating capabilities can be leveraged to generate new revenue streams by providing cost-effective management and general services to other utilities, while creating significant value for their customers in the following ways:

- **Build a water services business**, serving as a regional provider of water solutions, such as treatment, reuse and facilities management (e.g., biosolids treatment and decentralized wastewater treatment management)
- **A highly fragmented US water and utility market** is ripe for consolidation
- **Become an electric and/or water utility operator** for neighboring territories (e.g., provide procurement, crew sharing, engineering services)
- **Provide maintenance services** for local utilities and other institutions (e.g., vegetation management, inspection services)
- **Supply of a variety of general services** for buildings and final customers (e.g., maintenance services, insurance services, consultancy and audit)

## 4 Innovation Beyond Energy and Water

JEA, as a core infrastructure service provider to its customers and the City of Jacksonville, can expand on its position and provide services beyond core energy and water utility services, simultaneously expanding its customer and revenue base. JEA can utilize its customer relationships to provide current and new customers a range of services related to **mobility, housing, telecommunications, work, health and leisure** by creating new ventures and partnering with existing service providers. JEA can continue to partner with the City of Jacksonville to lead the development of infrastructure required to support growth in the region. JEA will improve quality of life, generating new revenues by providing a portfolio of products and offerings related to **mobility, trade, telecommunications and housing**. These opportunities could include (but not limited to):

- **Build new community assets** (e.g., "smart homes", STEM-focused public schools)
- **Develop a digital community portal** for energy and non-energy products and services provided by JEA and 3rd parties

# Florida is one of the best places to grow a business

## Florida Tax Environment

Florida's tax environment provides one of the most favorable for both businesses and individuals alike.

Florida has:

- No corporate income tax on limited partnerships
- No corporate income tax on subchapter S-corporations
- No state personal income tax
- No corporate franchise tax on capital stock
- No state-level property tax assessed
- No property tax on business inventories
- No sales tax on manufacturing machinery and equipment
- No property tax on goods-in-transit for up to 180 days
- No sales and use tax on goods manufactured or produced in Florida for export outside the state
- No sales tax on purchases of raw materials incorporated in a final product for resale, including non-reusable containers or packaging
- No sales/use tax on co-generation of electricity

## Florida Regulatory Environment

Florida regulation is viewed as quite constructive from an investor perspective by Regulatory Research Associates

Favorable regulatory mechanisms include:

- FPSC adopted equity returns have tended to exceed industry averages when established
- Utilization of forecast test years and frequently authorizes interim rate increases
  - Interim base rate increases are statutorily permitted and usually become effective roughly three months after an initial filing is tendered
- The ability for utilities to generally be permitted a reasonable opportunity to earn the authorized returns
- Constructs which specifically allow utilities to reflect in rates, on a timely basis, changes in fuel, purchased power, certain new generation, conservation, environmental compliance, purchased gas and other costs



Source: Chief Executive Magazine, SNL Regulatory Research Associates



# JEA’s strategic planning process revealed the current government-affiliated structure creates significant constraints to business development

As a governmental utility, JEA is subject to unique constraints due to:

- The Constitution of the State of Florida
- The City of Jacksonville Charter
- Florida Statutes
- JEA’s Bond Resolutions
- Policy Considerations
- JEA’s Business Structure as defined by its Corporate Charter

## The Non-governmental response

When faced with the changes to the utility industry over the past decade, non-governmental companies would employ a menu of tools to combat challenges, growing and pivoting their businesses while cutting costs to ensure continued financial health. Unfortunately, as a governmental utility, JEA currently has access to only two of these tools: raising prices and cutting costs.

As part of its recent strategic planning process, JEA’s response under the current constraints would be limited to head count reductions, cost cuts, service level declines, and rate increases over the next decade.

## The Path Forward

By eliminating some or all of JEA’s constraints, JEA could have a clearer path to maximizing value today and in the long term. These potential changes would equip JEA with the levers to pull to align with JEA’s goals of maximizing customer, community, environmental, and financial value over the long term. Eliminating constraints would give JEA the flexibility to respond to challenges by adapting its business model, businesses, modifying its capital structure, selling non-core assets, or creating high value partnerships and joint ventures.

How other utilities would take action...

Opportunity	Can JEA Do This?	Can non-government utilities do this?
Cut costs and workforce	✓	✓
Increase prices on kWhrs or kGals for customers	✓	✓
Reduce investment in capex	✓	✓
Sell more kWhrs or kGals to existing customers	✗	✓
Investment in R&D and IP for an ROI	✗	✓
Sell alternative new product lines or offerings	✗	✓
Sell equity and retire debt	✗	✓
Acquire new businesses & customers	✗	✓
Reduce investment in capex	✗	✓
Reduce dividend / city contribution	✗	✓
Sell assets	✗	✓
Create partnerships / JV’s	✗	✓

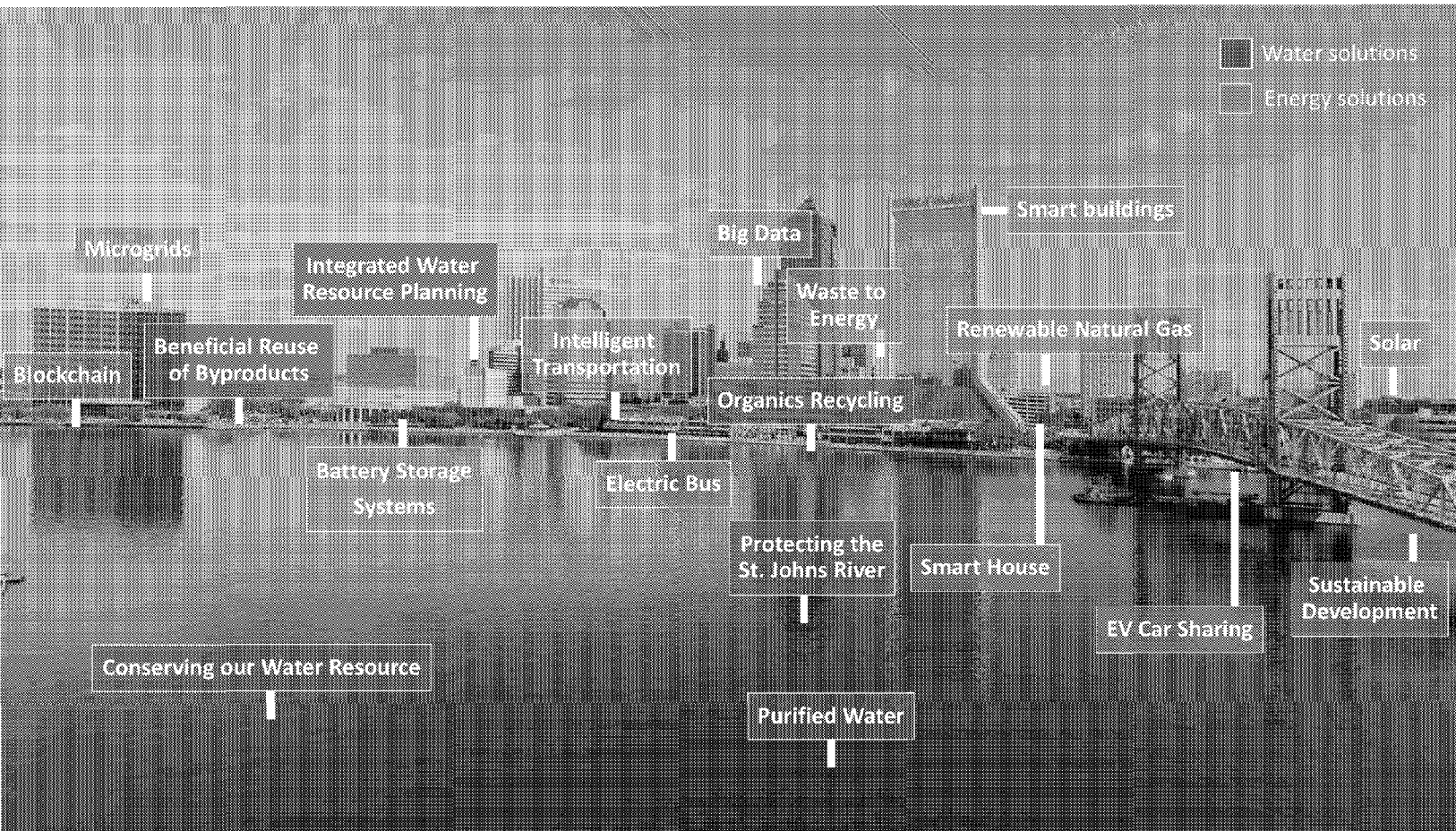
DRAFT

## A potential future for JEA

*By harnessing these opportunities, JEA can become a top-ten energy and water utility and a broader platform for innovation and growth in Jacksonville and beyond*

TBU –  
McKinsey to  
Craft

Question for McKinsey – how is  
“Top-ten energy and water utility”  
defined? On what basis?”





# STRATEGIC ALTERNATIVES PROCESS

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# [ ]

# JEA has used all available tools to meet challenges

TBU JEA to confirm numbers

## ITN Summary

We are pleased to issue this ITN for the evaluation of any and all strategic alternatives, subject to the minimum requirements set forth on the following page, that are aligned with JEA's goal of maximizing customer, community, environmental, and financial value over the long term. JEA welcomes proposed strategic alternatives that operate pursuant to JEA's existing charter and applicable legislation as well as those proposals that seek to eliminate certain of JEA's existing business constraints.

### Current State of JEA

JEA currently faces a rapidly changing utility landscape resulting from a push for decarbonization and energy efficiency, as well as increased customer awareness of, and demand for, emerging technologies. Given JEA's existing business constraints, JEA has limitations on how to adapt to this evolving landscape.

Due to energy efficiency and distributed generation, coupled with an inability to grow service territory, electricity sales in 2017 were ~[30%] lower than JEA's 2006 forecast. Despite this, JEA has demonstrated outstanding financial and operating results over the past decade.

JEA has responded to market changes through the only avenues available to the organization. At the Electric System, JEA reduced capital expenditures from an average of ~[\$200] million per year during the period of 1999-2013 to an average of ~[\$130] million per year from 2013 to present. Additionally, base electric rates were increased each year from 2008 to 2012 and again in 2017.

The Water System has undergone similar changes. Capital expenditures on water infrastructure have been reduced from an average of ~[\$200] million during the period of 1998 to 2007 to an average of ~[\$185] million from 2013 to present. The Water system also increased rates by approximately [50%] from 2006 to 2012.

These lower years of capital expenditures have created a need for \$2.6 billion of capital expenditures over the next five years.

Due to the rate adjustments placed in effect at both the Electric and Water Systems, customer rates have increased by over [70%] since 2006. This increase in customer rates caused the Electric System, which in 2006 had the lowest rates in the State, to move in line with the median for Florida electric utilities. At the same time, in an effort to reduce costs, JEA's combined enterprises reduced total headcount by over 400 employees. JEA also reduced its long-term debt capitalization by nearly [50%] when compared to 2010 levels, in recognition of the risks of remaining highly levered in a rapidly changing environment.

# Process Goals that Maximize Customer, Community, Environmental and Financial Value

JEA issues this ITN inviting interested parties to submit Responses detailing strategic alternatives that are aligned with JEA's goal of maximizing customer, community, environmental, and financial value over the long term.

As described herein, JEA welcomes Replies contemplating strategic alternatives that operate pursuant to JEA's existing Charter and state laws as well as those Replies that seek to eliminate certain of JEA's existing business constraints. Potential alternatives can include, but are not limited to community ownership, initial public offering, private placement, technology conversion, oil and gas conversion, utility conversion, or another recapitalization of the business. As we consider the Replies, we are targeting the following process goals as minimum requirements for maximizing customer, community, environmental and financial value over the long term as outlined in the table below:

	Status Quo	Process Goals
Financial	1. <\$2 billion of value to the City of Jacksonville	1. >\$3 billion of value to the City of Jacksonville
Customers	1. \$0 customer distribution 2. Significant rate increases required over next several years	1. >\$400 million of value distributed to customers (\$350+ paid to each JEA account – \$1,400+ for customers with electric, water, sewer and irrigation accounts) 2. At least 3 years of contractually guaranteed base rate stability
Environmental	1. Viable renewable energy requirement at 0% funding 2. Viable sources of alternative water capacity at 0% funding	1. Commitment to fund and provide the City of Jacksonville and Duval County Public School system 100% renewable electricity by 2030 2. Commitment to fund and provide 40 million gallons per day ("MGD") of alternative water capacity for Northeast Florida by 2035
Community Impact	1. Status quo retirement obligations 2. No employment guarantees and termination of ~600 employees 3. No retention payments to employees 4. JEA leaves downtown, moving new headquarters to existing office space to house smaller workforce and minimize cost	1. Protection of certain employee retirement benefits 2. Guarantee of employee compensation and benefits for three (3) years 3. Retention payments to all full-time employees of 100% of current base compensation 4. Commitment to new headquarters <sup>2</sup> and employees in downtown Jacksonville contributing to the economic development of the community

*The overall purpose of this undertaking is to give JEA the strategic flexibility to adapt to a once-in-a-generation, industry-wide transformation and help it achieve its vision to improve lives in the Northeast Florida community.*

<sup>1</sup> NPV of JEA's expected contribution to the City of Jacksonville over the next 20 years.  
<sup>2</sup> JEA's new headquarters is currently under development. The process goal is to ensure it is maintained in downtown Jacksonville.



# Overview of Submittal Requirements

## Process Overview

This ITN contains information regarding JEA's submittal requirements. Replies must comply with all applicable submission requirements to be eligible for consideration. All information and materials submitted will be thoroughly analyzed and independently verified. Replies must present a complete response to all requirements of this ITN.

This ITN outlines the phases summarized below. Please refer to [the Selection Process and Evaluation Criteria Section] of this ITN for a comprehensive description of the process.

- This ITN process commenced upon the posting of this ITN, representing the opening of the Solicitation Phase. During the Solicitation Phase, potential Respondents will have an opportunity to submit questions to JEA. **The Solicitation Phase will conclude on September 30, 2019 with the submission of Replies.**
- Based on the final scores for each Reply, as described in [the Selection Process and Evaluation Criteria Section] of this ITN, JEA will determine a competitive range of Replies susceptible of award for negotiations. Upon determination of the competitive range, Respondents determined to be within the competitive range will be asked to enter into a non-disclosure agreement ("NDA"), after which they will be granted access to the JEA Virtual Data Room, which will include a confidential information presentation on JEA and certain financial projections as described in [Section 3.3.3] of [the Selection Process and Evaluation Criteria Section] of this ITN.
- At a date as yet to be defined, such Respondents will be asked to submit a Revised Reply addressing specifically their approach to satisfying each of the Evaluation Criteria found in [Section 3.2.2] and the Selection Criteria found in [Section 3.3.8] of [the Selection Process and Evaluation Criteria Section] and any other additional items which may be enumerated in the Request for Revised Replies.
- Following submission of Revised Replies, the Negotiation Team will review such submissions against the Evaluation Criteria to identify Respondents with whom it wishes to negotiate further.
- JEA anticipates that Respondents chosen to participate in written and oral negotiations will gain access to additional information that will allow them to further refine and update their proposed solutions to better address the Selection Criteria. At the start of written and oral negotiations, JEA will provide Respondents chosen to participate in written and oral negotiations with a Question Log file that may be used to submit written questions to JEA, as described in [Section 3.3.5] of [the Selection Process and Evaluation Criteria Section] of this ITN.
- The negotiation process will continue until the date on which Best and Final Offers ("BAFO") are due, which has yet to be defined. Depending on the nature of the proposals received, JEA may elect to provide draft transaction documents to be marked-up by Respondents from whom a BAFO is requested.
- Thereafter, JEA will engage in the final selection process described in [Section 3.3.8] of [the Selection Process and Evaluation Criteria Section] of this ITN.

As outlined above and in [the Selection Process and Evaluation Criteria Section] of this ITN, **Replies must be received no later than September 30, 2019 by 3:00 PM** and must be delivered to the Designated Procurement Representative(s).

JEA looks forward to evaluating submissions in order to achieve its long-term goal of maximizing customer, community, environmental and financial value for JEA and Northeast Florida.

DRAFT



## SELECTION PROCESS AND EVALUATION CRITERIA

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# [REDACTED]

MS\_JEA-00000115

# Selection Process & Evaluation Criteria

## SECTION 1.0 – Background Information and Goals

### 1.1 Goals

JEA is seeking competitive and creative Replies from Respondents that will allow JEA to achieve the following specific goals for its key stakeholders:

- Greater than \$3 billion of value to the City of Jacksonville
- Greater than \$400 million of value distributed to customers (\$350+ paid to each JEA account – \$1,400+ for customers with electric, water, sewer and irrigation accounts)
- Rates lower than status quo
- City of Jacksonville and Duval County Public School system powered by 100% renewable electricity by 2030
- Sourcing of 40 mgd of alternative water capacity for Northeast Florida by 2035
- Acceleration of vesting of certain employee retirement obligations
- Guarantee of employee compensation and benefits at substantially the same as current levels for three years
- Retention bonuses to all full-time employees of 100% of current base compensation
- New headquarters and employees in downtown Jacksonville contributing to the economic development of the community

### 1.2 Questions Being Explored

Is there a path available to JEA to achieve the strategic goals of maximizing customer, community, environmental, and financial value over the long term pursuant to JEA's existing Charter and Florida law?

Are there alternative structures, which can include, but are not limited to, operational changes, structural changes, joint ventures, development partnerships, community ownership, corporate ownership, an initial public offering, or another recapitalization of the business, that allow JEA to maximize customer, community, environmental, and financial value over the long term?

Which of these alternative structures best achieves JEA's goals?

Who is the best partner to help JEA achieve these goals?

### 1.3 Additional Information

Parties interested in providing replies related to JEA's review of potential alternatives are required to participate in this ITN process, which will be integral to the report and recommendations that will be provided to the Board of Directors and the Jacksonville City Council.

Pursuant to the JEA Purchasing Code and Florida law, no award resulting from this solicitation process may be made to any Party

# *Selection Process & Evaluation Criteria*

## *SECTION 1.0 – Background Information and Goals*

### *1.3 Additional Information (Con't)*

who does not submit a timely reply to this ITN. In addition, any future process initiated by JEA (if applicable) may be limited to only those interested parties who participate in this ITN process, may give preference to those interested parties who participate in this ITN process, or may otherwise reward participation.

### *1.4 Advisors*

JEA engaged J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC (the "Advisors") to assist in conducting a review of potential strategic alternatives that may be available to JEA. All communications regarding this process should be directed to the Designated Procurement Representative(s) identified at Section 2.11, who will distribute communications to or solicit necessary information from JEA personnel or the Advisors as deemed appropriate.



# Selection Process & Evaluation Criteria

## SECTION 2.0 – ITN Process

### 2.1 General Overview of this ITN Process

This ITN is a method of competitively soliciting Replies from one or more interested parties with whom JEA may negotiate under section 3-110 of the JEA Purchasing Code. Through this ITN process, JEA will seek to answer the Identified Questions Being Explored and achieve the Goals Identified by this ITN. This ITN process involves three phases: Solicitation, Evaluation, and Negotiation.

#### 2.1.1 Solicitation Phase

JEAs posts an ITN to its procurement page to initiate the process. Replies must be submitted by the deadline listed in the Timeline of Events.

In accordance with Section 7.1 of the JEA Operational Procedures, JEA will hold a public opening at the date, time, and location noted in the Timeline of Events.

##### A. Non-Mandatory [Pre-Response Conference]

**[NTD: Is this step required by law or procurement policies? If not, should strongly consider removing]**

The non-mandatory [Pre-Response Conference] will be held at the time and location indicated in the Timeline of Events. This public venue provides Respondents with an opportunity to ask questions and seek clarifications about this ITN. JEA or its

representatives may answer questions asked at the [Pre-Response Conference], but answers will not be considered final until the questions are submitted in writing and answered by JEA in writing. Attendance is not mandatory, although Respondents are strongly encouraged to attend.

##### B. Questions

Respondents can submit formal questions in writing via email to the Designated Procurement Representative(s) identified at Section 2.1 by the deadline listed in the Timeline of Events, in Section 2.2 below. Questions should be submitted in writing to the Designated Procurement Representative(s). JEA will answer questions in a formal posting and update the solicitation as needed. As all questions should be submitted in writing, JEA is under no obligation to acknowledge or respond to oral inquiries [outside of the Pre-Response Conference] and potential Respondents are not entitled to rely upon any clarification or change to this ITN, or answer to any vendor question, except as may be provided in writing by JEA in response to the formal Question and Answer process or in an addendum to this ITN.

#### 2.1.2 Evaluation Phase

All responsive Replies will be evaluated against the evaluation criteria set forth in this ITN to establish a competitive range of Replies reasonably susceptible of award. JEA may then select Respondents within the competitive range with which to commence negotiations.



# Selection Process & Evaluation Criteria

## SECTION 2.0 – ITN Process

### 2.1.3 Negotiation Phase

JEA will meet with the selected Respondents to negotiate terms of a potential contract. After negotiations conclude, the Negotiation Team will meet in a public meeting to discuss the recommended award. JEA will then post a Notice of Intent to Award on its procurement page.

### 2.2 Timeline of Events

Table 1 below contains the Timeline of Events for this solicitation. Respondents should become familiar with the Timeline of Events. The dates and times are subject to change. It is the Respondent's responsibility to check for any changes. All changes to the Timeline of Events will be issued through an addendum to this ITN posted on the JEA procurement page. Respondents are responsible for submitting all required documentation by the dates and times specified below. JEA will not consider documents submitted after a deadline.

Table 1: Timeline of Events		
	Event Time	Event Date
ITN posted on JEA Procurement Site		August 6, 2019
[Pre-Response Conference] to be held in: 9:00 AM [To Be Determined] [Location TBD] Conference Call-In Number: [TBD] Access Code: [TBD]		
Deadline to submit written questions via email to the Designated Procurement Representative	2:00 PM	September 3, 2019
JEA anticipated posting date for answers to Respondents' questions		September 16, 2019
Deadline to submit Replies and all required documents to the Designated Procurement Representative	3:00 PM	September 30, 2019
JEA anticipated posting date for Notice of Intent to Negotiate		October 14, 2019
Deadline to submit Revised Replies addressing additional specified topics and updating initial Replies based upon additional information provided to Respondents		To Be Determined at a Later Date
Deadline to submit BAFO		To Be Determined at a Later Date
JEA anticipated posting date for Notice of an Intended Decision		To Be Determined at a Later Date

# *Selection Process & Evaluation Criteria*

## *SECTION 2.0 – ITN Process*

### *2.3 Addenda to ITN*

JEA reserves the right to modify this ITN by issuing addenda. All changes to this ITN prior to the selection of shortlisted Respondents will be made through addenda posted to the JEA procurement page. It is the Respondent's responsibility to check for any changes. As this is an Invitation to Negotiate, changes to the scope and requirements of this ITN during the negotiation phase are an integral part of the process and, consistent with the rights reserved in Section 3.3.6, JEA is not required to issue addenda or to otherwise post or provide concurrent public notice of the exercise of such Negotiation Phase rights.

