JEA Invitation to Negotiate (ITN) #127-19

ITN Reply

Submitted by E&W Development Corporation

October 7, 2019

E&W Development Corporation
10 South Dearborn, 52nd Floor
Chicago, IL 60603

1 – Cover Letter

October 7, 2019

To: JEA Procurement Bid Office

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RE: JEA Strategic Alternatives, Invitation to Negotiate Reply

On behalf of E&W Development Corporation ("Respondent"), a wholly owned subsidiary of Exelon Corporation ("Exelon" or the "Company") (NASDAQ: EXC), we submit this reply to JEA's Invitation to Negotiate #127-19 ("ITN").

Legal Company Name	E&W Development Corporation (100%)
Headquarters	10 South Dearborn Street, Chicago, Illinois 60603
Location and Date of Business Incorporation	Florida; October 2, 2019
Type of Business	Corporation formed to submit the reply to the ITN. It is intended that Respondent would become a Florida utility in connection with the completion of any transaction involving JEA.
Federal Employer Identification Number	84-3254293
Legal Entity	Corporation

Exelon is a Fortune 100 company and one of the largest utility holding companies in the United States with an equity market capitalization of $47 billion (total enterprise value of $87 billion) and more than 33,000 employees. Exelon comprises multiple business subsidiaries, including:

- **Exelon Utilities ("EU")** includes six electric and gas utilities serving over 10 million customers, the largest regulated customer count of any utility in the United States. We plan to invest $23 billion in our utilities from 2019 to 2022 for grid modernization and resiliency for the benefit of our customers.

- **Exelon Generation ("ExGen")** owns 32.5 GW of generation capacity and is the No. 1 provider of zero-carbon energy in the United States, having been named to the Dow Jones Sustainability North American Index for 13 consecutive years. Additionally, ExGen currently moves and treats approximately 52,000 million gallons of water per day ("MGD") to operate our generation plants.
- **Constellation Energy Group ("Constellation")** manages our wholesale marketing and retail businesses, serving over two million residential, public and business customers.

Exelon is pleased to submit a reply to JEA's ITN issued for the evaluation of strategic alternatives. We are uniquely positioned to satisfy the objectives JEA has outlined in the ITN. As such, Exelon proposes to acquire through Respondent or another Exelon subsidiary the JEA Electric System, Water and Wastewater Systems, and District Energy System for cash. Our reply to the ITN meets the minimum requirements set forth by JEA, and we are confident in our ability to deliver these requirements which include:

- ✓ Greater than $3 billion of value to the City of Jacksonville
- ✓ Greater than $400 million of value distributed to customers
- ✓ At least three years of contractually guaranteed base-rate stability for customers
- ✓ Commitment to develop and provide the City of Jacksonville and the Duval County Public School System with 100% renewable electricity by the year 2030
- ✓ Commitment to develop and provide 40 MGD of alternative water capacity for Northeast Florida by the year 2035
- ✓ Protection of certain employee retirement benefits
- ✓ Meeting the pension obligations in the recently passed Ordinance 2019-566
- ✓ Maintenance of substantially comparable employee compensation and benefits for three years
- ✓ Retention payments to all full-time employees of 100% current base compensation
- ✓ Commitment to new headquarters in downtown Jacksonville, contributing to the economic development of the community

Exelon has a successful track record of integrating large-scale utility operations in recent mergers with Constellation (2012) and Pepco Holdings (2016). These mergers realized significant benefits to local stakeholders, as well as efficiency improvements, increased utility performance and higher customer satisfaction. Similarly, we expect our proposal for JEA to maximize financial, customer, environmental, and community value today and over the long term. Our legacy operating experience in numerous urban utility markets and in merchant power generation will enable us to build upon JEA's existing strengths and eliminate current business constraints.

We look forward to further discussions regarding this reply.

Regards,

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2 – Executive Summary

The Respondents must provide a narrative discussion of their proposal, including its structure, advantages, impacts to JEA and the City of Jacksonville, including consumer impacts and key considerations of the Respondent's proposal.

We are excited to submit a reply to JEA's ITN.