### *2.4 Disclosure of Reply Contents*

All documentation produced as part of this ITN will become the exclusive property of JEA and will not be returned to the Respondent unless it is withdrawn prior to the Reply opening in accordance with the Timeline in Section 2.2. Selection or rejection of a Reply shall not affect this right. Following the posting of a Notice of Intended Award, the Replies may be disclosed pursuant to a public records request, subject to any confidentiality claims made in accordance with Section 2.8 of this ITN.

### *2.5 Withdrawal and Correction of Replies*

Respondents may withdraw a Reply at any time prior to the

opening date by submitting a written request to the Designated Procurement Representative(s).

Correction of a Reply already received will be considered only if the correction is received by the CPO, or designee, prior to the time announced for opening of Replies. All corrections shall be made in writing, executed and submitted in the same form and manner as the original Reply. Corrections submitted by telephone, facsimile or email shall not be considered.

### *2.6 How to Submit a Reply*

Replies should be prepared simply and economically, providing a straightforward, concise delineation of the Respondent's ability to satisfy the requirements of this ITN. Respondents should include as much detail as necessary for the evaluators to make an accurate evaluation of the Reply. Replies should not contain sales and marketing materials. Fancy bindings, covers, colored displays, and promotional material are not desired. Emphasis in each Reply should be on completeness and clarity of content.

Page size is limited to eight and one-half by eleven inches (8 ½" x 11"), unless otherwise indicated. Type size is not to be less than an 11-point font. For diagrams and plotted elements of the Reply, Respondents are permitted to use an alternate page size and font size. Use a font color for narrative that is different than the Statement of Work font color.

# *Selection Process & Evaluation Criteria*

TBU – JEA to provide address for receipt of hard copies

## *SECTION 2.0 – ITN Process*

Submit the following:

Respondents are required to submit Replies by email to the Designated Procurement Representative identified in [Section 2.11].

Additionally, Respondents are required to submit [●] hard copies, one for each representative of the Evaluation Committee, delivered personally or sent by registered or certified mail, postage prepaid or overnight courier to the following address:

[Insert address for receipt of hard copies]

Receipt of hard copies is required by 5:00PM (ET) on the date following the submission deadline identified in [Section 2.2].

Clearly mark sealed packages on the outside of the package with the solicitation number, Respondent's company name, and specific contents of the package.

Clearly mark submitted hardcopies contained within the sealed packages with the Respondent's company name, specific contents of the package and solicitation number.



# Selection Process & Evaluation Criteria

## SECTION 2.0 – ITN Process

### 2.7 Contents of Reply/Reply Submission

Organize the contents of each reply submittal as listed in Table 2.

Table 2: Contents of Reply/Reply Submission	
Tab	Requirements
1: Cover Letter on Respondent's Letterhead	1) Contact information 2) Name and signature of the representative of the responding organization authorized to legally obligate the Respondent 3) Legal name of company and headquarters location of the Respondent 4) Location and date of incorporation of organization (as applicable) and type of business 5) Federal Employer Identification Number (FEID)
2: Executive Summary	Respondents must provide a narrative discussion of their proposal, including its structure, advantages, impact to JEA and the City of Jacksonville, including consumer impacts, and key considerations of the Respondent's proposal.
3: Statement of Interest and Qualifications	Respondents must state clearly its interest in the potential purchase, reorganization, and/or operation of the JEA utility system including how the utility systems may be an attractive and beneficial addition to the Respondent's organization. Respondents must clearly identify within their Reply the expectation for the future partnership ownership or management structure of generation, transmission, distribution, and associated electric power assets as well as for the water utility and associated assets.
4: Organizational Overview	Respondents must provide a description of its business and organization including: 1) Organizational structure, 2) Operations details, 3) Financial details, 4) Number of current electric and water customers, 5) Existence of unions, if any, of which the Respondent's current employees are members and a brief history of past collective bargaining agreement negotiations with each union, 6) Extent of involvement in economic development activities and any funding provided in communities where current service is provided, and 7) Other relevant information
5: Propositions	Respondents must provide an overview of their ability to satisfy the following goals: 1) Greater than \$3 billion of value to the City of Jacksonville 2) Greater than \$400 million of value distributed to customers (\$350M paid to each JEA account—\$1,400M to customers with electric, water, sewer and irrigation account) 3) At least three (3) years of contractually guaranteed base rate stability for customers 4) Commitment to fund and provide the City of Jacksonville and Duval County Public Schools system with 100% renewable electricity by 2030 5) Commitment to fund and provide 40 million gallons per day (MGD) of alternative water capacity for Northeast Florida by 2035 6) Protection of certain employee retirement benefits 7) Retention of substantially all current employee compensation and benefits for three (3) years 8) Actual payments to all full-time employees of 100% of current base compensation 9) Commitment to new headquarters and employee in downtown Jacksonville
6: Reply to Evaluation Criteria	Replies must address each of the Evaluation Criteria described in Table 4 of Section 3.2.2
7: Additional Information	Respondents may provide additional information as relevant. Information regarding perceived benefits to customers is of particular interest.

# Selection Process & Evaluation Criteria

## SECTION 2.0 – ITN Process

### 2.8 Redacted Submissions

If a Respondent believes that any portion of the documents, data or records submitted in response to this ITN are exempt from Florida's Public Records Law, Respondent must (1) clearly segregate and mark the specific sections of the document, data or records as "Confidential," (2) cite the specific Florida Statute or other legal authority for the asserted exemption, and (3) provide JEA with a separate redacted copy of its Reply (the "Redacted Copy"). The cover of the Redacted Copy shall contain JEA's title and number for this ITN and Respondent's name, and shall be clearly labeled "Redacted Copy." Respondent should only redact those portions of records that Respondent claims are specifically exempt from the Florida Public Records Laws. If Respondent fails to submit a redacted copy of information it claims is confidential, JEA is authorized to produce all documents, data and other records submitted to JEA in answer to a public records request for such information.

In the event of a request for public records to which documents that are marked as confidential are responsive, JEA will provide the Redacted Copy to the requestor. If a requestor asserts a right to any redacted information, JEA will notify Respondent that such an assertion has been made. It is Respondent's responsibility to respond to the requestor to assert that the information in question is exempt from disclosure under applicable law. If JEA becomes subject to a demand for

discovery or disclosure of Respondent's redacted information under legal process, JEA shall give Respondent prompt notice of the demand prior to releasing the information (unless otherwise prohibited by applicable law.) Respondent shall be responsible for defending its determination that the redacted portions of its Reply are not subject to disclosure.

By submitting a Reply to this ITN, Respondent agrees to protect, defend, and indemnify JEA from and against all claims, demands, actions, suits, damages, losses, settlements, costs and expenses (including but not limited to reasonable attorney fees and costs) arising from it relating to Respondent's determination that the redacted portions of its Reply to this Solicitation are not subject to disclosure.

### 2.9 Multiple Replies

Subject to the process outlined in this ITN, Respondents shall not be limited in the number or type of Replies submitted. In the event Respondents elect to provide multiple Replies, each Reply must be provided separately and distinctly to permit independent review based on the individual Reply. In the case of multiple Replies, Respondents submitting multiple Replies must identify their preferred or primary Reply. Please note that the complete and detailed review of a submission that is indicated as secondary is not guaranteed due to the time and resource constraints of the Evaluation Committee.

# Selection Process & Evaluation Criteria

TBU – JEA to advise on designated procurement representative

## SECTION 2.0 – ITN Process

### 2.10 Incurred Costs

All costs of preparation and submission of a Reply are the sole responsibility of the Respondent and its agents. Neither JEA nor the City of Jacksonville will be liable in any way for any costs incurred by Respondents or any other party for the preparation or submission of a Reply to this ITN.

### 2.11 Designated Procurement Representatives and Limit on Communications

Ex Parte Communication is strictly prohibited. Ex Parte Communication is defined as any inappropriate communication concerning an ITN between a firm submitting a Reply and a JEA representative during the time in which this ITN is being advertised through the time of Award. Examples of inappropriate communications include: private communications concerning the details of an ITN in which a Respondent becomes privy to information not available to the other Respondents.

Failure to adhere to this policy may disqualify the noncompliant company's Reply. Any questions or clarifications concerning this ITN must be sent in writing to the Designated Procurement Representative(s) in accordance with the terms of Section 2.1.1.B of this ITN. If determined by JEA, that a question should be answered or an issue clarified, JEA will issue an addendum to all Respondents.

For more information on Ex Parte communications, see JEA Procurement Code, Article 1-110, which is available at jea.com.

For purposes of this ITN, the Designated Procurement Representative(s) is:

[JEA to advise on Designated Procurement Representative]

As all questions should be submitted in writing, JEA is under no obligation to acknowledge or respond to oral inquiries [outside of the Pre-Response Conference], and potential Respondents are not entitled to rely upon any clarification or change to this ITN, or answer to any vendor question, except as may be provided in writing by JEA in response to the formal Question and Answer process or in an addendum to this ITN.

### 2.12 Incurred Costs

By signing the Reply, the Respondent certifies its Reply is made without any previous understanding, agreement or connection with any other person, firm, or corporation submitting a Reply to this ITN, and that this Reply is made without outside control, collusion, fraud, or other illegal or unethical actions. The Respondent shall comply with all JEA and City of Jacksonville ordinances, policies and procedures regarding business ethics.

The Respondent shall disclose the name(s) of any public officials



# *Selection Process & Evaluation Criteria*

## *SECTION 2.0 – ITN Process*

who have any financial position, directly or indirectly, with this ITN by completing and submitting the Conflict of Interest Certificate Form available at [jea.com](http://jea.com). Failure to fully complete and submit the Conflict of Interest Certificate will disqualify the Reply. If JEA has reason to believe that collusion exists among the Respondents, JEA shall reject any and all Replies from the suspected Respondents and will proceed to debar Respondent from future JEA Awards in accordance with the JEA Procurement Code.

JEA is prohibited by its Charter from awarding contracts to JEA officers or employees, or in which a JEA officer or employee has a financial interest. JEA shall reject any and all Replies from JEA officers or employees, as well as, any and all Replies in which a JEA officer or employee has a financial interest.

In accordance with section 287.133, Florida Statutes, JEA shall reject Replies from any persons or affiliates convicted of a public entity crime as listed on the Convicted Vendor list maintained by the Florida Department of Management Services. JEA shall not make an Award to any officer, director, executive, partner, shareholder, employee, member, or agent active in management of the Respondent listed on the Convicted Vendor list for any transaction exceeding \$35,000.00 for a period of thirty-six (36) months from the date of being placed on the Convicted Vendor list.

If the Respondent violates any requirement of this clause, the Reply may be rejected and JEA may debar offending companies and persons.

### ***2.13 Respondent’s Representation and Authorization***

In submitting a Reply, each Respondent understands, represents, and acknowledges the following (if the Respondent cannot so certify to any of following, the respondent shall submit with its Reply a written explanation of why it cannot do so).

- The Respondent is not currently under suspension or debarment by the State of Florida or any other governmental authority.
- To the best of the knowledge of the person signing the Reply, the Respondent, its affiliates, subsidiaries, directors, officers, and employees are not currently under investigation by any governmental authority and have not in the last ten (10) years been convicted or found liable for any act prohibited by law in any jurisdiction, involving conspiracy or collusion with respect to bidding on any public contract.
- The Reply is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive response.

# Selection Process & Evaluation Criteria

## SECTION 2.0 – ITN Process

- The Respondent has fully informed JEA in writing of all convictions of the firm, its affiliates (as defined in section 287.133(1)(a) of the Florida Statutes), and all directors, officers, and employees of the firm and its affiliates for violation of state or federal antitrust laws with respect to a public contract for violation of any state or federal law involving fraud, bribery, collusion, conspiracy or material misrepresentation with respect to a public contract. This includes disclosure of the names of current employees who were convicted of contract crimes while in the employ of another company.
- Neither the Respondent nor any person associated with it in the capacity of owner, partner, director, officer, principal, investigator, project director, manager, auditor, or position involving the administration of federal funds:
- Has within the preceding three years been convicted of or had a civil judgment rendered against them or is presently indicted for or otherwise criminally or civilly charged for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state, or local government transaction or public contract; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; or
- Has within a three-year period preceding this certification had one or more federal, state, or local government contracts terminated for cause or default.
- The Respondent has read and understands this ITN terms and conditions, and the submission is made in conformance with those terms and conditions.
- That every aspect of its submitted Reply is based on its own knowledge and judgment of the conditions and hazards involved, and not upon any representation of JEA. JEA assumes no responsibility for any understanding or representation made by any of its representatives during or prior to execution of the Contract unless such understandings or representations are expressly stated in the Contract and the Contract expressly provides that JEA assumes the responsibility.
- The Respondent has made a diligent inquiry of its employees and agents responsible for preparing, approving, or submitting the response, and has been advised by each of them that he or she has not participated in any communication, consultation, discussion, agreement, collusion, act or other conduct inconsistent with any of the statements and representations made in the Reply.
- The Respondent shall indemnify, defend, and hold harmless JEA and its employees against any cost, damage, or expense which may be incurred or be caused by any error in the Respondent's preparation of its Reply.

# *Selection Process & Evaluation Criteria*

## *SECTION 2.0 – ITN Process*

- All information provided by, and representations made by, the Respondent are material and important and will be relied upon by JEA in awarding the Contract. Any misstatement shall be treated as fraudulent concealment from JEA of the true facts relating to submission of the Reply. A misrepresentation shall be punishable under law, including, but not limited to, Chapter 817 of the Florida Statutes.
- That Respondent has read, understands these instructions and will comply with Section 2.12, entitled Ethics.

### *2.14 Protest of Award Process*

Respondents shall file any protests regarding this ITN in writing, in accordance with the JEA Procurement Code, as amended from time to time. The JEA Procurement Code is available online at [jea.com](http://jea.com).



TBU – Discuss “No record of corporate fraud or malfeasance” with Foley

# Selection Process & Evaluation Criteria

## SECTION 3.0 – Selection Methodology

### 3.1 Determination of Responsiveness and Responsibility: Mandatory Requirements Review

In order for Replies to be substantively evaluated, they must first be determined to be responsive, responsible, and to meet the Mandatory Requirements.

JEA staff shall conduct an initial minimum qualification review of the Replies received for completeness and compliance with all content requirements set forth in this ITN. During this review, and prior to the start of evaluation process by the Evaluation Committee, JEA staff may contact Respondents to seek clarification of any aspect of the Reply, and may, in JEA's sole discretion, permit the waiving or correction of minor irregularities in accordance with Section 7.2.1 of the JEA Operational Procedures. The Replies that comply with all requirements will be deemed responsive. Should the Respondent(s) have any questions concerning the qualification process, they must refer to the JEA Purchasing Code, Article 5, Administrative Remedies located on [www.JEA.com](http://www.JEA.com).

#### 3.1.1 Mandatory Requirements Review

Replies will be evaluated against the Mandatory Requirements set forth in Table 3, below, on a pass/fail basis. Replies that do not satisfy each of the required Mandatory Requirements will be rejected.

Table 3: Mandatory Requirements		
Requirement	Description	Pass/Fail
Financial Capability to Execute the Proposal	Respondents must submit a description of their financial capability, including information relating to access to sufficient debt and equity capital to consummate the transaction contemplated by their proposal (as applicable) and an overview of relevant transaction experience (or experience implementing similar proposals)	Pass/Fail
No Record of Corporate Fraud or Malfeasance	Respondents must affirmatively and truthfully state that they have no record of corporate fraud or malfeasance	Pass/Fail
No Conflict of Interest	Any conflict of interest with JEA will automatically disqualify the Respondent	Pass/Fail
Submission of Complete Reply	Replies which do not satisfy the above Mandatory Requirements will not be considered against the Evaluation Criteria in this process. Further, responses which do not contain complete responses to the required information contained within this Section of this ITN will not be evaluated against the Evaluation Criteria in this process.	Pass/Fail
Meet Stated Requirements		Pass/Fail

# Selection Process & Evaluation Criteria

## SECTION 3.0 – Selection Methodology

### 3.2 Evaluation Phase

Following completion of the Mandatory Requirements Review, all Responsive and Responsible Replies deemed to have satisfied the review will be subjected to evaluation in order to determine a competitive range of Replies to advance to the Negotiation Phase of this ITN.

#### 3.1.2 Evaluation Committee

The Chief Procurement Officer, or his designee, will appoint an Evaluation Committee consisting of at least three individuals to review and evaluate each Reply. Evaluation Committee members may be assisted in their duties by Subject Matter Experts, including but not limited to personnel of the Advisors, who shall be available to individually assist Evaluation Committee Members in understanding Replies and to provide guidance within their areas of expertise to individual Evaluation Committee members upon request.

A copy of each Reply will be distributed to each member of the Evaluation Committee, and each of the Evaluation Committee members will separately, independently, and individually evaluate and rank the Replies using the Evaluation Criteria and Scoring Guidelines set forth below. For each Evaluation Criterion, each evaluator will award a score of 0-4 based upon the Scoring Guidelines. The weight indicated will then be

applied to each Evaluation Criteria to calculate a weighted total score by evaluator. Upon completion of their individual evaluations, each member of the Evaluation Committee will transmit his or her scores to the Procurement Manager, who will compile the scores and calculate an overall score for each Reply.



# Selection Process & Evaluation Criteria

## SECTION 3.0 – Selection Methodology

Table 3: Evaluation Criteria		
Criteria Item	Requirements	Weighted Value
1: Proposal to Achieve JEA's Goals in this ITN	Respondents must indicate clearly and specifically how their proposals would allow JEA to achieve the goals outlined in this ITN.	[X]
2: Experience and Customer Commitment	<p>A summary of experience managing related or similar operations of comparable size and scope to JEA is required. The Respondent must provide information regarding its experience, knowledge, skills, and abilities for owning, operating, and managing electric generation, transmission, distribution, and water utility systems.</p> <p>Specific information regarding experience in other customer service areas, including customer billing, complaint management and resolution history, experience with purchases of other utility systems, customer question management, and emergency repair response times should be included. Replies demonstrating the following will be treated favorably:</p> <ul style="list-style-type: none"><li>1) Longevity of utility generation, transmission, and distribution operations greater than 5 years;</li><li>2) Successful customer relations demonstrated through customer outreach surveys such as JD Power or other comparable sources;</li><li>3) Corporate culture demonstrating a long-term commitment to company operations;</li><li>4) Strong focus on maintaining reliability and minimizing time of disruptions; and</li><li>5) Focus on maintaining rate stability for customers as illustrated through historical rates.</li></ul> <p>Where available, Respondents should also include a history of their customer rates for the past 10 years. Respondents are encouraged to provide any incremental information they believe relevant to demonstrate their experience and customer commitment.</p>	[X]
3: Economic Development and Benefits to Jacksonville	Respondents will be treated favorably for their willingness to make commitments to the City of Jacksonville.	[X]
4: Employee Retention and Benefits	<p>Respondents will be evaluated on the basis of their willingness to make certain commitments to employees consistent with JEA's goals of:</p> <ul style="list-style-type: none"><li>1) Protection of certain employee retirement benefits</li><li>2) Maintenance of substantially comparable employee compensation and benefits for three (3) years</li><li>3) Retention payments to all full-time employees of 100% of current base compensation</li></ul>	[X]
5: Innovation Plan	<p>Respondents should provide initiatives that they will be committed to provide innovative services or investments that leverage their tangible and intangible assets of JEA in order to achieve the following:</p> <ul style="list-style-type: none"><li>1) Position the business for the future</li><li>2) Create new revenue channels</li><li>3) "Future-proof" the utility business</li></ul> <p>Separately, Respondents only interested in providing replies related to potential new business opportunities or innovation or disruption of JEA's business are strongly encouraged to do so.</p>	[X]



# Selection Process & Evaluation Criteria

## SECTION 3.0 – Selection Methodology

### 3.3 Negotiation Phase

#### 3.3.1 Respondent Shortlist

Based on the final overall scores for each Reply, as calculated by the Procurement Manager, JEA will determine a competitive range of replies reasonably susceptible of award for negotiations. While JEA anticipates inviting all Respondents whose Reply scored more than [●] total overall points to negotiations, JEA reserves the right to invite Respondents achieving less than [●] points to negotiations, and/or to determine any number of responsive Replies up to and including all responsive Replies to be in the competitive range, if it determines that doing so would be in the best interest of JEA.

JEA may post a Notice of Intent to Negotiate on the JEA procurement page identifying the Respondents invited to negotiate.

#### 3.3.2 Negotiation Team

The Chief Procurement Officer, or his designee, will appoint a Negotiation Team consisting of at least three individuals to conduct negotiations with Respondents within the competitive range, review Revised Replies and Best and Final Offers, and formulate a recommended award. The Negotiation Team may be assisted in their duties by Subject Matter Experts, including but not limited to personnel of the Advisors, who shall be

available to assist the Negotiation Team, to provide guidance within their areas of expertise to the Negotiation Team, and to participate in negotiations with Respondents as needed.

Table 5: Scoring Guidelines		
Assessment	Assessment Description	Evaluator Score
Inadequate	[Reply is not directly or completely applicable to the requirements of this ITN]	0
Poor	[Reply in part or otherwise deficient in addressing the requirements of this ITN]	1
Adequate	[Reply generally addresses requirements of this ITN in an acceptable or minimally appropriate manner]	2
Good	[Reply completely addresses requirements of this ITN in a detailed manner]	3
Exceptional	[Reply thoroughly and completely addresses all requirements of this ITN, while providing additional details and/or commitments with regards to the enumerated goals set forth by JEA and the Respondent's plans to achieve these goals]	4

# *Selection Process & Evaluation Criteria*

## *SECTION 3.0 – Selection Methodology*

### **3.3.3 Request for Revised Replies**

As the initial step in the Negotiation Phase, JEA anticipates requesting that Respondents within the competitive range provide Revised Replies addressing additional specified topics and updating initial Replies based upon additional information provided to Respondents.