E&W Development Corporation ("Respondent"), a wholly owned subsidiary of Exelon Corporation (NASDAQ: EXC) ("Exelon" or the "Company") is pleased to submit this reply to JEA's Invitation to Negotiate #127-19 ("ITN"). Our proposed transaction would satisfy the criteria outlined by JEA in the ITN and allow JEA to achieve its goals of maximizing customer, community, environmental and financial value over the long term. Our reply is informed by an extensive examination of public information and the information provided in the ITN process. As we will describe in this reply, we believe we are the right partner for JEA and the City of Jacksonville, and we welcome the opportunity to negotiate in the next phase of the process.

JEA is of particular interest to Exelon given the combined electric and water and wastewater businesses, as well as the strong operating track record, urban footprint and growing population and economy. Exelon's utilities today are composed of electric and gas; however, Exelon looks at opportunities, including water, where our expertise and strong operations could benefit all stakeholders. Senior leadership supports this strategy, which aligns with Exelon's overall business objectives to grow our regulated business.

We look forward to working with JEA to develop an optimal transaction structure.

Exelon proposes to acquire through Respondent, or another Exelon subsidiary, the JEA Electric System, Water and Wastewater Systems, and District Energy System for cash, and to convert the Electric System and the Water and Wastewater Systems into traditional investor owned utilities ("IOUs"), regulated by the Florida Public Service Commission ("PSC"). The District Energy System would remain a component of JEA.

JEA would operate as a separate utility within the Exelon family, with senior management and the existing JEA workforce located in Jacksonville. We are excited to retain JEA as an integrated electric and water and wastewater company. We understand the importance of maintaining a strong, local presence, and we will continue to retain Jacksonville as the headquarters for JEA as we have done with previous utility acquisitions.

Exelon has a proven track record of successfully acquiring utilities through complex transactions while creating value for all stakeholders, as evidenced by the recent acquisitions of Constellation Energy Group ("Constellation") / Baltimore Gas & Electric Company ("BGE") in 2012 and Pepco Holdings ("PHI") in 2016. PHI is comprised of Atlantic City Electric Company ("ACE"), Delmarva Power & Light Company ("DPL"), and Potomac Electric Power Company ("Pepco"). These acquisitions were successfully integrated with our other utilities Commonwealth Edison Company ("ComEd") and PECO Energy Company ("PECO").

In this reply, we provide detail on these acquisitions and the improvements we made to the acquired utilities in reliability, customer satisfaction, safety, and other measures. We believe this track record is unique in the utility sector and provides the road map for Exelon to successfully integrate JEA.

Exelon would finance the purchase price (including the defeasance of JEA's existing debt), customer rebates, retention payments and the pension true-up with a mix of investment-grade debt and equity offerings. Exelon maintains strong investment-grade credit ratings of Baa2 (Moody's), BBB+ (S&P), and BBB+ (Fitch). Exelon has immediate access to significant sources of cash via cash on hand, bank lines and access to the debt and equity capital markets. As was the case with our prior transactions with PHI and Constellation, any transaction agreement entered into between Exelon and the City of Jacksonville would not be subject to any financing contingency.

This reply reflects Respondent acquiring the entirety of JEA's business for cash. As described later in this reply, we believe privatization would provide the most optimum solution for JEA, the City of Jacksonville and other key stakeholders. However, we are open to alternative structures and solutions, and we welcome an opportunity to work with JEA to design the optimal solution to achieve JEA's goals.

Exelon can deliver the minimum requirements to JEA and provide significant value to the Jacksonville community and other stakeholders.

Based on the public information we have reviewed to date, our proposal would satisfy JEA's goals in the ITN, meet JEA's minimum requirements as set forth in the following table, and provide world-class reliability and customer value, as demonstrated in Exelon's most recent acquisitions of Constellation/BGE and PHI.