Upon the determination of the competitive range, Respondents determined to be within the competitive range will be asked to enter into a non-disclosure agreement ("NDA") for purposes of receiving and accessing certain exempt or confidential and exempt information relating to JEA, including without limitation trade secrets, material non-public information, or other confidential information. Following execution of the NDA, Respondents will be granted access to the JEA Virtual Data Room, which will include a confidential information presentation on JEA and certain financial projections. Within a period to be determined by the Negotiation Team, such Respondents invited to participate in the Negotiation Phase will be asked to submit a Revised Reply addressing specifically their approach to satisfying each of the Evaluation Criteria, the Selection Criteria and any other additional items which may be enumerated in the Request for Revised Replies.

### **3.3.4 Written and Oral Negotiations**

Following submission of Revised Replies, the Negotiation Team will

review such submissions against the Evaluation Criteria set forth in Section 3.2.2 to identify Respondents with whom it wishes to negotiate further. The Negotiation Team may, but is not required to, engage in formal re-scoring for purposes of identifying Respondents with whom it wishes to engage in further negotiation. JEA reserves the right to later elect to further negotiate with Respondents who were not initially selected for further negotiations if the Negotiation Team determines that doing so would be in the best interest of JEA.

- A. Respondent(s) invited to negotiate may be asked to provide more detailed clarifications of their Replies, and/or to provide interactive presentations of their Replies. JEA reserves the right to negotiate concurrently or sequentially with competing Respondent(s). Negotiations will not be open to the public, but will be recorded. All recordings of negotiations and any records presented at negotiation sessions are public record and can be released pursuant to a public records request after a notice of an intended decision is posted or 30 days after the opening of the final Replies to the request for Best and Final Offers, whichever occurs earlier, subject to any claim of confidentiality made in accordance with Section 2.8 of this ITN. If a Respondent asserts that any information to be discussed in oral negotiation sessions is exempt from public disclosure, it should contemporaneously notify the Negotiation Team of this fact and assert the confidentiality of such information on the record.

# Selection Process & Evaluation Criteria

## SECTION 3.0 – Selection Methodology

- B. JEA anticipates that negotiation meetings may be conducted in Jacksonville, Florida or New York, New York. JEA reserves the right to schedule negotiations at a different location, or to conduct negotiation sessions telephonically. JEA may, but is not required to, distribute an agenda in advance of the first negotiation session. Representatives for each Respondent should plan to be available for face-to-face meeting, without interruptions, for the entirety of the Respondent's scheduled negotiation meeting(s).
- C. Negotiations will include discussions of the Reply, the model envisioned by the Respondent until acceptable terms are agreed upon, or it is determined that an acceptable agreement cannot be reached. The negotiation process will also include negotiation of the terms and conditions of potential transactional documents. As this is an ITN, JEA reserves the right to negotiate the terms and conditions determined to be in the best interest of JEA. The negotiation process will continue until JEA requests in writing, the Best and Final Offer(s). JEA reserves the option to resume negotiations that were previously suspended. JEA anticipates that multiple rounds of Best and Final Offer(s) may be requested under this ITN, but is under no obligation to request more than one round of Best and Final Offer(s). As a result, it is imperative that Respondents ensure that any Best and Final Offer submitted includes the best terms that the Respondent can offer, as failure to do so may result in the Respondent not being selected to proceed to additional negotiations.

- D. The focus of the negotiations will be on achieving the solution that provides the best value to JEA based upon the Selection Criteria and the requirements of this procurement. The Selection Criteria include those enumerated in Section 3.3.8.B.

### 3.3.5 Additional Information in Connection With Written and Oral Negotiations

JEA anticipates that Respondents chosen to participate in written and oral negotiations will gain access to additional information that will allow them to further refine and update their proposed solutions to better address the Selection Criteria. This exchange of information is expected to include discussions with JEA management during recorded negotiation sessions, and an opportunity for such Respondents to submit questions, requests for additional information or clarification via email to the Designated Procurement Representative(s). At the start of written and oral negotiations, JEA will provide Respondents chosen to participate in written and oral negotiations with a Question Log file that may be used to submit written questions to the JEA and will indicate the date by which such Question Log file must be returned. As JEA understands that additional questions may arise as a result of written and oral negotiations, additional written questions may be directed to the Designated Procurement Representative(s), however such standalone questions are expected to be a rare exception and Respondents should endeavor to aggregate all of their questions and requests within the Question Log file, rather than sending individual questions.

# Selection Process & Evaluation Criteria

## SECTION 3.0 – Selection Methodology

In the event individual questions are received by the Designated Procurement Representative(s), JEA will determine in its discretion whether such questions should be answered and how any responses provided will be distributed to the affected Respondent(s). All data responses made available will be subject to posting in the JEA Virtual Data Room for access to all Respondents participating in negotiations. Responses to questions may also be posted for access to all Respondents participating in negotiations in the event that JEA determines that doing so is in the best interest of JEA.

### 3.3.6 Other JEA Rights During Negotiations

JE A reserves the right to negotiate with any or all responsive and responsible Respondents, serially or concurrently, to determine and realize the best solution.

JE A reserves the right to exercise any or all of the following non-exhaustive list of rights, at any time during the negotiation process:

- A. Schedule additional negotiating sessions with any or all responsive Respondents.
- B. Require any or all responsive Respondents to provide additional, revised or final written Replies addressing specified topics.
- C. Require any or all responsive Respondents to provide written Best and Final Offer(s).
- D. Require any or all responsive Respondents to address or match frameworks, concepts, terms or conditions offered

- by any other Respondent.
- E. Arrive at an agreement with any responsive Respondent, finalize principal contract terms with such Respondent, and terminate negotiations with any or all other Respondents, regardless of the status of or scheduled negotiations with such other Respondents.
- F. Decline to conduct further negotiations with any Respondent.
- G. Re-open negotiations with any Respondent.
- H. Take any additional administrative steps deemed necessary in determining the final award, including additional fact-finding, evaluation, or negotiation where necessary and consistent with the terms of this solicitation.
- I. Review and rely on relevant information contained in the Replies.
- J. Check references provided to obtain independent verification of the information provided by Respondents. JE A also reserves the right to contact references not provided by the Respondent.
- K. Request financial models different from those initially provided by a Respondent. This information may be used in negotiations to determine the best financial model to be used in any resulting contract.
- L. Waive any minor irregularities if JE A determines that doing so will serve the best interest of JE A.

# Selection Process & Evaluation Criteria

## SECTION 3.0 – Selection Methodology

JEA has sole discretion in deciding whether and when to take any of the foregoing actions, over the scope and manner of such actions, the responsive Respondent or Respondents affected, and whether to provide concurrent public notice of such decision.

### 3.3.7 Best and Final Offers

JEA may issue a written request for one or more BAFOs to the Respondents with which the Negotiation Team has conducted negotiations. At a minimum, based upon the negotiation process, the BAFO must contain:

- 1. A revised Reply to this ITN, containing all negotiated changes, with all changes from the original Reply shown;
- 2. A detailed financial offer in the format requested by the request for BAFOs;
- 3. Any other information requested by JEA in its written request for BAFOs.

Depending on the nature of the proposals received, JEA may elect to provide draft transaction documents to be marked-up by Respondents from whom a BAFO is requested. In the event that JEA does so, these marked-up transaction documents should be provided as part of the Respondent's BAFO.

The Respondent's BAFO will be delivered to the Negotiators for

review and consideration. See Section 3.3.8, below. JEA reserves the right to conduct follow on negotiations with any Respondent, and to request additional rounds of BAFOs, if it determines that doing so is in the best interest of the JEA.

### 3.3.8 Final Selection and Notice of Intended Decision

#### A. JEA Negotiation Team Recommendation

Following receipt of the final BAFOs, the final BAFOs will be provided to the Negotiation Team for review. Thereafter the Negotiation Team will meet to determine which offer constitutes the best value to JEA based upon the Selection Criteria. Thereafter, the Negotiation Team will develop a recommendation that identifies the award that will provide the best value to the JEA based upon the Selection Criteria. In so doing, the Negotiation Team is not required to score the Respondents, but will base its recommendation on the Selection Criteria. Scores from the Evaluation Phase will not carry over into negotiations, and the Negotiation Team will not be bound by such scores.

#### B. Selection Criteria

The Selection Criteria to be utilized in selecting a recommended awardee include, but are not limited to, the following:

- 1. The Respondent's ability to satisfy the enumerated goals of this ITN

# Selection Process & Evaluation Criteria

## SECTION 3.0 – Selection Methodology

- 2. Overall value to the City of Jacksonville and JEA's customers
- 3. The Respondent's capability to deliver innovation to JEA's existing operations
- 4. The feasibility of Respondent's proposed solution and ability to consummate the plan proposed by Respondent on a timely basis
- 5. Ability of respondent to satisfy priorities of JEA as articulated in the Evaluation Criteria and/or during the Negotiation Phase.

### C. Award Selection

- 1. An intended award will be made to the responsible and responsive Respondent with the final BAFO that is assessed as providing the best value to JEA. JEA reserves the right to pursue a contract for all or for part of the items contemplated by this solicitation.
- 2. JEA reserves the right to cancel, postpone, modify, reissue and/or amend this ITN at its discretion.
- 3. JEA reserves the right to accept or reject any and all offers, or separable portions, and to waive any minor irregularity, if JEA determines that doing so will serve the best interest of JEA. JEA has the right to use any or all ideas or adaptations of the ideas presented In any Reply. Selection or rejection of a Reply will not affect this right.

- 4. Replies that do not meet all requirements, specifications, terms, and conditions of the solicitation or fail to provide all required information, documents, or materials may be rejected at the sole discretion of JEA.

### D. Board Approval

Following rendition of the Negotiation Team's recommendation, [ ] and the Advisors will prepare a report to the Board regarding the recommendation of the Negotiation Team. The Board will make the final decision as to which Respondent should be selected for contract based on the recommendations of the Negotiation Team. In so doing, the Board is not required to score the Respondents, but will base its decision on the Selection Criteria and recommendation of the Negotiation Team.

### 3.3.9 JEA Reserved Rights for Award

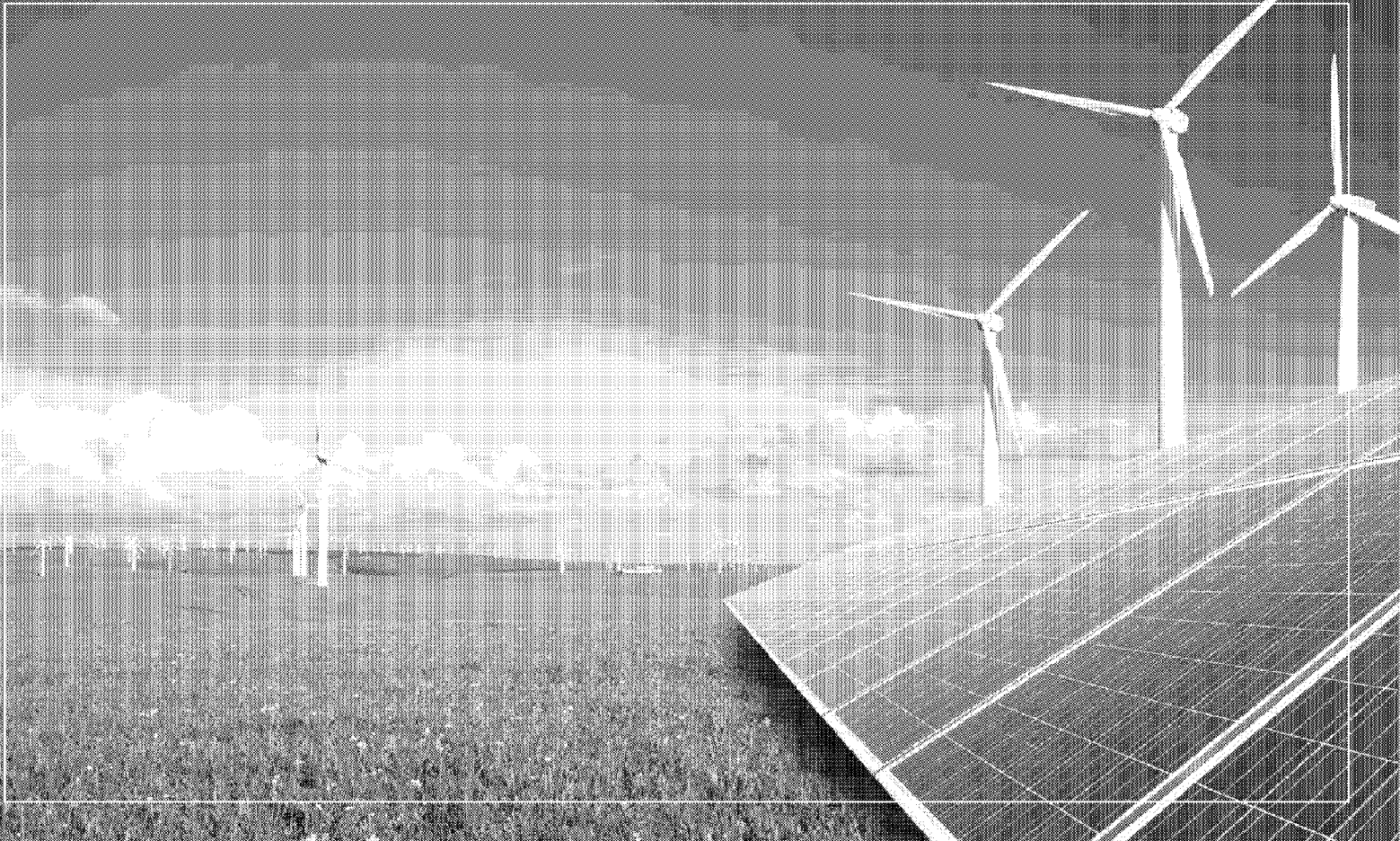
JEA reserves the right to award contracts for less than all items encompassed by this solicitation.

### 3.3.10 Posting of Decision

JEA will post a Notice of Intended Decision, stating its intent to pursue a contract with the selected Respondent. If JEA decides to reject all Replies, it will post its notice on the JEA purchasing website.



DRAFT



# FREQUENTLY ASKED QUESTIONS

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# [ ]

MS\_JEA-00000137

# Frequently Asked Questions

## The ITN Process

### 1. What are the phases of this ITN Process?

This ITN outlines the phases summarized below. Please refer to [Exhibit A] of this ITN for a comprehensive description of the process.

This ITN process commenced upon the posting of this ITN, representing the opening of the Solicitation Phase. During the Solicitation Phase, potential Respondents will have an opportunity to submit questions to JEA. The Solicitation Phase will conclude on September 30, 2019 with the submission of Replies.

The contents of the Reply/Reply Submission can be found in Section 2.7 of this ITN. Replies will be evaluated against the Mandatory Requirements found in [Table 3 of Section 3.1.1] and against the Evaluation Criteria found in [Table 4 of Sec 3.2.2] the Selection Process and Evaluation Criteria Section of this ITN.

Based on the final scores for each Reply, as described in [Table 5 of Section 3.2.3] the Selection Process and Evaluation Criteria Section of this ITN, JEA will determine a competitive range of Replies susceptible of award for negotiations. Upon determination of the competitive range, Respondents determined to be within the competitive range will be asked to enter into an NDA, after which they will be granted access to the JEA Virtual Data Room, which will include a confidential information presentation on JEA and certain financial projections as described in the Selection Process and Evaluation Criteria Section of this ITN.

By [November 19, 2019], such Respondents will be asked to

submit a Revised Reply addressing specifically their approach to satisfying each of the Evaluation Criteria, the Selection Criteria found in the Selection Process and Evaluation Criteria Section, and any other additional items which may be enumerated in the Request for Revised Replies.

Following submission of Revised Replies, the Negotiation Team will review such submissions against the Evaluation Criteria set forth in [Section 3.2.2] of the Selection Process and Evaluation Criteria Section of this ITN to identify Respondents with whom it wishes to negotiate further.

JEA anticipates that Respondents chosen to participate in written and oral negotiations will gain access to additional information that will allow them to further refine and update their proposed solutions to better address the Selection Criteria. At the start of written and oral negotiations, JEA will provide Respondents chosen to participate in written and oral negotiations with a Question Log file that may be used to submit written questions to JEA, as described in [Section 3.3.5] of the Selection Process and Evaluation Criteria Section of this ITN.

The negotiation process will continue until [February 24, 2020], the date on which BAFOs are due. Depending on the nature of the proposals received, JEA may elect to provide draft transaction documents to be marked-up by Respondents from whom a BAFO is requested.

Thereafter, JEA will engage in the final selection process described in [Section 3.3.8] of the Selection Process and Evaluation Criteria Section of this ITN.

# Frequently Asked Questions (cont'd)

## The ITN Process (cont'd)

**2. Is there an opportunity to submit questions during the Solicitation Phase?**

Respondents will be able to submit written questions via email to the Designated Procurement Representative(s) as defined in the [Section 2.1] of Selection Process and Evaluation Criteria Section of this ITN through [September 3, 2019 as detailed in Table 1 of Section 2] of the Selection Process and Evaluation Criteria Section of this ITN. For complete details regarding the submission of questions during the Solicitation Phase, please reference [Section 2.1.1.B] of the Selection Process and Evaluation Criteria Section of this ITN.

**3. When do you expect this ITN process to conclude?**

JEA anticipates posting a final Notice of an Intended Decision on [March 20, 2019, as described in the Table 1 of Section 2.2. of the Selection Process and Evaluation Criteria Section].

**4. Do proposals have to be for the full integrated utility ?**

Replies will be assessed first against the Mandatory Requirements found in [Table 3 of Section 3.1.1] of the Selection Process and Evaluation Criteria Section of this ITN and then against the Evaluation Criteria found in [Table 4 of Section 3.2.2] of the Selection Process and Evaluation Criteria Section.

**5. Are parties domiciled outside of the U.S. allowed to participate in the process? Will they be evaluated consistent with any U.S. based process participants?**

Replies will be assessed first against the Mandatory Requirements found in [Table 3 of Section 3.1.1] of the Selection Process and Evaluation Criteria Section of this ITN and then against the Evaluation Criteria found Table 4 of Section of 3.2.2 of the Selection Process and Evaluation Criteria Section of this ITN.

**6. Who can I call to discuss the ITN?**

As discussed in the ITN, JEA will hold a non-mandatory [Pre-Response conference] per timeline of events found in the Selection Process and Evaluation Criteria Section. This public venue provides Respondents with an opportunity to ask questions and seek clarifications about the ITN. JEA or its representatives may answer questions asked at the [Pre-Response Conference], but answers will not be considered final until the questions are submitted in writing and answered by JEA in writing. Attendance is not mandatory, although Respondents are strongly encouraged to attend.

**7. If I do not participate in the solicitation phase, am I able to participate later in the process?**

The ITN process involves three phases: Solicitation, Evaluation, and Negotiation. Respondents are responsible for submitting all required documentation by the dates and times specified in the Selection Process and Evaluation Criteria Section . JEA will not consider documents submitted after a deadline.

**8. Will I have the opportunity to meet with management during the ITN process?**

As a part of the ITN process, there will be a [Pre-Response Conference and] an opportunity for potential participants to submit written questions for JEA management to address in writing.

- For those Respondents who make it to the negotiation phase, there will be written and oral negotiations that may include presentations given by the respondents to outline and describe the merits of their proposal.

# Frequently Asked Questions (cont'd)

## The ITN Process (cont'd)

**9. Is the City of Jacksonville [and the mayor] supportive of this ITN?**

Any potential sale or similar transaction regarding JEA's Electric System, Water and Sewer System, and District Energy System would require the approval of the City Council, as well as a referendum approval of the terms and conditions of any sale or transaction that comprises more than 10% of the total JEA utility system, thus ensuring that the City and citizens of Jacksonville will have a say in any transaction involving JEA.

**10. Why is JEA pursuing this ITN process?**

JEA is seeking the strategic flexibility needed to adapt to the rapidly changing utility landscape and to tap into broad spectrum of new markets, and to achieve its vision of maximizing customer, community, environmental and financial value over the long term.

**11. Will my identity and/or response to the ITN be made public? If so, when?**

Following the Notice of Intended Award (when upon conclusion of the Negotiation phase, the Negotiation Team will meet in a public meeting to discuss the recommended award), replies to the ITN process may be disclosed pursuant to a public records request.

**12. Are financial investors / sponsors allowed to participate in this process?**

Replies will be evaluated against the Mandatory Requirements set forth in [Table 3 of Section 3.1.1] of the Selection Process and Evaluation Criteria Section of this ITN, on a pass/fail basis. Replies that do not satisfy each of the required Mandatory Requirements will be rejected.

**13. Why is JEA issuing this ITN now?**

JEA is seeking the strategic flexibility needed to adapt to the rapidly changing utility landscape and to tap into broad spectrum of new markets, and to achieve its vision of maximizing customer, community, environmental and financial value over the long term.

**14. When will you provide some specific guidance on the specific path forward?**

JEA will provide further information following the close of ITN Solicitation Period (September 30, 2019), assuming the Replies are invited forward to the Negotiation Phase.

**15. Can a consortium of bidders participate in this process?**

Replies will be assessed first against the Mandatory Requirements found in [Table 3 of Section 3.1.1] of the Selection Process and Evaluation Criteria Section of this ITN and then against the Evaluation Criteria found [Table 4 of Section 3.2.2] in the Selection Process and Evaluation Criteria Section of this ITN.

# Frequently Asked Questions (cont'd)

## The Evaluation Criteria and Outcome

### 16. How will replies be assessed?

Replies will be assessed first against the Mandatory Requirements found in [Table 3 of Section 3.1.1] of the Selection Process and Evaluation Criteria Section of this ITN and then against the Evaluation Criteria found in [Table 4 of Section 3.2.2] of the Selection Process and Evaluation Criteria Section of this ITN.

### 17. Which of the listed strategic alternatives is JEA's preferred outcome?

As discussed in this ITN, JEA is soliciting Replies for the evaluation of strategic alternatives that meet its goals of maximizing customer, community, environmental, and financial value over the long term, consistent with the Mandatory Requirements found in [Table 3 of Section 3.1.1] the Selection Process and Evaluation Criteria Section found in [Table 4 of Section 3.2.2] of this ITN and the Evaluation Criteria found in the Selection Process and Evaluation Criteria Section of this ITN. JEA has no specific preferred outcome and is open to receiving a range of Replies in response to this ITN.

### 18. Do you expect that this ITN will lead to a privatization of all or a portion of JEA?

A sale of all or a portion of JEA to a private sector entity is one of a number of potential outcomes of this ITN.

We will have additional clarity on the potential outcomes and our path forward with respect to this ITN following [September 30, 2019], as described in [Table 1 of Section 2.2] of the Selection Process and Evaluation Criteria Section of this ITN when we will receive Replies and assess them relative to the Mandatory Requirements found [Table 3 of Section 3.1.1] in the Selection Process and Evaluation Criteria Section of this ITN.

### 19. Is it possible that this ITN could result in the sale of the electric utility or water utility but not both?

That is one of a number of potential outcomes.

### 20. Will all parties who meet the Evaluation Criteria be invited into the Negotiation Phase?

JEA anticipates inviting all Respondents whose Reply scored more than [●] total overall points, calculated as the weighted total score for all Evaluation Criteria, as defined in [Table 4 of Section 3.2.2] of the Selection Process and Evaluation Criteria Section of this ITN based on the Scoring Guidelines described in [Table 5 of Section 3.2.3] of the Selection Process and Evaluation Criteria Section of this ITN, to negotiations. JEA reserves the right to invite Respondents achieving less than [●] points to negotiations, and/or to determine any number of responsive Replies up to and including all reasonable Replies to be in the competitive range, if it determines that doing so would be in the best interest of JEA.

### 21. If this ITN does result in a sale of all or a portion of JEA, which approvals would you expect to be required for such a transaction?

In the case of such a sale transaction, the requisite approvals would be expected to include:

- Federal Trade Commission or Department of Justice early termination of the waiting period or allowance of waiting period expiration under the Hart-Scott-Rodino Act of 1976

# Frequently Asked Questions (cont'd)

## The Evaluation Criteria and Outcome (cont'd)

**22. If this ITN does result in a sale of all or a portion of JEA, which approvals would you expect to be required for such a transaction? (cont'd)**

- Federal Energy Regulatory Commission approval
- Majority vote in a referendum conducted by the City

In addition, such a transaction could require approval by the Florida PSC with respect to the establishment of parameters for current and future ratemaking by the PSC, which may include rate base, regulatory capital structure, and allowed regulatory returns on debt and equity capital.

**23. What are JEA's valuation expectations?**

Minimum >\$3bn of value to the City of Jacksonville, but financial value is only one of JEA's goals of maximizing customer, community, environmental, and financial value over the long term. Replies will be assessed first against the Mandatory Requirements found in [Table 3 of Section 3.1.1] of the Selection Process and Evaluation Criteria Section of this ITN and then against the Evaluation Criteria found [Table 4 of Section 3.2.2] of the Selection Process and Evaluation Criteria Section of this ITN.

**24. Is JEA willing to enter into a transaction if some, but not all, of the "table stakes" are met?**

JEA's preference is that all "table stakes" are met. JEA review each reply on a case by case basis to determine if a Reply is worth moving forward to the Negotiation Phase.

**25. The ITN identifies untapped growth potential. Will responses that address these opportunities be viewed favorably?**

Replies will be assessed first against the Mandatory Requirements found in [Table 3 of Section 3.1.1] of the Selection Process and Evaluation Criteria Section of this ITN and then against the Evaluation Criteria found [Table 4 of Section 3.2.2] of the Selection Process and Evaluation Criteria Section of this ITN.

**26. What Information will be provided to potential Respondents to assist in preparing the deliverables?**



# Frequently Asked Questions (cont'd)

## Availability of Information

**26. What Information will be provided to potential Respondents to assist in preparing the deliverables? (cont'd)**

- Below is a summary of the information expected to be available to Respondents and potential Respondents in this process. Please refer to the Selection Process and Evaluation Criteria Section of this ITN for a comprehensive description of the process
- Solicitation Phase: this ITN and information on JEA available in the public domain
- Negotiation Phase:
  - Before Revised Replies: a confidential information presentation on JEA and certain financial projections
  - After Revised Replies: additional information that will allow Respondents to further refine and update their proposed solutions to better address the Selection Criteria found in [Section 3.3.8.B] of the Selection Process and Evaluation Criteria Section . This exchange of information is expected to include discussions with JEA management during recorded negotiation sessions, and provide an opportunity for Respondents to submit questions, requests for additional information or clarification via email to the Designated Procurement Representative(s)

**27. Is there sufficient information provided in this ITN for Respondents to determine whether they can meet the Mandatory Requirements?**

JEA believes that those parties most likely to meet the Mandatory Requirements found in [Table 3 of Section 3.1.1] of the Selection Process and Evaluation Criteria Section found in [Table 4 of Section 3.2.2] of this ITN and Evaluation Criteria found in the Selection Process and Evaluation Criteria Section of this ITN would have the requisite financial, operational and regulatory expertise to make the determination without receiving any additional information (other than what is already available in the public domain).

**28. What are the current rate base, regulatory capital structure and allowed returns for each of the electric utility and water utility?**

- Current rate base information for the JEA electric and water utilities does not exist as JEA currently operates outside the purview of the Florida PSC.
- For entities under PSC purview, the PSC sets rates such that the utility can recover the costs incurred to provide service and the cost of operating the utility while allowing the utility an opportunity to earn a fair rate of return on its investment.

# Frequently Asked Questions (cont'd)

## Employees, Community and Customer Rates (cont'd)

### 29. What is the status of the MEAG litigation?

In September, MEAG sued JEA for a breach of contract, claiming JEA was trying to illegally escape a hell or high water contract

Simultaneously, JEA sued MEAG to deem the contract void, claiming it violated Florida law in that it was signed without City Council input

In April, a federal judge dismissed MEAG's suit, and allowed JEA's suit to move forward

### 30. How will this ITN impact employees?

- JEA is committed to its employees. Among the goals of this ITN are the following:
  - Acceleration of vesting of certain employee retirement obligations
  - Guarantee of employee compensation and benefits at substantially the same as current levels for three years
  - Retention bonuses to all full-time employees of 100% of current base compensation
- JEA would not be in a position to secure these benefits under its current strategic direction. In fact, industry pressures have forced the elimination of 407 jobs since 2008 and a further reduction in headcount of 29% would be needed to manage JEA's current cash gap through 2030. JEA is also implementing a Long Term Incentive Plan ("LTIP") to further show its

commitment to its employees. The LTIP will enable employees to share in the long term success of JEA

### 31. Will this affect JEA's annual contribution to the City?

JEA, as a community-owned utility company, does not currently pay property taxes to the City. In the event this ITN results in a sale of all or a portion of JEA, lost contributions to the City will be replaced at least in part with property taxes. In addition, one of JEA's goals in this ITN is an upfront payment to the City of greater than \$[3 billion], 26x larger than JEA's average annual contribution to the City.

# Frequently Asked Questions (cont'd)

## Employees, Community and Customer Rates (cont'd)

### 32. What are JEA's obligations to the City of Jacksonville and is the expectation that those obligations will continue?

It is important that the needs of all JEA's key stakeholders are addressed in any potential transaction. In addition to a minimum of \$3bn in value being transferred to the City, any potential transaction must also contain the following contingencies:

- o Greater than \$400 million of value distributed to customers (\$350+ paid to each JEA account – \$1,400+ for customers with electric, water, sewer and irrigation accounts)
- o Rates lower than status quo
- o Sourcing of 40 mgd of alternative water capacity for Northeast Florida by 2035
- o Full transfer of 100% of City energy uses to renewable sources by 2030
- o New headquarters and employees in downtown Jacksonville

### 33. What are JEA's expectations related to the OPEB and pension obligations?

As part of any transaction, JEA is requiring that employee compensation and benefits will be guaranteed to be substantially the same for three years. Additionally, there will be accelerated vesting of certain employee retirement obligations.

### 34. Why does the ITN require completion of the new headquarters downtown?

Our commitment to the new headquarters in downtown Jacksonville is a commitment to the economic development of our region, and a commitment to job creation for the citizens of Jacksonville.

### 35. How are customer rates currently determined? How do you expect that would change as a result of this ITN?

- JEA is a community-owned electric utility company that sets its own customer rates.
- The JEA Board of Directors is responsible for setting rates. Rates are established on a cost-of-service basis, including operating and maintenance expenses, depreciation of the respective operations, and meeting minimum annual coverage for debt service of 1.25x.
- Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval. JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services.

# Frequently Asked Questions (cont'd)

## Customer Rates

*36. How are customer rates currently determined? How do you expect that would change as a result of this ITN? (cont'd)*

- It is possible that, as a result of this ITN, all or a portion of JEA would become subject to regulation by the PSC. We would expect in that event that the PSC would regulate the relevant utility assets in the same manner as it regulates other regulated utilities currently subject to its jurisdiction. The PSC sets rates such that the utility can recover the costs incurred to provide service and the cost of operating the utility while allowing the utility an opportunity to earn a fair rate of return on its investment. The PSC will analyze requested rate changes and conducts earnings surveillance to ensure that regulated utilities are not exceeding their authorized rates of return.
- Under the PSC, regulated utilities seeking a substantial increase in rates and charges can open a rate case for PSC analysis of its investments and expenses to determine new rates. Once the Minimum Filing Requirements as defined by the PSC for a case are filed with the PSC by the utility, the PSC has 60 days to officially suspend, deny, or approve the utility's requested rates.
- One of the goals in this ITN is delivery of value to customers, and we would expect any transaction resulting from this ITN will result in greater value to customers relative to what JEA could provide in the absence of a transaction.

*37. In the absence of this ITN, what would be the expected change in rates over the next decade? What is the expected impact of a transaction contemplated by this ITN?*

- JEA Administration projects an increase in energy rates of 26% between now and 2030.
- One of the goals in this ITN is delivery of value to customers, and we would expect any transaction resulting from this ITN will result in greater value to customers relative to what JEA could provide in the absence of a transaction.

*38. Where can one locate additional publicly available information regarding JEA?*

Please refer to JEA's website (<https://www.jea.com>) as well as the appendix to this ITN, which incorporates certain documents by reference.

DRAFT



# BUSINESS OVERVIEW

JEA | INVITATION TO NEGOTIATE (“ITN”) FOR STRATEGIC ALTERNATIVES | ITN# [ ]

DRAFT

# JEA at a glance:

## Business Overview

TBU – wording check for bottom  
left chart label

### JEA Electric System

- 900 square miles of service area
- 6,920 miles of distribution wires
- 745 circuit miles of transmission wires
- 5 generation facilities
- 7 solar offtake agreements

### JEA Water & Wastewater System

- 100% groundwater supply
- 11,031 miles of pipe<sup>1</sup>
- 37 active water treatment plants
- 11 wastewater treatment facilities
- 10 reclaimed water production facilities

### JEA District Energy

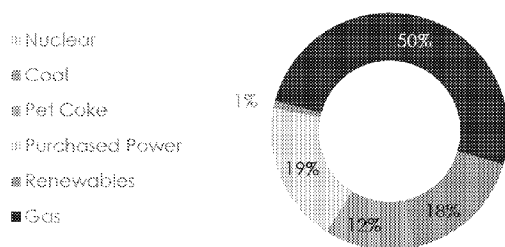
- 4 chilled water plants
- Total capacity: 21,500 tons

	2016	2017	2018
Sales (\$mm)	\$1,366	\$1,428	\$1,364
Sales (GWh)	14,586	13,894	12,732
Avg. customers ('000's)	452	459	466

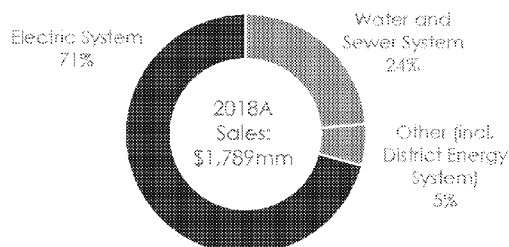
	2016	2017	2018
Sales (\$mm)	\$428	\$458	\$436
Sales (Mgal) <sup>2</sup>	64,820	67,248	65,647
Avg. customers <sup>1</sup> ('000's)	599	615	631

	2016	2017	2018
Sales (\$mm)	\$8	\$8	\$8

2018 Energy Fuel Mix<sup>3</sup>  
(% of Total MWh Generated)



2018 Total System Sales

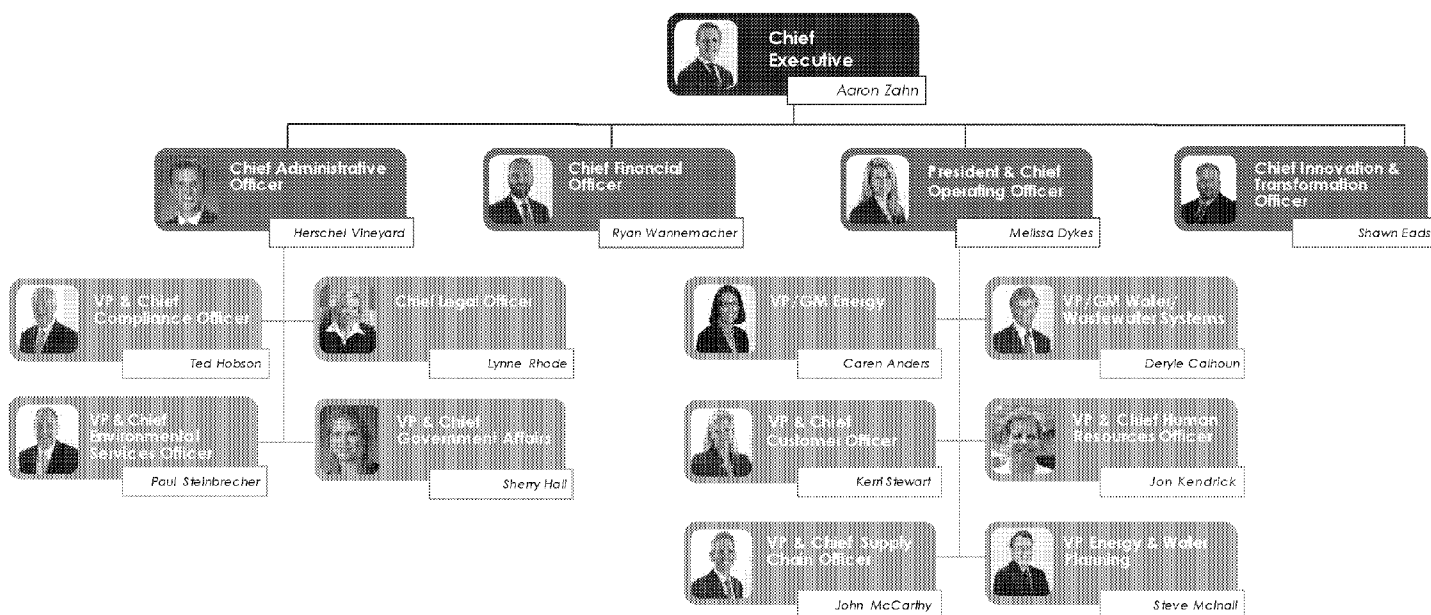


1. Water system (5,665 miles), wastewater system (5,005 miles), reclaimed water system (361 miles) as of 2018
2. Includes water system, wastewater system, and reclaimed water system
3. 2018 JEA Annual Report

# Senior Leadership Team

*Strong Management Team with First-Class Operational and Regulatory Expertise*

TBU – JEA to provide how many years of experience combined for entire team at bottom



Over 300 Years of Combined Industry Experience



# JEA Electric System

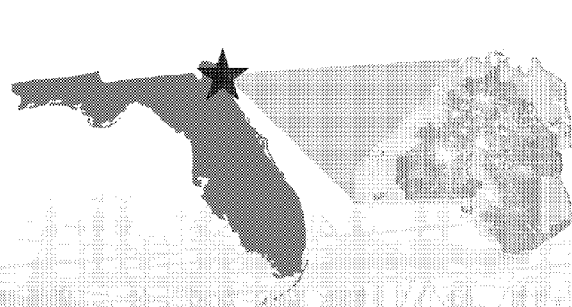
TBU – JEA to provide backup data for chart in bottom right to all banking team to format/edit table  
- JEA to confirm rate restructuring footnote language

## Overview

The JEA Electric System is an integrated energy provider engaged in electric power production and transmission and distribution operations.

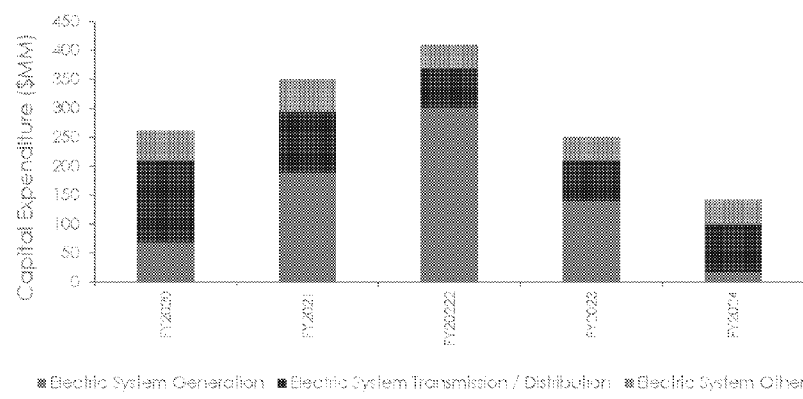
- JEA owns and operates power plants with approximately 3,000 megawatts of electric generating capacity
- JEA delivers approximately 12.4 million MWh of electricity to over 466,000 customers in Northern Florida
- JEA's 900 mile service territory encompasses virtually the entire City of Jacksonville, as well service in portions of the northern sections of St. Johns and Clay Counties, which are located southeast and southwest of the City, respectively
- JEA owns and operates a fleet of four power plants with capacity of approximately 3,000 MW and an energy fuel mix made up primarily of natural gas

## Service Footprint

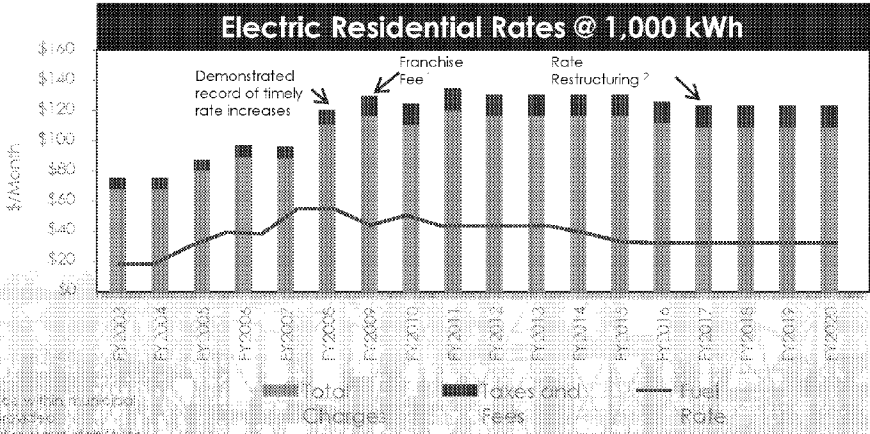


Franchise Fee: JEA's charge for the utility franchise, electric light, streets and projects, services within the city boundaries. The fee is paid annually to the city government in which the electric project is located. Available restructuring efforts consist of planning customer impact, investor distribution, and revenue stability to promote stable overall rates and bill.

## Capital Expenditure Projections



## History of Competitive Rates



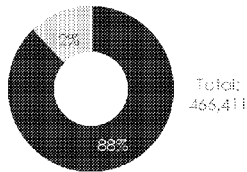
# Electric System Customer Overview

In 2018, JEA's electric system generated \$1.2 billion in revenue of which 55% was contributed by commercial and industrial customers including the U.S. Navy, the City of Jacksonville, and CMC Steel Florida

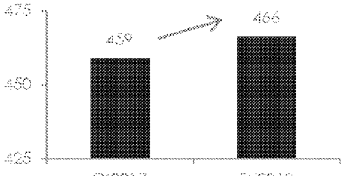
- The remainder of the Electric System's revenues were generated by its residential customers
  - These customers spend ~\$1,500 on average annually for service
- JEA continues to transform the customer experience through the use of customer data to better inform operational priorities and performance
  - This data-driven approach allows JEA to better manage customer relationship and identify initiatives and investments that will continue to advance the customer experience
- In 2018, JEA ranked in the first quartile of the JD Power 2018 Electric Utility Customer Satisfaction Survey for Business Electric Service in the South among midsize utilities

## Customer Breakdown

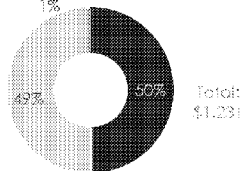
Average # of Accounts



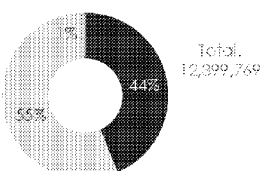
Average # of Customer Accounts (000's)



Revenues (\$ in millions)



System Sales (MWh)



■ Residential ■ Commercial & Industrial ■ Wholesale

## Top 10 Customers for Electric System

Ten Largest Customer Accounts		Annual \$ Billed	Percent of Revenues
	U.S. Navy Public Works Center	\$22,130,326	1.8%
	City of Jacksonville	21,660,130	1.8
	CMC Steel Florida	18,726,308	1.5
	WestRock CP LLC	15,236,857	1.2
	Duval County School District	14,546,196	1.2
	Anheuser-Busch, Inc.	8,318,025	0.7
	Southern Baptist Hospital of Florida Inc.	8,133,950	0.7
	Publix Supermarkets Inc.	7,828,937	0.6
	Johnson & Johnson Vision Care Inc.	7,343,645	0.6
	Winn-Dixie Stores, Inc.	7,173,720	0.6
Total		\$131,098,094	10.7%

## Growing Customer Base with Low Concentration

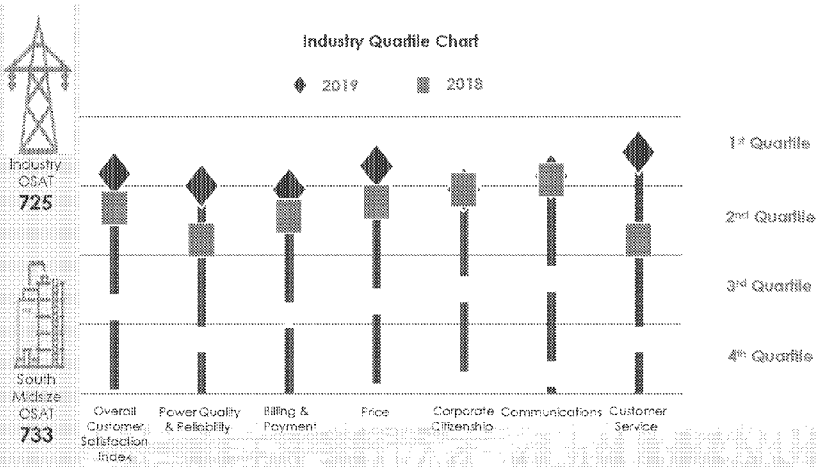
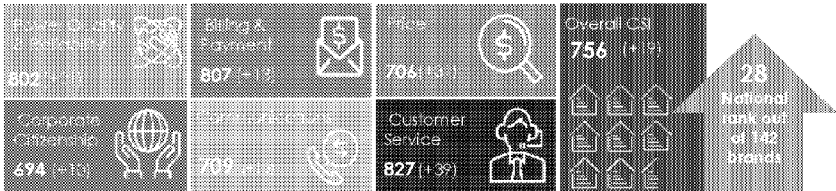
JEA | Invitation to Negotiate (ITN) # [XXX-XX]