Figure 1: Overview of JEA Minimum Requirements

Category	Requirement	Met by Proposal?	Reference Section
Financial	• >$3 billion of value to the City of Jacksonville	✓	5.1
Customers	• >$400 million of value distributed to customers ($350+ paid to each JEA account; $1,400+ for customers with electric, water, sewer and irrigation accounts)	✓	5.2
	• At least three years of contractually guaranteed base rate stability for customers	✓	5.3
Environmental	• Commitment to develop and provide the City of Jacksonville and the Duval County Public School system with 100% renewable electricity by the year 2030	✓	5.4
	• Commitment to develop and provide 40 million gallons per day of alternative water capacity for Northeast Florida by the year 2035	✓	5.5
Community Impact	• Protection of certain employee retirement benefits	✓	5.6
	• Maintenance of substantially comparable employee compensation and benefits for three years	✓	5.7
	• Retention payments to all full-time employees of 100% current base compensation	✓	5.8
	• Commitment to new headquarters and employees in downtown Jacksonville, contributing to the economic development of the community	✓	5.9

In addition to achieving the minimum requirements, Exelon can deliver significant benefits by integrating JEA into the Exelon family of utilities, including:

- Economies of scale in the procurement of goods, services, fuel, and purchased power, which would flow through to customers in the form of lower rates;
- Access to low-cost capital to invest in the utility systems, including grid modernization efforts;
- Leveraging best practices from a top-performing utility in the areas of customer satisfaction, safety and reliability;
- Access to industry-leading technology and innovation as JEA looks to opportunities in microgrids and behind-the-meter technologies that are changing the face of the utility sector;

- Additional revenue streams from behind-the-meter investment opportunities, such as C&I solar, District Energy, combined heat and power, and other areas;
- Leveraging Exelon's human resource programs to attract, develop, and retain top talent;
- Access to our acquisition and integration playbook known as the Management Model, which adopted nearly 500 best practices transferred across our operating company fleet;
- Joining a company that embraces a diverse and inclusive culture that best represents the customers and communities that we serve;
- Access to Exelon's robust cyber security response and recovery programs to ensure resilience amid an evolving landscape of physical and cyber threats;
- Priority access to mobile emergency response crews in the event of a hurricane or storm from Exelon's existing utilities located outside of Florida;
- Maintaining JEA as an integrated company and continuing to provide combined electric and water and wastewater services to Jacksonville residents; and
- Positioning JEA to mitigate issues that, absent a transaction, are expected to drive a 26%-55% increase in customer rates over the next decade.

We are confident in our ability to develop and deliver new streams of revenue to JEA, and expand the JEA platform, which will ultimately deliver value to JEA's customers.

With headquarters in Jacksonville, JEA's Water and Wastewater System would provide a solid growth platform to pursue consolidation of fragmented water utilities in the U.S. Together, JEA's and Exelon's utilities complement Exelon's financial and commercial wherewithal to pursue water acquisitions and partnerships. Expansion of JEA's water footprint will enable the company to share best practices between entities, as well as distribute operating costs over a larger customer base.

JEA's Electric System provides sustainable growth opportunities including development, financing, construction, ownership and operation of grid-connected, voluntary solar programs that will help decarbonize JEA's energy requirements, modernize its assets, offer more choices to customers, and provide economic benefits to the City of Jacksonville.

As described in this reply, Exelon is actively pursuing innovation initiatives across our utilities, including peripheral water opportunities, which we would seek to replicate at JEA. We are eager to further explore ways that our Connected Communities programs and utility best practices can serve the City of Jacksonville, address current challenges of rising purchased power costs and provide sustainable future growth that will allow JEA to continue its proud tradition of community involvement.

A singular regional focus on JEA would allow Exelon to prioritize Jacksonville.

Exelon is excited to enter Florida via a transaction with JEA, and we believe we can deliver significant value to the region. By bringing a large, innovative utility to Florida, Exelon not only alleviates market concentration concerns, but leverages best practices and shared resources from other Exelon geographies, including providing resources for storm recovery efforts that may not be available within Florida in the immediate aftermath of hurricanes, in addition to JEA's existing mutual aid agreements. Exelon's existing utilities (located outside of Florida) would provide JEA priority access to mobile emergency response crews in the event of a hurricane. For example, ComEd, Exelon's electric utility serving Chicago and Northern Illinois,

sent crews south to assist in restoration efforts in connection with Hurricane Dorian.