MS\_JEA-00000151

DRAFT

# JEA Customer Experience

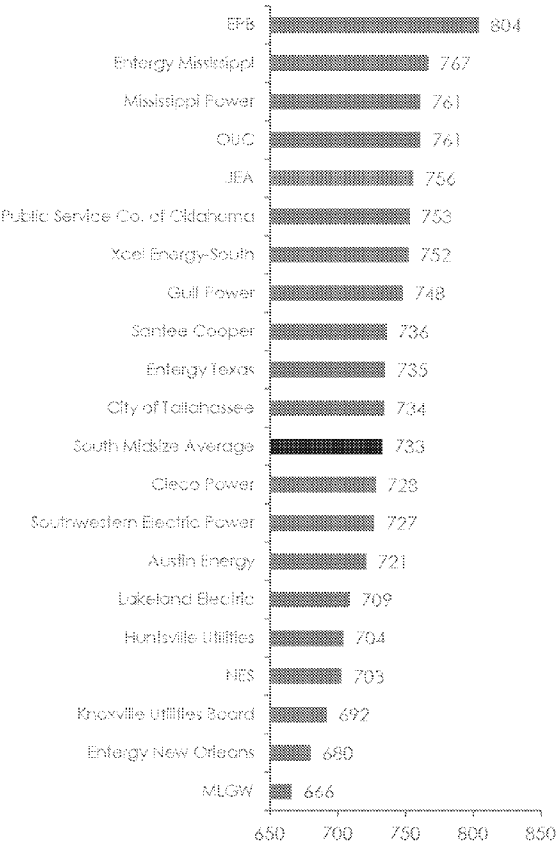
- JEA continues to transform the customer experience through its use of customer data to better inform operational priorities and performance levels
- Data-driven approach allows JEA to better manage customer relationship and identify initiatives and investments that will continue to advance the customer experience
- JD Power has ranked JEA in categories including Power Quality & Reliability, Billing & Payment, Price, Corporate Citizenship, Communications, and Customer Service for an overall rank of 28 out of 142 profiled electricity brands



J.D. POWER

Source: J.D. Power Electric Utility Residential Customer Satisfaction Study, 2019

## Overall Satisfaction Scores (South Midsize)



## Strong Customer Satisfaction Metrics Relative to Peers

JEA | Invitation to Negotiate (ITN)#[XXX-XX]  
MS\_JEA-00000152

# Generation Overview

The generation fleet consists of four owned and operated power plants that use fossil fuels, primarily natural gas, with generating capacity of 2,698 MW and has a joint ownership interest in Plant Scherer Unit 4 which has a net generating capacity of 198 MW

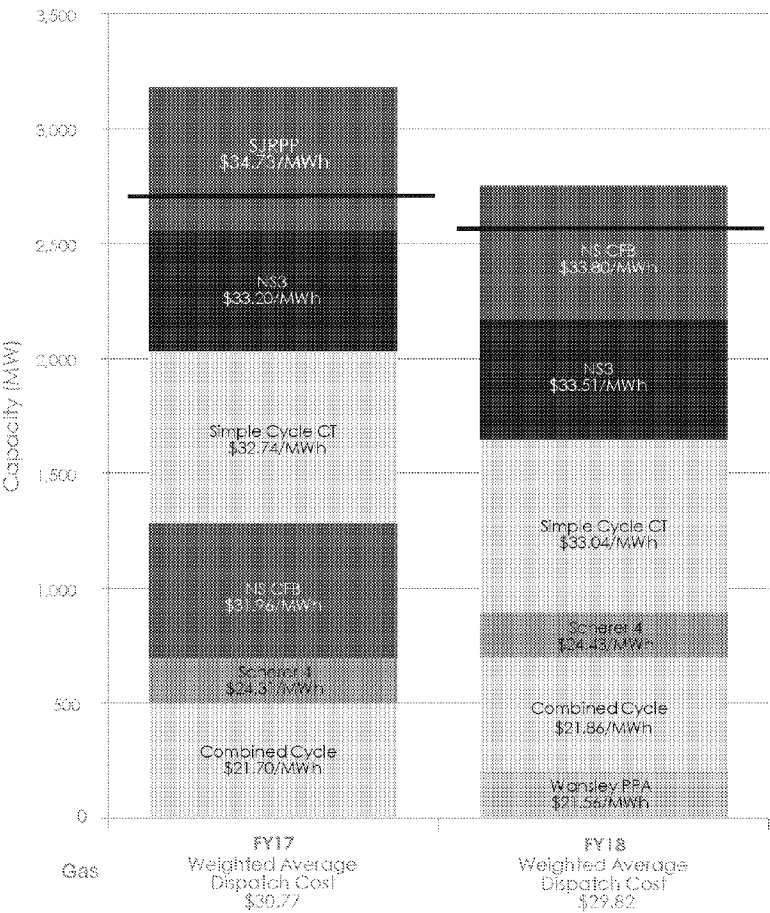
- The four owned and operated plants are the J. Dillon Kennedy Generating Station ("Kennedy"), the Northside Generating Station ("Northside"), the Brandy Branch Generating Station ("Brandy Branch") and the Greenland Energy Center ("GEC")
- JEA leverages the flexibility of its existing resources and the significant investment that has been made in the Electric System's generation assets to address customer needs
- JEA is dedicating capital to ensure the long term availability of safe, reliable power while taking in to consideration the age of its generation assets, prospective environmental regulations, energy efficiency and demand-side management, and evolving customer preferences and expectations

## Generation Fleet

Facility	Primary Fuel Type	Generating Capacity (MW)	Year in Service
<b>Gas Fuel:</b>			
Brandy Branch	Natural Gas	651	2001-2005
Northside Unit 3	Natural Gas / Oil	524	1977
Kennedy	Natural Gas	300	2000-2009
GEC	Natural Gas	300	2011
Landfill Energy Systems	Landfill Gas	15	1997-2015
Southern Power	Natural Gas	200	2018-2019
<b>Solid Fuel:</b>			
Northside Units 1&2	Pet Coke	586	2003
Scherer 4	Coal	198	1989
<b>Total</b>		<b>2,770</b>	
<b>Peaking Reserve:</b>			
Northside CTs	Diesel Fuel Oil	212	1975
<b>Grand Total</b>		<b>2,896</b>	

TBU – Can JEA provide a brief explanation of the Merit Order graph vs. a traditional dispatch stack curve?

Merit Order of Generation Fleet

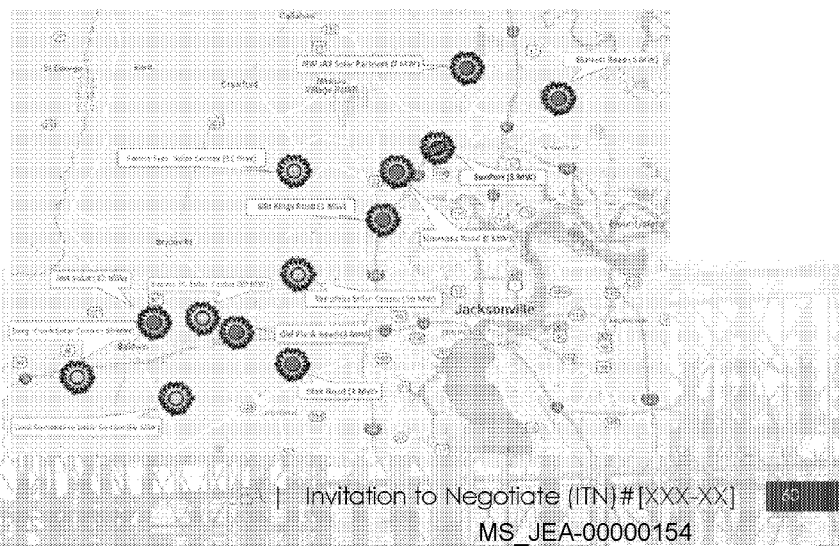


TBU – JEA to provide data

## Solar Generation

- JEA has contracted to add up to [250] MW of solar power by 2022, a substantial increase from JEA's existing solar assets
  - This additional investment, when added to the [34] MW currently installed, will make Jacksonville the largest solar city in the U.S. The new sites for solar generation are situated on land owned by JEA.
  - The increased solar power will reduce JEA's exposure to fossil fuel volatility and the need for energy hedges.
- This increased commitment to solar power is aligned with JEA's corporate values of reducing air pollution and greenhouse gas emissions, reducing energy costs, and supporting economic growth in the Jacksonville area.
- Solar and renewables expected to comprise 5% of JEA's fuel mix by 2023
- Within JEA territory, solar growth has been increasing at a 67% CAGR since FY2014
- JEA has a significant opportunity for expansion and energy generation via solar facilities, beyond the [250] MWs of capacity expected to be added by 2022

### JEA Current & Future PV Solar Sites

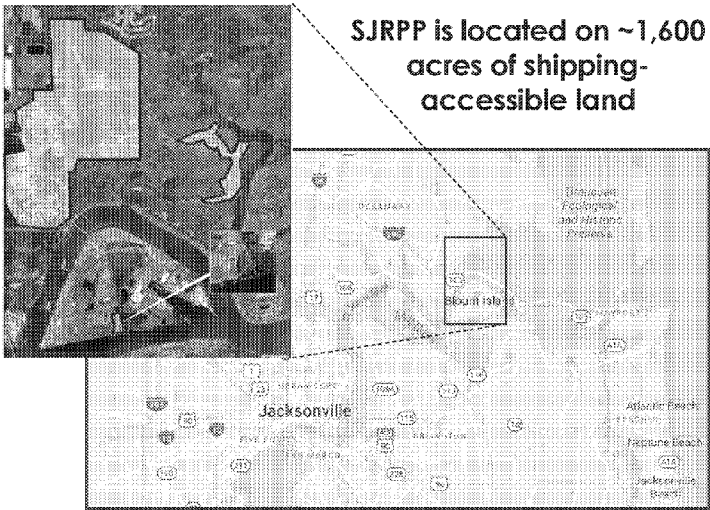


# St. Johns River Power Park

*Closing the Power Park will reduce JEA carbon emissions by 30% and save \$50 million in operating expenses per year starting in 2020*

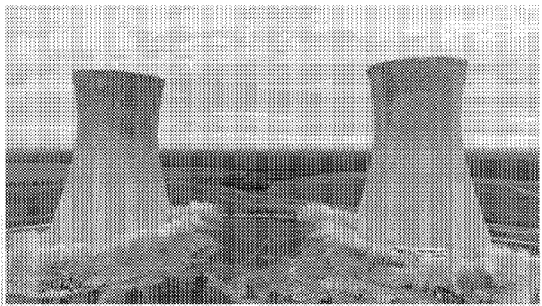
## History

- Until it was closed in January 2018, the St. Johns River Power Park ("SJRPP") was a large coal-fired electric generating plant, featuring two turbine/generators that each supplied 632,000 KW to the transmission grid
- When the plant was constructed in the early 1980s, it was the largest construction project in Jacksonville's history, taking six years to build, at a cost of \$1.45 billion
- Facility is jointly owned by JEA – 80% share, and Florida Power and Light – 20% portion
- After nearly 30 years in service, SJRPP closed on January 5, 2018. Catalytic reactors, cooling towers and smokestacks were imploded
  - Demolition and site remediation will continue until mid-2020
- Decommissioned plant is located on a 1,600 acre site in the northeast section of Jacksonville
- JEA will retain 100% of site ownership at the completion of remediation



## The Future of SJRPP

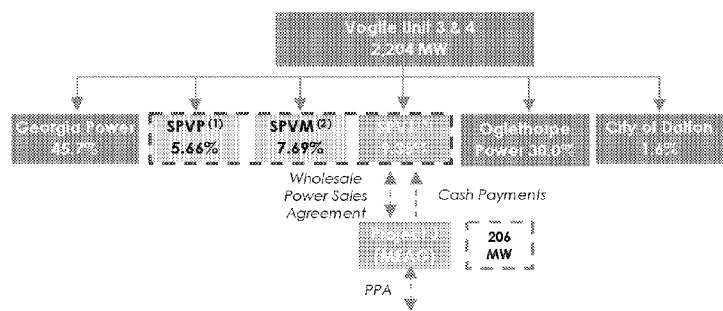
- Decommission of the generation site creates an extremely unique opportunity for JEA, freeing up a large, unencumbered parcel of land that is accessible by water for a variety of import/export uses
- Other potential uses of the asset include:
  - Dedicated port facility
  - New generation facility (currently permitted)
  - Large wholesale data center w/ dedicated generation
  - Other intermodal development



# Vogtle Units 3 and 4

## Project J Overview

- The Alvin W. Vogtle Nuclear Plant ("Vogtle") is a nuclear generating station in Burke County, Georgia
- JEA entered into a power purchase agreement ("PPA") with the Municipal Electric Authority of Georgia ("MEAG") for 206MW of capacity and related energy from two additional nuclear units under construction
- The energy received under the PPA is projected to represent approximately 13% of JEA's total energy requirements in 2023
- Owners of the additional Vogtle Units include Georgia Power Company ("Georgia Power"), Oglethorpe Power Corporation ("Oglethorpe Power"), MEAG, and the City of Dalton
- As shown in the chart below, "Project J" corresponds to the portion of MEAG's 22.7% undivided ownership interest in the additional Vogtle Units, which will provide the capacity and energy to be purchased by JEA under the PPA
- MEAG currently estimates that the total in-service cost for its ownership interest in the additional Vogtle Units will be approximately \$6.5 billion, including construction costs



Notes:  
1. MEAG Power SPVP LLC  
2. MEAG Power SPVM LLC  
3. MEAG Power SPV LLC

	Principal Outstanding (\$mm)	Additional Capacity (\$mm)	Total Financing (\$mm)
Project J 2010A Taxable BABs	1,224	-	1,224
Project J 2010B Tax Exempt	24	-	24
Project J 2015A Tax Exempt	185	-	185
Project J 2019A Tax Exempt	571	-	571
DOE Guarantee Loan	578 <sup>a</sup>	112	690
Additional Public Market Bonds	-	95	95
Other: Earned Interest and Premium	-	129	129
<b>Total</b>	<b>2,582</b>	<b>336</b>	<b>2,918</b>

- <sup>a</sup>Remaining balance to be drawn for capitalized interest
- The PPA requires JEA to pay MEAG for the capacity and energy at the full cost of production
    - This includes debt service on the bonds issued and to be issued by MEAG and on the loans made and to be made by the Project J entity
  - JEA is entitled to 103MW of capacity and related energy from each of the additional Vogtle Units for a 20-year term commencing on each unit's commercial operation date and is required to pay for such capacity and energy on a "take-or-pay" basis
  - JEA and MEAG are currently in litigation related to the Additional Units PPA
  - JEA will vigorously defend and prosecute these actions, but provides no assurances regarding the outcome or consequences of the litigation
  - While JEA and MEAG have commenced negotiations in attempt to arrive at a mutually beneficial commercial resolution, an outcome cannot be determined at this time
  - Respondents are encouraged to review the complete disclosure of the litigation in JEA's Annual Disclosure Statement

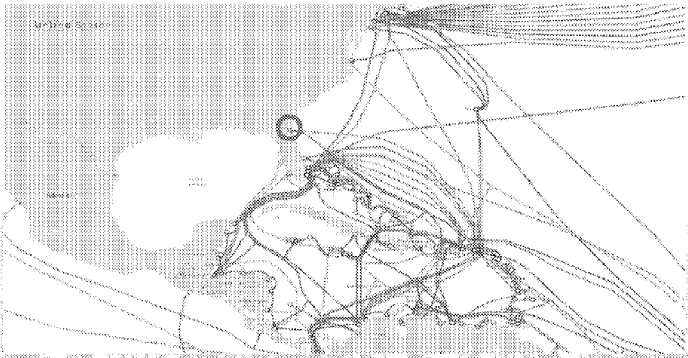
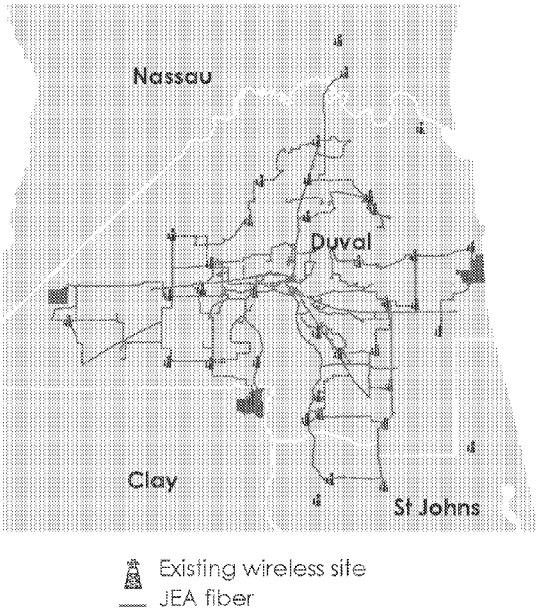


# JEA Communications Infrastructure

## Overview

- JEA's dark fiber network is strategically located throughout the Jacksonville metropolitan area and is a fully operational leasing business with existing infrastructure
- System includes a direct connection between JEA's dark fiber network and international subsea fiber cables
- JEA also maintains 200 route miles of leased fiber, with ~130 total miles of revenue-generating routes and 8 revenue-generating fiber leases
- Portfolio of power transmission and telecommunication assets creates a strong platform for providing wireless collocation services
- Over 200,000 electric and street light poles can be leveraged for small cell, distributed antenna system, and/or other distributed telecommunication applications
- JEA currently has 40 standalone communication towers that could serve as macro sites
- JEA's small cell collocation consists of 3 small cell leases with a backlog of 60 new sites and an additional 150 potential sites are expected in the near future
- Rapid acceleration of consumer demand for broadband services is driving an urgent need for expansion of existing fiber and wireless infrastructure
- Continued development of JEA communications infrastructure will facilitate the acceleration of next generation broadband services and the increased competitive position of Jacksonville as a global hub for communications and innovation

NB – blue circle is around Jacksonville, might have been moved as the pictures moved



## Financial Metrics

(\$mm)	2017	2018	2019	2020	2021	2022
Dark Fiber Leasing Revenue	\$1.7	\$2.0	\$2.1	\$2.3	\$2.4	\$2.4
Combined Collocation Revenue	\$6.8	\$6.8	\$7.4	\$7.8	\$8.0	\$8.4
Total	\$8.7	\$8.8	\$9.5	\$10.1	\$10.4	\$10.8

# JEA Water and Wastewater System

TBU – Do we have public projections for Water & Sewer Residential Bills through 2024?

## Overview

The JEA Water and Wastewater System is a premier provider of water and sewer service within the urban and suburban areas of the City.

In 2018, JEA Water and Wastewater System generated [\$432 million] in revenue, comprised of [36% water revenues], [57% sewer revenues], and [7% of revenues] coming from water reuse and investment.

- Service territory extends into St. Johns County, which is southeast of the City, and Nassau County, which is north of the City, and also serves a number of customers in Clay County, which is southwest of the City.
- The Water and Wastewater System serve approximately 350,000 and 270,000 customer accounts respectively.
- Combined net capital assets total approximately [\$2.7Bn].

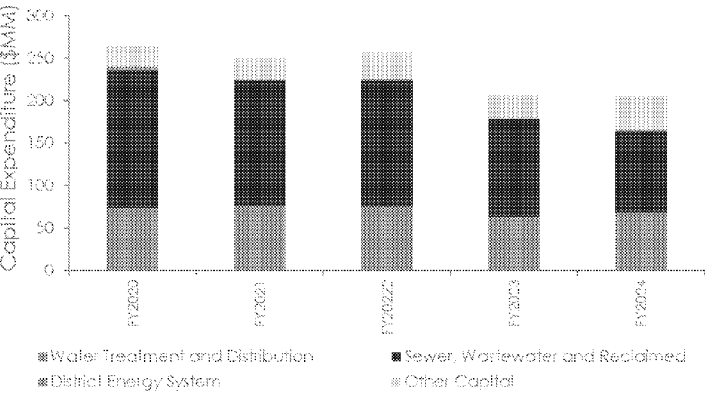
## Business Highlights of Water & Wastewater

JEA Water System (the "Water System")	JEA Wastewater System (the "Wastewater System")
<ul style="list-style-type: none"><li>• 20 major and 18 small water treatment plants and two re-pump facilities</li><li>• 136 active water supply wells, and 4,755 miles of water distribution mains</li><li>• Total finished water storage capacity of over 81 million gallons</li><li>• Two major and four small distribution grids</li></ul>	<ul style="list-style-type: none"><li>• Approximately 4,027 miles of gravity sewers and force mains</li><li>• 1,422 pumping stations, and 697 low pressure sewer units</li><li>• 11 treatment plants currently ranging in rated average daily treatment capacity from approximately 0.2 to 52.5 MGD</li></ul>

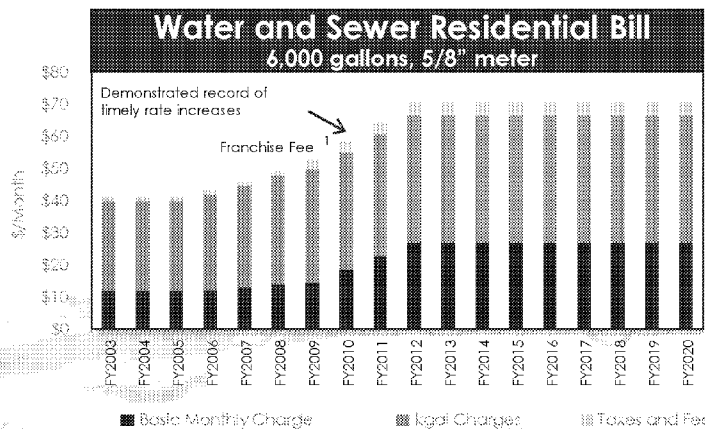
Notes:  
1. Franchise Fee is the charge for the utility to use public right-of-ways and provide service within municipal boundaries. This fee is passed directly to the city government in which the service is provided.

## Robust Capital Expenditure Projections

Nearly \$1.2 billion of Capital Expenditure in the Water Utility over next 5 Years



## Stable and Competitive Water Rates

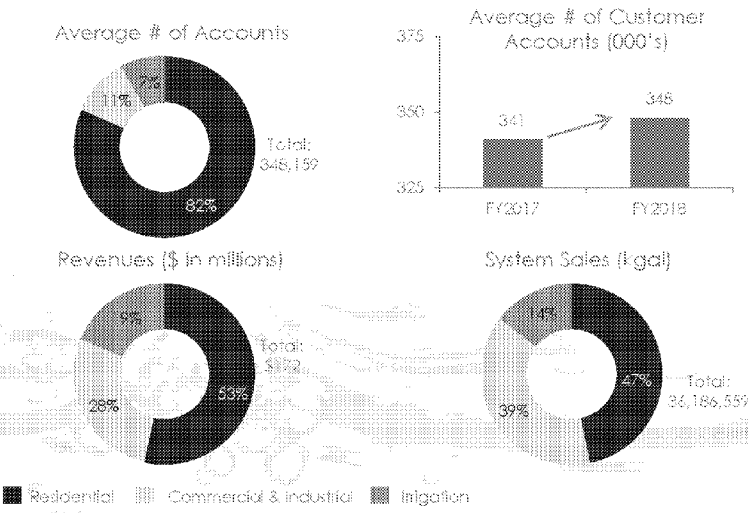


# JEA Water System

## Customer and Service Territory Overview

- Serves [348,159] customer accounts and [11,498] reuse water customers
- System is currently composed of 38 water treatment plants and two repump facilities, 136 active water supply wells, approximately 4,755 miles of water distribution mains and water storage capacity of 81 million gallons
- Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world
- The Water System provides service in an area currently comprising approximately 769 square miles in Duval County, approximately 63 square miles in St. Johns County, approximately 77 square miles in Nassau County and approximately four square miles in Clay County

## Customer Breakdown



## Top 10 Customers for Water System

Ten Largest Customer Accounts		Annual \$ Billed	Percent of Revenues
	City of Jacksonville	\$2,215,500	1.2%
	Duval County School District	1,149,128	0.6
	St. Johns County Utility	771,120	0.4
	Southern Baptist Hospital of Florida Inc.	540,573	0.3
	The American Bottling Company	405,992	0.2
	American Homes for Rent LP	394,243	0.2
	St Vincent's Health System Inc.	388,147	0.2
	DR Horton, Inc. Jacksonville	357,536	0.2
	Mayo Clinic Jacksonville	322,921	0.2
	Jacksonville Housing Authority	314,430	0.2
Total		6,851,588	3.7%

## Growing Customer Base with Low Concentration

JEA | Invitation to Negotiate (ITN) # [XXX-XX]  
MS\_JEA-00000159

# JEA Water System Assets

## Existing Water Facilities

- Water System consists of 20 major and 18 small water treatment plants and two repump facilities, and is divided into two major distribution grids: the north grid and the south grid (one on each side of the St. Johns River), and includes four minor distribution grids: Ponte Vedra, Ponce de Leon, Mayport and Nassau County
- Major distribution grids are fully interconnected, which provides the Water System with a high degree of redundancy
- Rated maximum daily treatment capacity of the Water System is approximately 298 mgd for the north and south grids together and 310 mgd for the total Water System, taking into consideration maintenance factors

## Distribution System Overview

- Distribution system consists of approximately 4,755 miles of water distribution mains ranging from two to 36 inches in diameter
  - Majority of the water distribution mains are made of polyvinyl chloride ("PVC"), with less than one percent of the water distribution system being composed of asbestos cement pipe
- The asbestos cement pipe has been in service for several decades, and JEA anticipates removal of this pipe from the Water System through routine replacement of aging water mains
- Virtually all new water system distribution mains are constructed of PVC

## Water Supply

- Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, with high quality water
  - Covers most of Florida and parts of Georgia and South Carolina
  - Should be capable of meeting JEA's needs well into the future
- Some capital expenditures are required to maintain this capacity, but these expenditures are expected to be equal to or less than those experienced by other Florida water systems of similar size and with similar water supply

Grid	Maximum Daily Treatment Capacity (mgd)
North Grid	136
South Grid	162
Other	12
Total	310

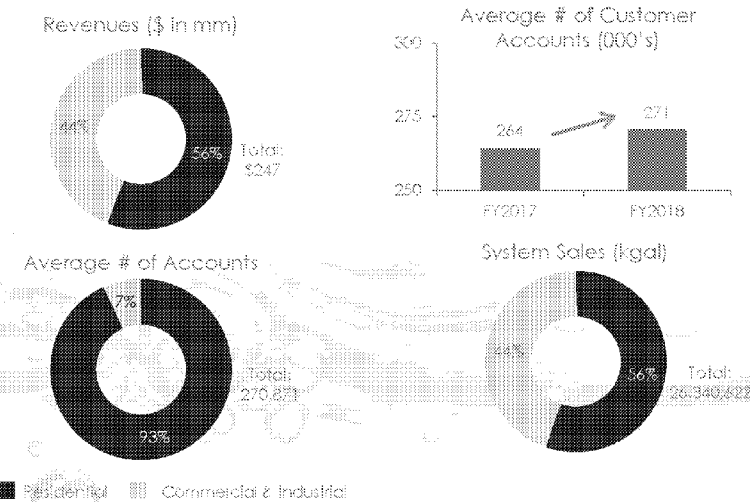
FY Ended September 30	Average Daily Flow (mgd)	Maximum Daily Flow (Non-Coincident) (mgd)
2014	101	140
2015	104	165
2016	111	154
2017	114	187
2018	112	152

# JEA Wastewater System

## Customer and Service Territory Overview

- Serves [270,871] customer accounts and is composed of 11 wastewater treatment plants that have a rated average daily treatment capacity of approximately 120 mgd and a maximum daily flow capacity of approximately 241 mgd
  - ~1,422 pumping stations, ~697 low pressure sewer units and ~4,027 miles of gravity sewers and force mains
- System experienced an average daily flow of ~80 mgd and a non-coincident maximum daily flow of ~143 mgd during the Fiscal Year ended September 30, 2018
- Service territory for the Sewer System is essentially the same as that for the Water System; the area currently served by the Sewer System is ~76 percent of the service territory
- Customers of the Sewer System are charged for sewer service based upon customer classification (residential, non-residential or multi-family)

## Customer Breakdown



## Top 10 Customers for Sewer System

Ten Largest Customer Accounts		Annual \$ Billed	Percent of Revenues
	City of Jacksonville	\$2,637,060	1.1%
	Duval County School District	2,177,213	0.9
	St. Johns County Utility	1,294,095	0.5
	The American Bottling Company	1,106,595	0.4
	WWF Operating Company	971,058	0.4
	St. Vincent's Health System Inc.	957,543	0.4
	Southern Baptist Hospital of Florida, Inc.	933,540	0.4
	Mayo Clinic Jacksonville	869,928	0.4
	Symrise, Inc.	830,531	0.3
	American Home Portfolio, LLC	824,916	0.3
Total		\$12,401,279	5.1%

## Growing Customer Base with Low Concentration

JEA | Invitation to Negotiate (ITN) # [XXX-XX]

MS\_JEA-00000161

# JEA Wastewater System (cont'd)

## Existing Sewer Facilities

- Sewer System consists of approximately 4,027 miles of gravity sewers and force mains
- Approximately 69 percent of the gravity sewers and force mains are made of PVC, with the remaining sewers and mains consisting of various materials including, among others, concrete, vitrified clay, ductile iron, cast iron and polyethylene
- Five of the regional wastewater treatment plants (Buckman, District 2, Southwest, Arlington East and Mandarin) provide advanced secondary treatment and two of the regional wastewater treatment plants (Blacks Ford and Nassau) provide advanced waste treatment
- The Buckman, District 2, Southwest, Arlington East, Mandarin and Blacks Ford wastewater treatment plants utilize ultraviolet light disinfection (irradiation of the water), and the Julington Creek Plantation plant utilizes chlorination for disinfection and SO2 for dechlorination prior to discharge to the St. Johns River

Facility	Capacity (mgd)
Arlington East (Public Access)	8.00
Mandarin (Public Access)	4.00
Blacks Ford (Public Access)	6.00
Julington Creek (Public Access)	1.00
Ponte Vedra (Public Access)	0.80
Nassau (Public Access)	1.50
Buckman (Non-Public Access)	2.70
District 2 (Non-Public Access)	6.00
Southwest (Non-Public Access)	0.80
Ponce De Leon (Non-Public Access)	0.24
Total	36.00

The following table shows the average and maximum daily wastewater treatment flows and the rated average and maximum daily wastewater treatment capacities during the Fiscal Year ended September 30, 2018 for each of JEA's seven regional wastewater treatment plants and corresponding information for JEA's smaller wastewater treatment plants.

Treatment Plant	Average Daily Flow (mgd)	Max Daily Flow (Non-Coincident) (mgd)	Rated Average Daily Treatment Capacity (mgd)	Rated Max Daily Treatment Capacity (mgd) <sup>1</sup>
Buckman	26.19	62.72	52.50	105.00
District 2	5.52	6.95	10.00	20.00
Southwest	12.04	20.18	14.00	28.00
Arlington East	21.76	32.29	25.00	50.00
Mandarin	8.13	11.48	8.75	17.50
Julington Creek	0.78	0.98	1.00	2.00
Blacks Ford	2.37	3.02	6.00	12.00
Nassau	1.20	1.69	1.55	3.10
Monterey	1.64	3.16	3.50	7.20
Ponte Vedra	0.39	0.65	0.80	1.60
Ponce De Leon	0.04	0.12	0.24	0.48
Total	80.06	143.15	123.44	246.88

1. Since the rated maximum daily treatment capacity of each wastewater treatment plant is approximately twice the rated average daily treatment capacity, the Sewer System is able to accept and handle surges that come with peak usage periods (morning and evening) and heavy rain. On-going system maintenance and improvements are aimed at continuing to decrease peak surges from heavy rains and infiltration into the collection system and inflow.

TBU – Can client provide backup data for “Total Nitrogen to the St Johns River” table?

# Best-in-Class Water and Sewer System

## State-of-the-Art System

Since the late 1990s, JEA has reduced nitrogen discharges to the Saint John’s River, while at the same time serving a population base that has grown by ~37%. The reduction in nitrogen discharge has been accomplished through the following initiatives:

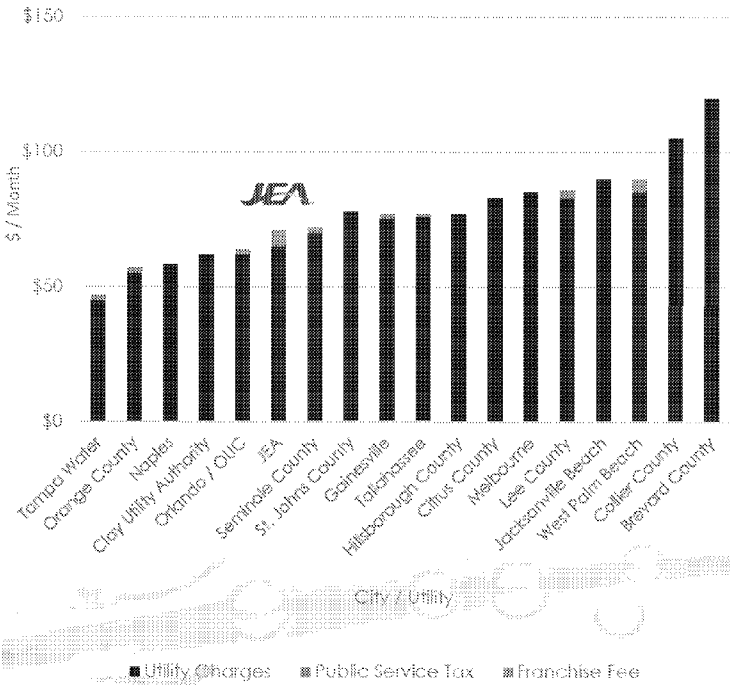
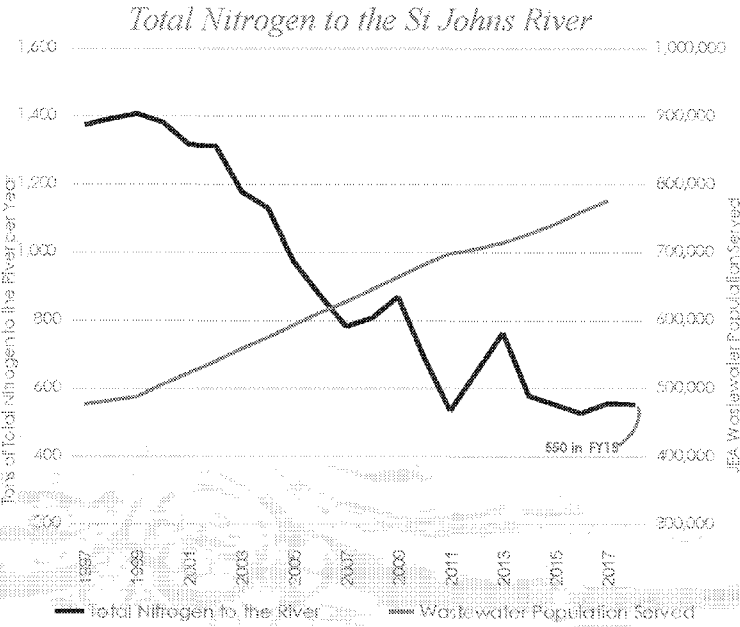
- Improvement in treatment at regional facilities
- Continuous phase out of aging technology
- Construction of a reclaimed water system

## Competitive Customer Pricing

JEA remains one of the most competitively priced water and sewer systems in Florida, with rates below both the average and the mean for the State.

### Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6kgs of Consumption  
Residential Rates as of May 2019



Sources: For all Florida cities: Florida Municipal Electric Association, Inc.'s "Commercial/Industrial Comparison of Electric Rates" (January 2019); for Atlanta, GPC (January 2019).



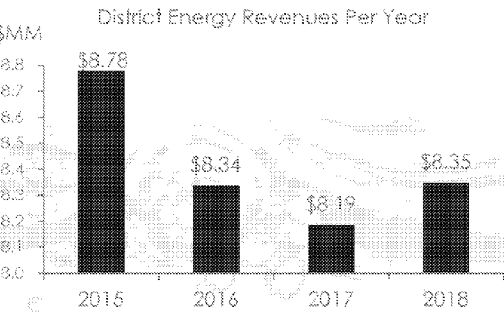
# JEA District Energy System

## Overview

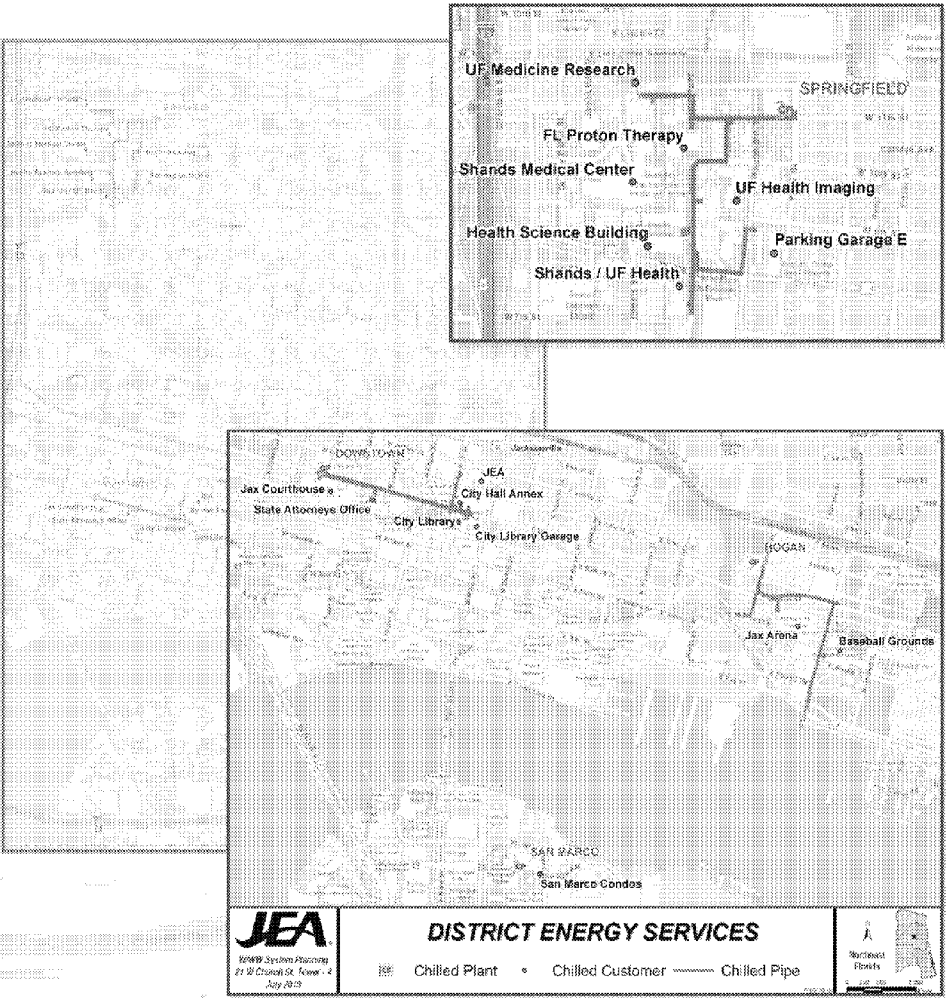
- The District Energy System consists of chilled water plants to generate chilled water and underground piping which provides chilled water to customers for air-conditioning
- Contracts are in place with 17 locations in the City to provide chilled water from JEA's four water facilities: Hogan's Creek, Downtown, Springfield, and San Marco. Current contract demand for the four locations is 16,234 tons, with a total capacity of 20,700 tons
- District Energy System revenues are generated by two types of charges: a demand charge based on the customer's estimated expected cooling load requirements, and a consumption charge based on the actual amount of chilled water consumed

### District Energy System

- Four chilled water plants
- Total capacity: 20,700 tons



Source: Corporate Filings



# JEA Enterprise Risk Management

## De-Risking the Business is a Headline Priority for JEA

JEA's Enterprise Risk Management ("ERM") is an initiative to identify, assess, measure, and actively manage financial risk impact to the business.


Key components of ERM include:

- Creating a working group to identify exposure and develop mitigation strategies for longer-term disruptive emerging risks (e.g., distributed generation, climate change impact)
- Where applicable, developing key process and key risk indicators ("KPIs"/"KRIs") to evaluate the effectiveness of current mitigations and/or changes to external factors/variables

### Headline Priorities

Five focus areas of JEA necessary for future success

- 1) Create an Adaptive Culture
- 2) Align to a pervasive commitment to profitability and value
- 3) Create platform for customer choice
- 4) **De-Risk business**
- 5) 10-Year strategic plan in line with Guiding Principles



JEA uses its Corporate Risk Heat Map and a Tiered Points System to quantify financial and reputational risks to its business

Likelihood	Almost Certain 81-100%	5	5	10			
	Likely 61-80%	4	4	8	12		
	Possible 41-60%	3	3	6	9	12	
	Unlikely 21-40%	2	2	4	6	8	10
	Rare <20%	1	1	2	3	4	5
ERM Corporate Risk Heat Map		1	2	3	4	5	
		Minor	Moderate	Significant	Major	Severe	
		Impact					

Source: Corporate Filings

DRAFT



# JACKSONVILLE MARKET OVERVIEW

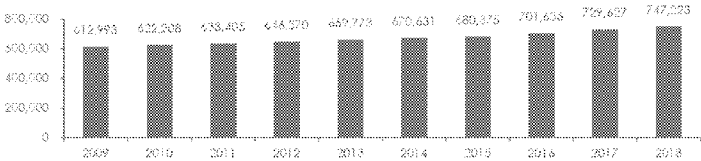
JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# [XXXX-XX]

MS\_JEA-00000166

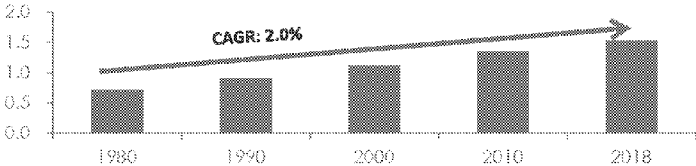
# Jacksonville Metropolitan Statistic Area Overview

- The Jacksonville MSA is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles
- Jacksonville MSA is currently the fourth most populous MSA in the State of Florida, with a population of 1,534,701<sup>1</sup>
- Jacksonville MSA's economy is comprised most heavily of trade, transportation services, manufacturing, insurance, banking and tourism
- Jacksonville has established itself as an intermodal transportation hub and leading distribution center, with a transportation network embracing port and air cargo facilities, rail and trucking routes
- The Port of Jacksonville is a crucial component of the City, as one of the largest ports on the South Atlantic seaboard and ranking third in the State of Florida in terms of tonnage
  - Additionally, two large U.S. Navy bases are also located in the City of Jacksonville
- In recent years, Jacksonville has been one of the fastest growing cities in the U.S., posting the nation's 13th largest population gain in 2017 and seventh largest population gain in 2018
  - In-migration to the Jacksonville MSA remains very strong, acting as a real-time measure of the relative economic strength of the Jacksonville area
- Jacksonville's population growth has been driven primarily by prime working-age adults, whereas other fast-growing cities in Florida have seen an outsized portion of retiree relocation
  - This is reflected in the recent growth in the metropolitan area labor force, which has resulted in the steady decline in the unemployment rate to a 13-year low of 2.8% in April 2019

## Jacksonville MSA Labor Force

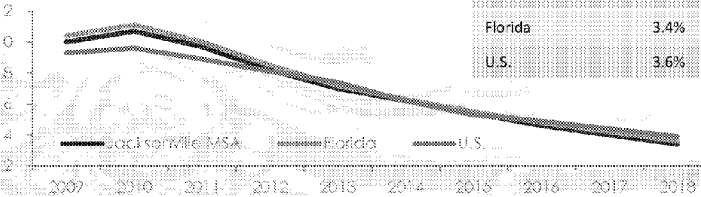


## Jacksonville MSA Population<sup>(2)</sup> (mm)



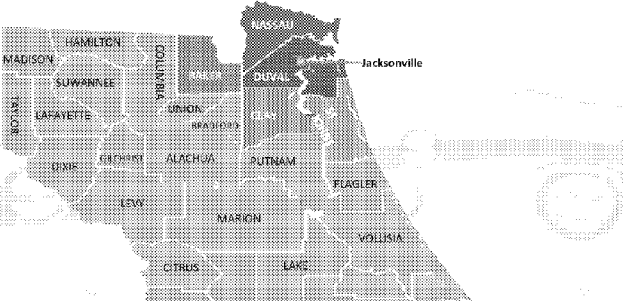
## Unemployment Rate Comparison

(%), Average Annual Unemployment Rate



As of May 31, 2019	(%)
Jacksonville MSA	3.0%
Florida	3.4%
U.S.	3.6%

Source: Company Filings, Bureau of Labor Statistics, U.S. Census Bureau



# Jacksonville Recent Success Stories



Macquarie, a global financial services company, expanded its presence in downtown Jacksonville