Exelon is the largest utility in the United States by regulated customer count.

Exelon is one of the largest utility holding companies in the United States with an equity market capitalization of $47 billion (total enterprise value of $87 billion) and more than 33,000 employees. Exelon operates one of the nation's largest utility platforms with six individual utility companies – ACE, BGE, ComEd, DPL, PECO, and Pepco (collectively, "Exelon Utilities" or "EU") – serving over 10 million electric and gas customers across five states and the District of Columbia.

Exelon Utilities operates in four of the largest metropolitan areas in the United States (Baltimore, Chicago, Philadelphia and Washington, D.C.) with a track record of achieving high customer satisfaction and delivering operational excellence. We have consistently demonstrated the capability to plan, finance, and execute on utility capital expenditure projects, while minimizing customer rate impacts and holding customer bill increases below the rate of inflation. Exelon Generation ("ExGen") owns 32.5 GW of installed generating capacity across 20 states and one Canadian province, making us the nation's largest generator of carbon-free energy with emission rates of CO_2 that are 90% below the industry average.

Exelon is a leader in the communities we serve.

Exelon has established many community initiatives, including a science, technology, engineering and mathematics ("STEM") education program that has supported 745,000 students. We operate low-income assistance programs, some of which are recognized as the largest and most comprehensive in the country. In 2018, our employees provided 240,000 volunteer hours and donated $13.3 million to the communities we serve through the employee giving campaign, while Exelon and its businesses made $51.3 million in charitable contributions to the communities they serve. We will work with JEA in the next phase of the process to tailor community programs such as these to address the needs of the City of Jacksonville and other stakeholders.

Exelon is excited to continue JEA's strong legacy of delivering value to the Jacksonville community.

Exelon intends to be a long-term owner of JEA and partner with the community, creating value for customers and other stakeholders over many years.

JEA has built a solid legacy over its 125-year history and is a high-quality utility, providing excellent service to its customers in one of the fastest growing, most dynamic communities in the country. We are excited about the opportunity to expand our platform, and based on our existing capabilities as an electric and gas utility, there is ample competency overlap to efficiently integrate the Electric and Water and Wastewater Systems into Exelon's family of utilities.

As Exelon focuses more than ever on transitioning to the utility of the future, our emphasis on investment in innovation is aligned with JEA's four-pronged mission to provide reliable, clean, affordable and innovative energy products. JEA maintains deep external relationships to deliver value to customers through innovation, and we are keen to leverage these existing relationships and also build upon them. Exelon has the resources and expertise to help JEA provide the highest-quality utility service to the First Coast area and its growing population, helping achieve JEA's objective of maintaining the utility as an engine of growth in the Jacksonville community. Exelon admires JEA's commitment to its goal of maximizing customer, community, environmental and financial value over the long term and is likewise committed to ensuring

another 125 years of affordable, efficient and innovative services for JEA's customers.

Exelon is committed to the current JEA process and excited to work collaboratively with JEA stakeholders to deliver maximum value.

Exelon has committed significant internal and external resources to support the evaluation of JEA and the creation of this ITN reply, including engaging a team of consultants, industry veterans, and financial and legal advisors to evaluate the opportunity. External advisors engaged to date include Barclays; Centerview Partners; The Boston Consulting Group; Littlejohn Mann & Associates; John Young (former COO of American Water and President of American Water Works Service Company ("AWWSC")); Morgan, Lewis & Bockius LLP; Akerman; Driver, McAfee, Hawthorne & Diebenow; and Rutledge & Ecenia. We are also in late-stage discussions with several full-service technical consultants to provide support during customary due diligence of JEA's water and wastewater business.

We have built a financial forecast and business plan for JEA based on our review of public information and the ITN requirements and evaluated the myriad issues attendant to converting JEA to an IOU. As the public information is by necessity limited, we intend to complete fulsome due diligence in order to refine and enhance our reply. Exelon has reviewed the opportunity with our senior leadership, including the CEOs of Exelon and EU. We are prepared to move quickly with our diligence review into the negotiation phase.