Georgia Pacific, a manufacturer of tissue, pulp, paper, packaging, building products and related chemicals, announced that its Palatka mill has been selected for the company's \$400 million expansion in its GP Consumer (retail) tissue and towel business



Hans-Mill Corp., a manufacturer of stainless steel trash cans, opened its first U.S. factory in Jacksonville, Florida, moving production from China



Formativ Health, a management services organization, announced it will be opening a state-of-the-art Patient Access Services Center that will create up to 500 new jobs



Amazon, an eCommerce retailer, announced it will invest in a second product fulfillment center. The second operation will be a one million sq. ft. facility at Alliance Florida at Cecil Commerce Center



UPS, a global logistics solution company, invested \$196 million in facility upgrades and land and real estate improvements to its 500,000 sq. ft. Jacksonville property, while creating 10 new jobs in NW Jacksonville



Anheuser-Busch, a producer and distributor of InBev products, announced the creation of 75 jobs following an expansion of its aluminum bottle manufacturing lines at Metal Container Corporation



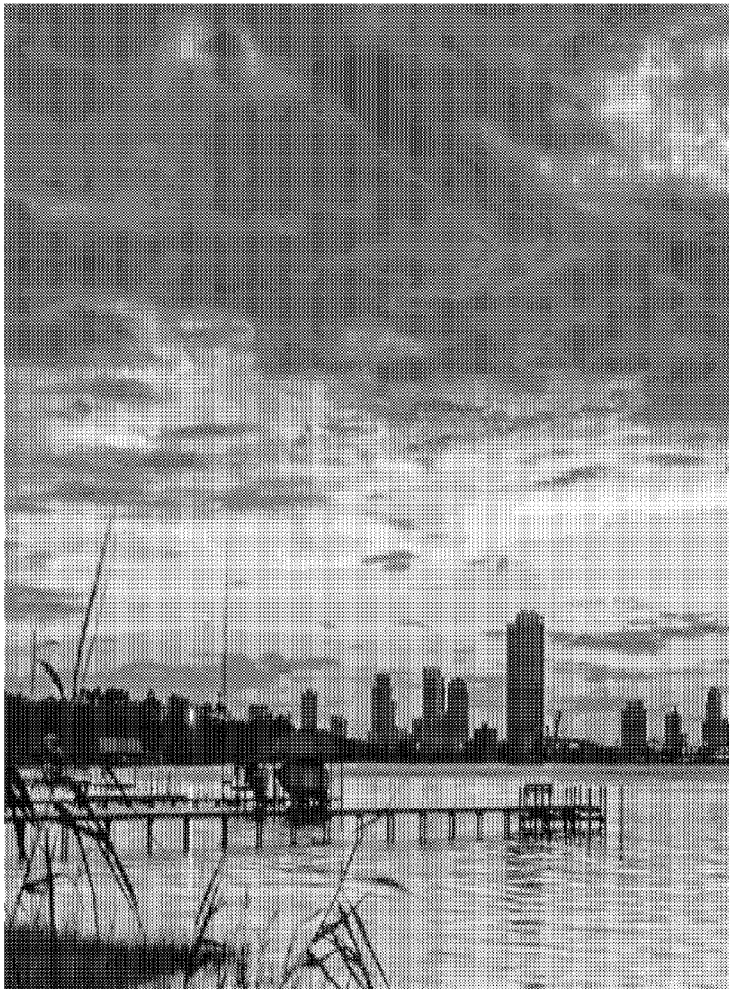
Johnson & Johnson Vision Care, Inc., one of the top employers in Jacksonville, announced plans to expand its facilities in Jacksonville, adding 100 new jobs to the region and increasing the dominance of Northeast Florida's life sciences industry

Source: JAXUSA Website



DRAFT

# Jacksonville Highlights











Source: JAXUSA Website

## Awards & Rankings

<b>Fastest Growing Florida City</b> <i>2019 U.S. Census Report</i>	<b>Florida #4 Best Tax Climate in U.S.</b> <i>Tax Foundation</i>	<b>#16 Fastest Growing City in America</b> <i>Forbes</i>
<b>Florida #1 for Infrastructure</b> <i>USA Today</i>	<b>Florida #2 Best State for Business</b> <i>Chief Executive</i>	<b>Florida #7 Economy in U.S.</b> <i>U.S. News &amp; World Report</i>
<b>#4 Best City for Job Seekers in 2019</b> <i>Forbes</i>	<b>Best City for Intermodal Access</b> <i>Global Trade Magazine</i>	<b>Top 10 Emerging Tech City</b> <i>S&amp;P Solutions Group</i>

# Employer Landscape

## Government Employers

Name of Employer	Type of Entity / Activity	Approx. No. of Employees
	U.S. Navy	19,800
	Public Education	11,876 <sup>1</sup>
	U.S. Navy	9,000
	Municipal Government	7,471 <sup>2</sup>
	Public Education	5,039 <sup>3</sup>
	Public Education	5,000
	Maintenance / Repair Overhaul	3,850
	U.S. Government	3,800

## Non-Government Employers

Name of Employer	Product / Service	Approx. No. of Employees
	Healthcare	10,500
	Banking	8,000
	Health Insurance	7,000
	Healthcare	6,000
	Supermarkets	5,700
	Healthcare	5,300
	Banking	4,200
	Banking	3,900
	Healthcare	3,600
	Banking	3,500

Source: Jacksonville Regional Chamber of Commerce Research Department employer survey, as partially amended through December 2018. Company Filings

- 1. Duval County Public Schools website, full-time staff
- 2. City of Jacksonville Annual Budget 2018 – 2019
- 3. St. Johns County School District Website

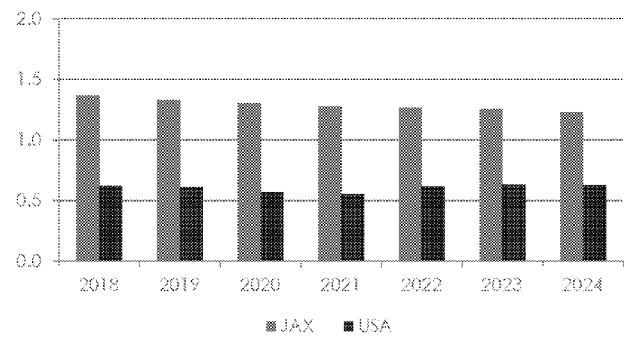


# Economic Outlook: Growing Population and Jobs

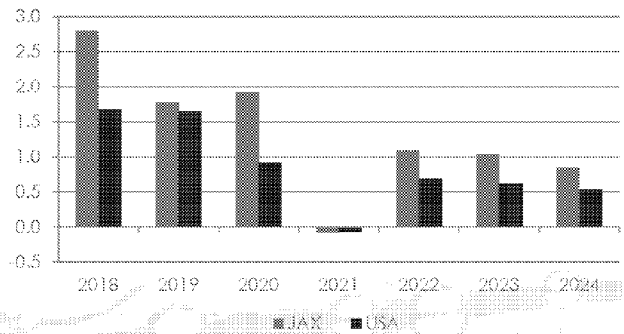
- Over the next several years, the economy in Jacksonville is expected to outperform the Florida and national economies
  - Population growth is forecasted to continue at an average annual pace of approximately 1.3% per year through 2024, outpacing the national average of 0.6% over that same period
- Similarly, total employment is positioned to benefit from a continued surge in domestic migration providing Jacksonville with a highly skilled workforce that will help the metro area remain a top performer in the long-run
  - Total employment is projected to increase approximately 1.1% per year through 2024, also outpacing the average expected employment growth rate of 0.7% for the nation as a whole
- The Jacksonville area unemployment rate is expected to average 3.6% through 2024, notably lower than the national average of 4.1% over the same period

Source: Moody's Economics

Population Growth  
(%, YoY)



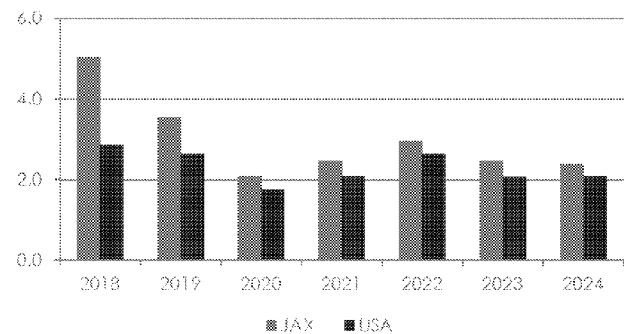
Employment Growth  
(%, YoY)



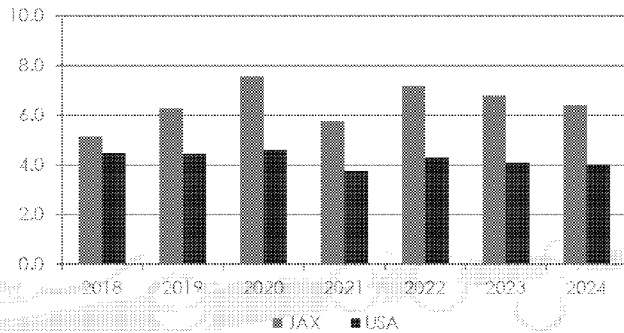
# Economic Outlook: Strong Economic Growth

- The economic expansion in Jacksonville is expected to continue through the near-term as indicated by the forecasted continued Gross Metro Product Growth and Personal Income Growth, which are both projected to outperform the U.S.
- Jacksonville has positioned itself as not only a robust shipping and distribution center, but also a financial hub
  - Jobs in the financial services sector account for approximately 10% of the area's private workforce and form Jacksonville's economic foundation
  - As financial institutions have relocated jobs to the Jacksonville area to take advantage of lower costs, personal income across the metro region has benefitted
  - This trend is expected to continue over the longer term

Gross Metro Product Growth  
(% YoY)



Personal Income Growth  
(% YoY)



Source: Moody's Economics

DRAFT



# JEA Financial Performance

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# [XXX-XX]

MS\_JEA-00000173

DRAFT

# JEA Financial Performance

Combining Statement of Revenues and Expenses (9 months ending June 2019)

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating Revenues								
Electric	918,189	22,201	(20,704)	919,686	-	-	(12,104)	907,582
Water and Sewer	-	-	-	-	330,915	-	(342)	330,553
District Energy System	-	-	-	-	-	6,076	(270)	5,806
Other	17,090	459	-	17,549	9,572	3	(2,504)	24,620
Total Operating Revenues	935,279	22,660	(20,704)	937,235	340,487	6,079	(15,240)	1,268,561
Operating Expenses								
Operations and Maintenance								
Fuel	244,513	4,662	-	249,175	-	-	-	249,175
Purchased Power	121,773	-	(20,704)	101,069	-	-	-	101,069
Maintenance and Other	135,235	2,430	-	135,665	116,291	3,164	(15,240)	289,680
State Utility / Franchise Taxes	44,095	-	-	44,095	8,007	-	-	52,102
Recognition of deferred costs / revenues	(1,300)	10,546	-	9,246	7,352	-	-	16,598
Total Operating Expenses	592,316	17,638	(20,704)	589,250	131,650	3,164	(15,240)	708,824
EBRDA								
Depreciation	157,262	307	-	157,569	112,892	1,836	-	272,297
Operating Income	185,701	4,715	-	190,416	95,945	1,079	-	287,440
Nonoperating Revenues								
Interest on debt	(57,038)	(7,329)	-	(64,366)	(39,898)	(1,010)	-	(105,274)
Debt management strategy	(6,815)	-	-	(6,815)	(1,566)	-	-	(8,381)
Investment Income	17,526	-	-	20,908	11,107	113	-	32,128
Allowance for construction funds	4,155	3,382	-	4,155	7,153	23	-	11,331
Other nonoperating income	3,207	-	-	3,465	2,630	-	-	6,095
Earnings from The Energy Authority	1,745	258	-	1,745	-	-	-	1,745
Other interest, net	(1,270)	-	-	(1,270)	(71)	-	-	(1,341)
Total nonoperating expenses	(38,460)	(4,188)	-	(42,648)	(20,645)	(874)	-	(64,167)
Income before contributions	147,241	527	-	147,768	75,300	205	-	223,273
Contributions (to) from								
General Fund, City of Jacksonville, FL	(69,714)	-	(69,714)	(39,676)	-	-	-	(109,390)
Developer and Other	4,649	-	4,649	58,663	-	-	-	65,312
Reduction of Plant Cost	(4,649)	-	(4,649)	(42,551)	-	-	-	(47,200)
Total Contributions, net	(69,714)	-	(69,714)	(12,564)	-	-	-	(82,278)

# JEA Financial Performance

## Combining Statement of Cash Flows (9 months ending June 2019)

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of Intercompany Transactions	Total JEA
<b>Operating activities</b>								
Receipts from customers	884,024	16,153	(22,314)	877,863	328,504	6,316	(12,756)	1,199,947
Payments to suppliers	(489,697)	(3,281)	22,314	(470,664)	(75,228)	(2,781)	15,240	(533,433)
Payments to employees	(129,157)	\$1	-	(129,156)	(50,080)	(446)	-	(179,632)
Other operating activities	22,917	459	-	23,375	8,803	3	(2,504)	29,677
<b>Net cash provided by operating activities</b>	<b>288,087</b>	<b>13,381</b>	<b>-</b>	<b>301,468</b>	<b>211,999</b>	<b>3,092</b>	<b>-</b>	<b>516,559</b>
<b>Noncapital &amp; related financing activities</b>								
Contribution to City General Fund	(69,591)	-	-	(69,591)	(33,682)	-	-	(103,273)
<b>Net cash used</b>	<b>(69,591)</b>	<b>-</b>	<b>-</b>	<b>(69,591)</b>	<b>(33,682)</b>	<b>-</b>	<b>-</b>	<b>(103,273)</b>
<b>Capital and related financing activities</b>								
Defeasance of debt	(100,090)	-	-	(100,090)	(94,955)	-	-	(195,045)
Proceeds from issuance of debt, net	-	-	-	-	2,000	-	-	2,000
Acquisition and capital asset construction	(196,822)	-	-	(196,822)	(133,644)	(665)	-	(331,131)
Repayment of debt principal	(130,690)	(1,720)	-	(132,410)	(51,720)	(1,660)	-	(185,790)
Interest paid on debt	(86,731)	(11,167)	-	(97,898)	(62,847)	(1,345)	-	(162,090)
Capital contributions	-	-	-	-	21,113	-	-	21,113
Other capital financing activities	(5,133)	172	-	(4,961)	(2,912)	-	-	(7,873)
<b>Net cash used</b>	<b>(519,466)</b>	<b>(12,715)</b>	<b>-</b>	<b>(532,181)</b>	<b>(322,985)</b>	<b>(3,670)</b>	<b>-</b>	<b>(858,836)</b>
<b>Investing Activities</b>								
Purchase of investments	(234,322)	(85,712)	-	(320,034)	(82,023)	-	-	(402,057)
Proceeds from investment sale / maturity	341,296	93,336	-	434,632	(70,384)	-	-	364,248
Investment income	9,538	3,284	-	12,822	5,316	113	-	18,251
Distributions from The Energy Authority	1,641	-	-	1,641	-	-	-	1,641
<b>Net cash provided (used)</b>	<b>118,153</b>	<b>10,908</b>	<b>-</b>	<b>129,061</b>	<b>93,677</b>	<b>113</b>	<b>-</b>	<b>222,851</b>
<b>Net change in cash and cash equivalents</b>	<b>(182,017)</b>	<b>11,574</b>	<b>-</b>	<b>(171,243)</b>	<b>(50,991)</b>	<b>(465)</b>	<b>-</b>	<b>(222,699)</b>
Cash and cash equivalents at year-start	285,814	139,953	-	425,767	123,061	6,954	-	555,782
<b>Cash and cash equivalents at year-end</b>	<b>103,797</b>	<b>151,527</b>	<b>-</b>	<b>255,324</b>	<b>72,070</b>	<b>6,489</b>	<b>-</b>	<b>333,883</b>

# JEA Financial Performance

## Combining Statement of Cash Flows (9 months ending June 2019) - Continued

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of Intercompany Transactions	Total JEA
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income	185,701	4,715	-	190,416	95,945	1,079	-	287,440
<b>Adjustments:</b>								
Depreciation and amortization	157,262	307	-	157,569	113,812	1,836	-	273,217
Recognition of deferred costs / revenues	(1,350)	10,546	-	9,246	7,352	-	-	16,598
Other nonoperating income	106	-	-	106	271	-	-	877
<b>Changes in noncash assets and liabilities</b>								
Accounts receivable	9,993	(6,048)	-	3,945	(6,726)	-	-	(2,541)
Accounts receivable, restricted	-	-	-	-	-	240	-	-
Inventories	(873)	1,470	-	597	591	-	-	1,188
Other assets	5,839	-	-	5,839	(119)	(5)	-	5,715
Accounts and accrued expenses payable	(23,858)	(163)	-	(24,021)	(1,720)	(46)	-	(25,787)
Current liabilities payable from restricted liabilities	-	(4,208)	-	(4,208)	-	-	-	(4,208)
Other noncurrent liabilities and deferred inflows	(44,783)	6,762	-	(38,021)	2,093	(12)	-	(35,940)
<b>Net cash provided by operating activities</b>	<b>288,087</b>	<b>13,381</b>	<b>-</b>	<b>301,468</b>	<b>211,999</b>	<b>3,092</b>	<b>-</b>	<b>516,559</b>
<b>Non-cash activity</b>								
Contribution of capital assets from developers	4,649	-	-	4,649	42,551	-	-	47,200
Unrealized gains (losses) on fair value of investments	7,887	61	-	7,948	5,497	-	-	13,445

DRAFT

# JEA Financial Performance

Combining Statement of Net Position (9 months ending June 2019)

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Assets</b>							
<b>Current assets:</b>							
Cash and cash equivalents	102,997	60,968		163,965	43,087	1,407	208,459
Investments	167,320	6,713		174,233	27,340		201,573
Accounts and interest receivable (net)	189,791	6,937	(9,641)	187,087	62,007	620	249,714
Inventories:							
Fuel	36,629			36,629			36,629
Materials and Supplies	2,289	210		2,499	55,759		58,258
<b>Total current assets</b>	<b>499,026</b>	<b>75,028</b>	<b>(9,641)</b>	<b>564,413</b>	<b>188,193</b>	<b>2,027</b>	<b>754,633</b>
<b>Noncurrent Assets:</b>							
<b>Restricted assets:</b>							
Cash and cash equivalents	-	90,559	-	90,559	28,983	5,082	124,624
Investments	236,397	10,897	-	247,294	178,557	-	425,851
Accounts and interest receivable	7	71	-	78	9	-	86
<b>Total restricted assets</b>	<b>236,404</b>	<b>101,527</b>	<b>-</b>	<b>337,931</b>	<b>207,548</b>	<b>5,082</b>	<b>550,561</b>
Costs to be recovered from future revenue	295,118	250,628	-	545,746	238,383	27	784,156
Investment in The Energy Authority	7,135	-	-	7,135	-	-	7,135
Other assets	10,640	-	-	10,640	3,064	4	13,708
<b>Total noncurrent assets</b>	<b>549,297</b>	<b>352,155</b>	<b>-</b>	<b>901,452</b>	<b>448,995</b>	<b>5,113</b>	<b>1,355,560</b>
<b>Net capital assets</b>	<b>2,682,764</b>	<b>9,837</b>	<b>-</b>	<b>2,692,601</b>	<b>2,688,993</b>	<b>33,522</b>	<b>5,415,216</b>
<b>Total Assets</b>	<b>3,731,087</b>	<b>437,020</b>	<b>(9,641)</b>	<b>4,158,466</b>	<b>3,326,181</b>	<b>40,762</b>	<b>7,525,409</b>
<b>Deferred outflows of resources</b>							
Unrealized pension contributions/losses	83,649	34,238	-	117,887	53,480	-	171,367
Unamortized deferred losses on refundings	79,226	4,026	-	83,252	52,099	185	135,536
Accumulated decrease in derivative value	112,040	-	-	112,040	27,433	-	139,473
Unrealized asset retirement obligation	32,119	18,469	-	50,588	-	-	50,588
Unrealized OPEB contributions/losses	2,488	-	-	2,488	1,510	-	4,078
<b>Total deferred outflows of resources</b>	<b>309,522</b>	<b>56,733</b>	<b>-</b>	<b>366,255</b>	<b>134,502</b>	<b>185</b>	<b>501,042</b>
<b>Total assets and deferred outflows</b>	<b>4,040,609</b>	<b>493,753</b>	<b>(9,641)</b>	<b>4,524,721</b>	<b>3,460,783</b>	<b>40,947</b>	<b>8,026,451</b>

# JEA Financial Performance

## Combining Statement of Net Position (9 months ending June 2019) - Continued

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Liabilities</b>							
Current liabilities:							
Accounts and accrued expenses payable	97,834	19,348	(2,054)	115,132	19,440	56	134,626
Customer deposits	44,485	-	-	44,485	15,006	-	60,491
<b>Total current liabilities</b>	<b>142,321</b>	<b>19,348</b>	<b>(2,054)</b>	<b>159,617</b>	<b>34,446</b>	<b>56</b>	<b>195,117</b>
Current liabilities payable from restricted assets							
Debt due within one year	122,860	15,780		138,160	54,705	1,690	192,555
Renewal and replacement reserve	16,253	2,782		19,635	13,481	333	33,449
Interest payable	-	48,598		48,598	-	-	48,598
Construction contracts and accounts	4,821	3,306	(2,641)	5,486	15,113	3	20,602
<b>Total payable from restricted assets</b>	<b>144,054</b>	<b>68,466</b>	<b>(2,641)</b>	<b>209,879</b>	<b>83,299</b>	<b>2,026</b>	<b>295,204</b>
Noncurrent liabilities							
Net pension liability	921,225	14,523	-	935,408	205,795	-	1,141,203
Asset retirement obligation	31,458	1,796	-	33,254	-	-	33,254
Net OPEB liability	11,489	-	-	11,489	7,346	-	18,835
Other liabilities	45,473	4,946	(4,946)	45,473	8,194	22	53,689
<b>Total noncurrent liabilities</b>	<b>410,305</b>	<b>23,265</b>	<b>(4,946)</b>	<b>428,624</b>	<b>221,335</b>	<b>22</b>	<b>649,981</b>
Long-term debt							
Debt payable less current portion	1,776,820	265,105	-	2,061,785	1,332,960	33,135	3,428,060
Unamortized premium (discount)	59,640	1,694	-	61,334	62,195	(30)	123,499
Fair value of debt management instruments	105,763	-	-	105,763	27,453	-	133,196
<b>Total long-term debt</b>	<b>1,942,223</b>	<b>266,799</b>	<b>-</b>	<b>2,229,092</b>	<b>1,422,568</b>	<b>33,105</b>	<b>3,684,775</b>
<b>Total liabilities</b>	<b>2,658,943</b>	<b>377,378</b>	<b>(9,641)</b>	<b>3,027,202</b>	<b>1,761,648</b>	<b>35,209</b>	<b>4,825,077</b>
<b>Total deferred inflows of resources</b>	<b>237,302</b>	<b>17,715</b>	<b>-</b>	<b>255,017</b>	<b>50,053</b>	<b>-</b>	<b>305,070</b>
<b>Net position</b>							
Net investment in capital assets	615,633	(7,078)	-	607,755	1,464,862	(992)	2,271,625
Restricted							
Debt Service	91,030	10,553	-	101,583	42,197	1,267	145,047
Other purposes	63,088	26,078	2,641	93,807	89,831	2,482	187,140
Unrestricted	174,593	67,407	(2,641)	239,359	51,152	1,281	292,492
<b>Total net position</b>	<b>1,144,344</b>	<b>98,160</b>	<b>-</b>	<b>1,242,504</b>	<b>1,648,062</b>	<b>5,738</b>	<b>2,896,304</b>
<b>Total liabilities and net position</b>	<b>4,040,609</b>	<b>493,753</b>	<b>(9,641)</b>	<b>4,524,721</b>	<b>3,450,783</b>	<b>40,947</b>	<b>8,026,451</b>



# JEA Financial Performance

## Annual Combining Statement of Revenues and Expenses (September, 30, 2018)

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating Revenues</b>								
Electric	1,253,139	87,749	(56,982)	1,283,906	-	-	(16,704)	1,267,202
Water and Sewer	-	-	-	-	424,121	-	(641)	423,480
District Energy System	-	-	-	-	-	8,756	(408)	8,348
Other	22,116	60,089	-	82,205	11,561	-	(3)	93,752
<b>Total Operating Revenues</b>	<b>1,275,255</b>	<b>147,838</b>	<b>(56,982)</b>	<b>1,366,111</b>	<b>435,682</b>	<b>8,756</b>	<b>(20,567)</b>	<b>1,789,982</b>
<b>Operating Expenses</b>								
Operations and Maintenance								
Fuel	356,877	64,175	-	421,052	-	-	-	421,052
Purchased Power	166,176	-	(56,982)	109,194	-	-	-	109,194
Maintenance and Other	244,011	52,296	-	296,307	149,646	4,603	(20,567)	429,989
State Utility / Franchise Taxes	60,831	-	-	60,831	10,476	-	-	71,307
Recognition of deferred costs / revenues	1,546	(859)	-	687	6,169	-	-	6,856
<b>Total Operating Expenses</b>	<b>829,441</b>	<b>115,612</b>	<b>(56,982)</b>	<b>888,071</b>	<b>166,291</b>	<b>4,603</b>	<b>(20,567)</b>	<b>1,038,398</b>
<b>EBRDA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>478,040</b>	<b>270,671</b>	<b>4,153</b>	<b>-</b>	<b>752,864</b>
Depreciation	203,075	10,987	-	214,062	144,144	2,403	-	360,609
<b>Operating Income</b>	<b>242,739</b>	<b>21,239</b>	<b>-</b>	<b>263,978</b>	<b>125,247</b>	<b>1,750</b>	<b>-</b>	<b>390,975</b>
<b>Nonoperating Revenues</b>								
Interest on debt	(86,808)	(20,292)	-	(107,100)	(58,034)	(1,374)	-	(166,508)
Investment Income	6,910	1,196	-	8,106	3,617	103	-	11,926
Allowance for construction funds	3,912	-	-	3,912	7,802	50	-	11,764
Other nonoperating income	6,025	1,068	-	7,093	2,764	-	-	9,857
Earnings from The Energy Authority	4,074	-	-	4,074	-	-	-	4,074
Other Interest, net	(1,597)	-	-	(1,597)	(288)	-	-	(1,885)
<b>Total nonoperating expenses</b>	<b>(67,484)</b>	<b>(18,028)</b>	<b>-</b>	<b>(85,512)</b>	<b>(44,079)</b>	<b>(1,221)</b>	<b>-</b>	<b>(130,812)</b>
<b>Income before contributions</b>	<b>175,255</b>	<b>3,211</b>	<b>-</b>	<b>178,466</b>	<b>81,168</b>	<b>529</b>	<b>-</b>	<b>260,163</b>
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, FL	(91,472)	-	-	(91,472)	(25,148)	-	-	(116,620)
Developers and Other	1,597	-	-	1,597	80,560	-	-	82,157
Reduction of Plant Cost	(1,597)	-	-	(1,597)	(52,517)	-	-	(54,114)
<b>Total Contributions, net</b>	<b>(91,472)</b>	<b>-</b>	<b>-</b>	<b>(91,472)</b>	<b>2,895</b>	<b>-</b>	<b>-</b>	<b>(88,577)</b>

# JEA Financial Performance

## Annual Combining Statement of Cash Flows (September, 30, 2018)

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of Intercompany Transactions	Total JEA
Operating activities								
Receipts from customers	1,249,048	104,261	(34,097)	1,319,220	430,685	8,446	(17,753)	1,740,598
Payments to suppliers	(655,966)	(81,495)	34,089	(703,353)	(104,124)	(4,012)	20,567	(790,965)
Payments to employees	(160,943)	(44,669)	-	(205,612)	(61,403)	(554)	-	(267,759)
Other operating activities	25,123	60,089	-	85,212	11,504	-	(2,814)	93,902
<b>Net cash provided by operating activities</b>	<b>457,242</b>	<b>38,185</b>	<b>-</b>	<b>495,427</b>	<b>276,662</b>	<b>3,680</b>	<b>-</b>	<b>775,779</b>
Noncapital & related financing activities								
Contribution to City General Fund	(91,538)	-	-	(91,538)	(25,031)	-	-	(116,569)
<b>Net cash used</b>	<b>(91,538)</b>	<b>-</b>	<b>-</b>	<b>(91,538)</b>	<b>(25,031)</b>	<b>-</b>	<b>-</b>	<b>(116,569)</b>
Capital and related financing activities								
Defeasance of debt	(405,106)	(128,290)	-	(533,325)	(460,305)	-	-	(993,690)
Proceeds from issuance of debt, net	383,840	-	-	383,840	437,160	-	-	821,000
Acquisition and capital asset construction	(180,050)	-	-	(180,050)	(203,474)	(1,053)	-	(384,577)
Repayment of debt principal	(135,105)	(41,330)	-	(176,435)	(51,020)	(1,640)	-	(229,095)
Interest paid on debt	(97,134)	(16,625)	-	(113,819)	(67,659)	(1,371)	-	(182,849)
Capital contributions	-	-	-	-	28,043	-	-	28,043
Other capital financing activities	44,011	(6,974)	-	37,037	25,160	-	-	63,197
<b>Net cash used</b>	<b>(389,543)</b>	<b>(193,269)</b>	<b>-</b>	<b>(582,812)</b>	<b>(291,095)</b>	<b>(4,064)</b>	<b>-</b>	<b>(877,971)</b>
Investing Activities								
Purchase of investments	(506,359)	(282,593)	-	(756,952)	(279,014)	-	-	(1,037,966)
Proceeds from investment sale / maturity	462,211	428,653	-	890,864	288,607	-	-	1,179,471
Investment income	10,225	(2,060)	-	8,175	7,023	103	-	15,301
Distributions from The Energy Authority	3,513	-	-	3,513	-	-	-	3,513
<b>Net cash provided (used)</b>	<b>(30,410)</b>	<b>174,010</b>	<b>-</b>	<b>143,600</b>	<b>16,616</b>	<b>103</b>	<b>-</b>	<b>160,319</b>
Net change in cash and cash equivalents	(54,249)	18,926	-	(35,323)	(22,848)	(81)	-	(58,442)
Cash and cash equivalents at year-start	340,063	121,027	-	461,090	145,909	7,035	-	614,034
<b>Cash and cash equivalents at year-end</b>	<b>285,814</b>	<b>139,953</b>	<b>-</b>	<b>425,767</b>	<b>123,061</b>	<b>6,954</b>	<b>-</b>	<b>555,592</b>

# JEA Financial Performance

## Annual Combining Statement of Cash Flows (September, 30, 2018) - Continued

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of Intercompany Transactions	Total JEA
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income	242,739	21,337	-	263,978	126,247	1,750	-	390,975
Adjustments:								
Depreciation and amortization	203,075	10,987	-	214,062	146,424	2,403	-	361,869
Recognition of deferred costs / revenues	1,546	(659)	-	687	6,169	-	-	6,856
Other nonoperating income	103	700	-	803	270	-	-	1,073
Changes in noncash assets and liabilities								
Accounts receivable	13,184	15,612	-	28,996	(2,300)	(310)	-	26,486
Accounts receivable, restricted	13	-	-	13	3	-	-	16
Inventories	2,136	52,297	-	54,433	(8,014)	-	-	46,419
Other assets	5,628	-	-	5,688	733	-	-	6,421
Accounts and accrued expenses payable	10,076	(10,441)	-	(365)	1,330	14	-	979
Current liabilities payable from restricted liabilities	-	(49,998)	-	(49,998)	-	-	-	(49,998)
Other noncurrent liabilities and deferred inflows	(21,318)	(1,552)	-	(22,870)	7,700	23	-	(15,147)
<b>Net cash provided by operating activities</b>	<b>457,242</b>	<b>38,185</b>	<b>-</b>	<b>495,427</b>	<b>276,662</b>	<b>3,880</b>	<b>-</b>	<b>775,969</b>
<b>Non-cash activity</b>								
Contribution of capital assets from developers	1,597	-	-	1,597	52,617	-	-	54,114
Unrealized gains (losses) on fair value of investments	(4,052)	4,146	-	94	(3,480)	-	-	(3,386)

# JEA Financial Performance

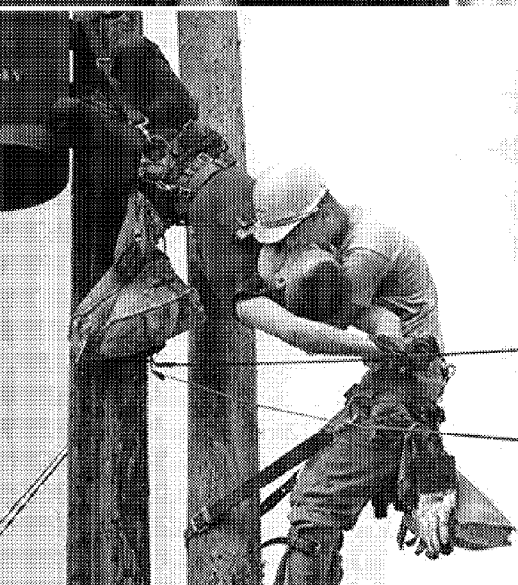
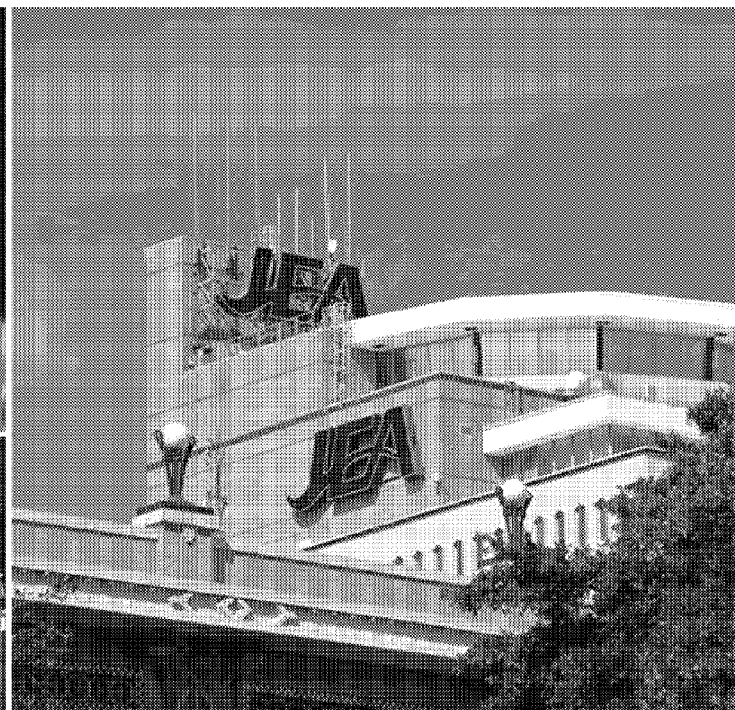
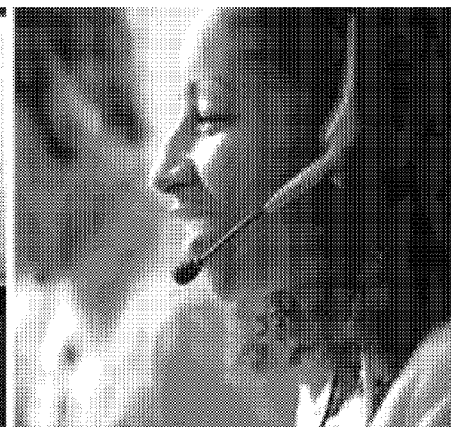
## Annual Combining Statement of Net Position (September, 30, 2018)

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	285,611	65,840	-	351,451	86,219	3,536	441,206
Investments	83,268	2,042	-	85,310	-	-	85,310
Accounts and interest receivable (net)	197,041	790	(1,912)	195,919	54,369	860	251,148
Inventories:							
Fuel	95,656	1,015	-	96,671	-	-	96,671
Materials and Supplies	2,189	665	-	2,854	56,350	-	59,204
<b>Total current assets</b>	<b>603,965</b>	<b>70,352</b>	<b>(1,912)</b>	<b>672,405</b>	<b>196,938</b>	<b>4,396</b>	<b>873,739</b>
Noncurrent Assets:							
Restricted assets:							
Cash and cash equivalents	203	74,113	-	74,316	36,842	3,418	114,576
Investments	419,536	23,300	-	442,866	229,761	-	731,627
Accounts and interest receivable	7	47	-	54	8	-	62
Total restricted assets	419,746	97,490	-	517,236	325,611	3,418	846,265
Costs to be recovered from future revenue	301,805	261,277	-	563,082	244,987	27	808,096
Investment in The Energy Authority	6,811	-	-	6,811	-	-	6,811
Other assets	12,032	-	-	12,032	3,843	-	15,875
<b>Total noncurrent assets</b>	<b>740,394</b>	<b>358,767</b>	<b>-</b>	<b>1,099,161</b>	<b>574,441</b>	<b>3,445</b>	<b>1,677,047</b>
Net capital assets	2,652,224	10,144	-	2,662,368	2,682,864	35,027	5,380,259
<b>Total Assets</b>	<b>3,996,583</b>	<b>439,263</b>	<b>(1,912)</b>	<b>4,433,934</b>	<b>3,454,243</b>	<b>42,868</b>	<b>7,931,045</b>
<b>Deferred outflows of resources</b>							
Unrealized pension contributions/losses	83,649	34,238	-	117,887	53,480	-	171,367
Unamortized deferred losses on refundings	85,165	4,185	-	89,350	54,178	194	143,722
Accumulated decrease in derivative value	70,193	-	-	70,193	16,253	-	86,356
Unrealized asset retirement obligation	-	29,173	-	29,173	-	-	29,173
Unrealized OPEB contributions/losses	2,488	-	-	2,488	1,590	-	4,078
Total deferred outflows of resources	241,495	67,596	-	309,091	125,501	194	434,696
<b>Total assets and deferred outflows</b>	<b>4,237,988</b>	<b>506,859</b>	<b>(1,912)</b>	<b>4,742,935</b>	<b>3,579,744</b>	<b>43,062</b>	<b>8,365,741</b>

# JEA Financial Performance

## Annual Combining Statement of Net Position (September, 30, 2018) - Continued

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Liabilities</b>							
Current liabilities:							
Accounts and accrued expenses payable	118,901	7,668	(796)	125,773	21,485	103	147,361
Customer deposits	44,267	-	-	44,267	15,616	-	59,883
<b>Total current liabilities</b>	<b>163,168</b>	<b>7,668</b>	<b>(796)</b>	<b>170,040</b>	<b>37,101</b>	<b>103</b>	<b>207,244</b>
Current liabilities payable from restricted assets							
Debt due within one year	130,590	1,720	-	132,310	51,720	1,660	185,790
Renewal and replacement reserve	-	54,370	-	54,370	-	-	54,370
Interest payable	37,613	5,603	-	43,216	29,841	600	73,737
Construction contracts and accounts payable	16,596	1,742	(1,116)	17,222	35,686	261	53,569
<b>Total payable from restricted assets</b>	<b>184,899</b>	<b>63,435</b>	<b>(1,116)</b>	<b>247,218</b>	<b>117,447</b>	<b>2,601</b>	<b>367,266</b>
Noncurrent liabilities							
Net pension liability	321,565	16,523	-	338,408	205,795	-	544,203
Asset retirement obligation	-	22,526	-	22,526	-	-	22,526
Net OPEB liability	11,489	-	-	11,489	7,346	-	18,835
Other liabilities	40,344	-	-	40,344	8,849	34	49,227
<b>Total noncurrent liabilities</b>	<b>373,718</b>	<b>39,049</b>	<b>-</b>	<b>412,757</b>	<b>221,990</b>	<b>34</b>	<b>634,791</b>
Long-term debt							
Debt payable less current portion	2,019,350	278,885	-	2,298,235	1,480,600	34,825	3,813,680
Unamortized premium (discount)	76,743	2,474	-	79,222	73,703	(34)	152,891
Fair value of debt management instruments	70,103	-	-	70,103	16,256	-	86,356
<b>Total long-term debt</b>	<b>2,166,201</b>	<b>281,359</b>	<b>-</b>	<b>2,447,560</b>	<b>1,570,579</b>	<b>34,791</b>	<b>4,052,927</b>
<b>Total liabilities</b>	<b>2,667,986</b>	<b>391,511</b>	<b>(1,912)</b>	<b>3,277,575</b>	<b>1,947,117</b>	<b>37,529</b>	<b>5,262,228</b>
<b>Total deferred inflows of resources</b>	<b>283,185</b>	<b>17,715</b>	<b>-</b>	<b>300,900</b>	<b>47,304</b>	<b>-</b>	<b>348,204</b>
Net position:							
Net investment in capital assets	530,479	2,138	-	532,617	1,325,600	(1,492)	1,856,725
Restricted:							
Debt Service	130,072	1,643	-	131,715	53,799	1,660	187,374
Other purposes	186,628	24,321	(1,116)	212,065	141,520	1,078	354,663
Unrestricted	219,633	69,331	(1,116)	287,853	64,407	4,287	356,547
<b>Total net position</b>	<b>1,066,817</b>	<b>97,639</b>	<b>-</b>	<b>1,164,450</b>	<b>1,585,326</b>	<b>5,533</b>	<b>2,755,309</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>4,237,988</b>	<b>506,859</b>	<b>(1,912)</b>	<b>4,742,925</b>	<b>3,579,747</b>	<b>43,062</b>	<b>8,365,741</b>



## EXHIBITS

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# [ ]

MS\_JEA-00000184

# Exhibits

- EXHIBIT A – SELECTION PROCESS AND EVALUATION LANGUAGE
- EXHIBIT B – FREQUENTLY ASKED QUESTIONS
- EXHIBIT C – COMMISSION AGREEMENT
- EXHIBIT D – JEA OPERATIONAL PROCEDURES - DOCUMENT CAN BE FOUND ON [WEBSITE]
- EXHIBIT E – JEA PROCUREMENT CODE - DOCUMENT CAN BE FOUND ON [WEBSITE]

TBU – Foley to confirm exhibits needed for the ITN

# Required Attachment

- ATTACHMENT 1 – ITN RESPONSE SUMMARY FORM
  - ATTACHMENT 2 – TEAM EXPERIENCE
  - ATTACHMENT 3 – DEVELOPMENT TEAM EXPERIENCE
  - ATTACHMENT 4 – RESPONDENT'S CERTIFICATION
  - ATTACHMENT 5 – RESPONSE INFORMATION
  - ATTACHMENT 6 – CONFLICT OF INTEREST CERTIFICATE
- \* ALL EXHIBITS AND ATTACHMENTS CAN BE FOUND AT [WEBSITE]

# Defined Terms

## Industry Terms Used in this ITN

TBU – Foley to advise on defined terms list

### *Behind the Meter:*

Energy storage interconnected behind a commercial, industrial, or residential customer's utility meter primarily providing bill savings (e.g. demand charge management).

### *Electric System:*

JEA's Electric System is comprised of a diverse electric generation fleet consisting of five owned or co-owned electric generation facilities including renewable energy sources which as of January 2018 was made up of two-thirds natural gas, with a total generation capacity of approximately 3,300MW.

### *Emerging Technologies:*

New technologies in storage, smart grid, and electricity generation areas, consisting primarily of renewable resources including but not limited to wind, solar, hydroelectric, biomass, landfill gas and waste heat generation.

### *Front of the Meter:*

Energy storage interconnected on distribution or transmission networks or in connection with a generation asset. Applications are largely driven by Independent System Operators (ISO) or Regional Transmission Organizations (RTO) market products (e.g. electricity, ancillary services) or network load relief.

### *Gross Metro Product ("GMP"):*

Gross Metro or Gross Metropolitan Product is a comprehensive measure of the economies of metropolitan statistical areas. GDP estimates the value of the goods and services produced in a metro area.

### *Jacksonville Metropolitan Statistical Area ("MSA"):*

The Jacksonville MSA is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles.

### *Merit Order:*

Ranking of all available power generating units in an integrated power system in order of their short-run marginal cost per kWh starting with the cheapest for delivering electricity to the grid.

### *Personal Income:*

Person Income is income that people get from wages and salaries, Social Security and other government benefits, dividends and interest, business ownership, and other sources.

### *Sewer System:*

JEA's Sewer System is comprised of more than 3,900 miles of collection lines, over 1,300 pumping stations and 11 wastewater treatment plants and handles over 80 million gallons of wastewater every day.

### *Water System:*

JEA's Water System is comprised of over 130 wells, 38 water treatment plants, and 4,600 miles of distribution grid of pipelines, delivering over 110 million gallons of water each day to customers.



DRAFT

INVITATION TO NEGOTIATE  
("ITN") #[XXX-XX]  
FOR STRATEGIC ALTERNATIVES