For all of the reasons highlighted in this reply, we believe Exelon is not only well positioned, but also uniquely qualified, as the best partner for JEA, the City of Jacksonville, and its customers.

3 – Statement of Interest and Qualifications

The Respondents must state clearly their interest in the potential purchase, recapitalization, and/or operation of the JEA utility systems, including how the systems may be an attractive and beneficial addition to the Respondent's organization. The Respondents must clearly identify within their Reply the expectation for the future partnership, ownership, or management structure of: 1) the Electric System (generation, transmission, distribution and associated electric power assets) and 2) the Water and Wastewater Systems (distribution, collection, treatment and associated assets).

Exelon's interest in an acquisition of the JEA utility systems

JEA represents a unique opportunity for Exelon to execute on our value proposition of growing our regulated business while building a platform in water. JEA's utilities are a natural fit within Exelon's family of utilities which are centered in major metropolitan areas. As the country's eighth largest public utility in a fast-growing metropolitan area supported by a strong labor market, JEA represents an opportunity for Exelon to build scale and create value for customers. In addition, JEA enables Exelon to leverage our existing water experience (Exelon currently moves and treats ~52,000 million gallons of water per day ("MGD") to operate our generation plants) and diversify our regulated business into the water and wastewater utility sectors.

JEA's customers, employees and the City of Jacksonville and surrounding areas stand to benefit significantly from ownership by Exelon. As demonstrated in the acquisitions of PHI and Constellation (including BGE), Exelon has a track record for successfully completing and integrating large-scale, complex utility acquisitions requiring multiple stakeholder involvement and approvals. PHI and BGE both materially benefited from Exelon's ability to improve operational performance, including reliability (e.g., SAIFI[1] and CAIDI[2]) and customer satisfaction. Exelon's focus on market-leading technologies and other revenue streams will help drive efficiencies while reducing impacts to customer rates. Employees also stand to benefit from Exelon's diverse and inclusive workforce that provides opportunities for all employees to advance in their careers. Exelon is committed to partnerships with the local communities in which we operate to facilitate economic growth through financial contributions, volunteer work and partnerships on large-scale projects.

Details of our proposed structure

Exelon proposes to acquire through Respondent or another Exelon subsidiary the JEA Electric System, Water and Wastewater Systems, and District Energy System for cash, and to convert the Electric System and the Water and Wastewater Systems into traditional IOUs regulated by the PSC. The District Energy System would remain a component of JEA. JEA would operate as a separate, integrated electric, water and wastewater utility within the Exelon family, like Exelon's other utilities, with senior management and the existing workforce continuing to be based in Jacksonville, which would remain JEA's headquarters. Our proposed structure meets the standards of JEA leadership and achieves the goals set forth in the ITN.

[1] Measures interruptions, excluding major events, per IEEE definition 1366 and planned interruptions.

[2] Measures outage duration, excluding major events, per IEEE definition 1366 and planned interruptions.

Our proposal reflects the acquisition of the entirety of JEA's business for cash, assuming 100% privatization of JEA with subsequent regulation by the PSC. While we are completely open to alternative structures and solutions and welcome an opportunity to work with JEA, we believe a full privatization is likely the optimal structure for achieving JEA's goals, for the following reasons:

- **Unlocks the maximum value for Jacksonville and its key stakeholders.** There is significant demand for PSC-regulated utility assets in the current financial market, with electric and water businesses continuing to trade at all-time historical highs. Privatization will enable Jacksonville to monetize the full value of JEA and deliver the maximum upfront proceeds to the city of Jacksonville and other key stakeholders. Based on a long-term discounted cash flow analysis, we are confident in our ability to deliver the minimum requirements identified by JEA, including greater than $3 billion net proceeds to Jacksonville, $400 million to customers, and all financial commitments to employees and the Jacksonville community. Alternative structures (e.g., services agreement or partnership) are unlikely to support the same amount of upfront payment.
- **Cost of Service regulation is a proven model for managing utility infrastructure.** PSC regulation provides a fully dynamic recovery mechanism, which accounts for uncertainty around future capital investment needs, customer numbers/consumption and financial markets. The PSC is a fully staffed regulatory organization with well-understood mechanisms for determining appropriate returns on investments. The proven PSC methodology supports prudent deployment of low-cost private capital, recovered over more than 30 years, enabling improvement of infrastructure and optimization of service to customers. There are limited examples of alternative structures that support long-term investment and recovery of capital in utility infrastructure assets. In particular, any structure that seeks to impose a limited time frame on private ownership (e.g. a 40-year concession) may yield challenges for investment decisions toward the end of the concession period, with the potential for higher customer rates in the future in the event that the private investor requires capital recovery over a much shorter time frame.
- **Increased execution certainty.** We are confident in our ability to move quickly to consummate a transaction based on the proposed privatization structure. Our familiarity with PSC ratemaking in six different regulatory jurisdictions (D.C., DE, IL, MD, NJ and PA) enables us to quickly gain comfort with the Florida regulatory environment and ratemaking process. Further, given the support for PSC ratemaking among the equity research and credit rating analyst community, we are also confident in our ability to deliver a fully financed bid with minimal financing risk.
- **Transfers risk to the private sector.** Under privatization, Jacksonville would de-risk its ownership in JEA and transfer the potential challenges to the private sector, including declining customer volumes and a possible decrease in the future value of JEA under the current business outlook.

What are Exelon's key qualifications?

Exelon's broad experience in executing successful acquisitions, strong track record of innovation and industry-leading reliability and operating performance make us exceptionally qualified to acquire JEA through a transaction that benefits all stakeholders. Exelon's superior access to capital puts us in a unique position among industry peers and is critical to meeting JEA's financial requirements. As

summarized below, Exelon's qualifications are expansive and cross all key areas necessary for a thriving and successful IOU.

Exelon's Scale Would Bring Significant Benefits to Jacksonville. A Fortune 100 Company, Exelon is the largest utility in the United States by regulated customers, serving over 8.9 million utility electric and 1.3 million utility gas customers across five states and the District of Columbia. As the owner and operator of over $37.6 billion of transmission and distribution rate base assets across four of the country's largest urban areas, Exelon has the expertise and experience to manage all facets of JEA's business.

Exelon, through ExGen, is also one of the largest competitive power generators in the United States. With 32.5 GW of nuclear, gas, wind, solar and hydroelectric generating capacity, ExGen comprises one of the nation's cleanest and lowest-cost power generation fleets. Exelon has considerable experience in treating industrial water and preserving the long-term viability of the water resources. In 2018, Exelon-operated facilities moved and treated ~52,000 MGD.

Exelon's expansive and dynamic platform is significant because it allows us to develop, refine and share best practices across the entire company. Exelon has the ability to launch and learn from pilot projects from our in-house utilities and scale them across the Company, as appropriate. Exelon's size also provides direct benefits to our utilities through the ability to make important system-wide investments while minimizing the impact of the investment cost by sharing it across the entire platform. When Exelon invested in vital system-wide cybersecurity upgrades, the benefits were scalable, and the costs were disbursable across each of the operating companies. These size and scale benefits directly result in increased innovation and better performance throughout the entire system and would be a direct benefit to JEA joining the Exelon family.

Premier Operator of Urban Utilities with Best-in-Class Safety, Reliability and Customer Satisfaction. Exelon has an established track record of operating within urban areas like Jacksonville, achieving high customer satisfaction and industry-leading reliability. Exelon and its utilities will provide access to unparalleled resources, processes, expertise, and performance in the regulated utility industry. Year after year, our 16,000 utility employees have successfully operated a vast and complex transmission and distribution system that spans 140,000 miles in four of the largest metropolitan areas in the United States: Baltimore, Chicago, Philadelphia and Washington, D.C.

Our key metrics such as safety, reliability and customer satisfaction are consistently in the top quartile in the United States. Our customers strongly endorse our efforts, and customer satisfaction has increased as a result of improved service and new technologies. Two of Exelon's utilities, ComEd and PECO, have ranked in the top-five most-improved utilities in customer satisfaction since 1999, while BGE and Pepco are in the top-five most improved in the past five years (since being acquired by Exelon). Currently, BGE, ComEd and PECO rank in the first quartile for customer satisfaction, as measured by the Market Strategies International index. Finally, DPL achieved the No. 1 ranking in J.D. Power's 2019 Electric Utility Residential Customer Satisfaction Study. Since closing the mergers with Exelon, BGE and PHI have had their highest customer satisfaction ratings ever, and those ratings have steadily increased due to the ability to learn from and share best practices across the EU family of utilities.

Significant Experience in Managing Utility Infrastructure and Water Resources

Water is essential for the production of electricity – it drives our hydroelectric facilities and cools our thermal generation stations. In

2018, Exelon-operated facilities used approximately 52,000 MGD. Our fossil fuel and nuclear thermal power plants contribute a significant portion of our overall water use, as they require cooling water to condense steam after it has passed through turbine generators.

Exelon has engaged a team of consultants, including Littlejohn Mann and John Young (former COO of American Water and President of American Water Works Service Company ("AWWSC")), to assist in our evaluation of JEA's water and wastewater business. We are also in late-stage discussions with several full-service technical consultants to provide support during customary due diligence of JEA's water and wastewater business. Similar to our other utilities, JEA's existing water management team would benefit from the best practices shared across all of our utilities, including utility infrastructure management, customer relations and regulatory support, among other areas.

Culture of Technological Innovation. One of Exelon's key strategic focus areas is investing in a culture of innovation to identify new and disruptive technologies that lead to growth opportunities and improvements in productivity, reliability and efficiencies within our businesses. Exelon's Corporate Innovation team works alongside a diverse ecosystem of startup companies, academia, research labs, government agencies and other organizations to bring industry-leading technologies to our customers. An internal Exelorate Growth Board, composed of senior leaders across Exelon, evaluates and manages growth-related innovative business ideas developed by employees. Each year, Exelon hosts an Innovation Expo to showcase exciting technologies, employee ideas for innovation and pilot projects under way across Exelon. The event promotes collaboration and empowers employees to develop new ideas and identify efficiency improvement projects. In 2018, more than 525 employees submitted ideas for using technology and innovation to create value for our customers.

In recognition of Exelon utility efforts to explore and implement innovative technologies, all six of Exelon's utilities – BGE, ComEd, PECO, and PHI (including ACE, DPL, and Pepco), have received various EPRI Tech Transfer Awards for bringing innovative ideas to the utility sector, both behind- and in-front-of-the-meter. A few recent awards include:

- **Energy Management Circuit Breakers.** A team of engineers from ComEd, PECO and PHI helped lead a research demonstration project that installed energy management circuit breakers, devices that allow utilities and customers to monitor and control electricity use.
- **Energy Storage.** BGE planning engineers were part of a first-of-its-kind collaborative project that initiated, developed and tested the impact of energy storage for transmission and distribution systems. The project included behind-the-meter as well as in-front-of-the-meter storage technology assessments.
- **Smart Inverters.** Engineers from ComEd and PHI helped lead a project that explored smart inverters used for solar installations and other distributed generation for their capability to improve grid reliability.
- **Universal Electric Transportation Infrastructure Project.** PHI engineers received an award for the project that focused on increasing electric vehicle charging opportunities for all customers.

Our engineers are also extremely active in industry-leading professional organizations including the International Council on Large Electrical Systems and the Institute for Electrical and Electronic Engineers ("IEEE"). The recent release of the important IEEE 1547

standard on smart inverters was in large part driven by our engineering team.

Exelon's innovative culture not only prepares our business for the future, but it also benefits customers in the form of clean and reliable energy, energy efficiency, reduced electricity costs, and/or alternative revenue streams.

Strategically Focused on Growing the Regulated Business. The success of our utilities stems from our continued dedication to improving and developing projects through internal capital investment. Exelon's current plan to invest $23 billion in utility capex over the next three years represents the third-largest capital expenditure commitment by any utility in the United States. JEA would represent another avenue for Exelon to deploy capital. Validated by our track record, we have the capabilities to plan, finance, construct and operate extensive, multiyear utility and non-utility capital projects. Large-scale investments are undertaken while still maintaining affordable rates for our customers through our ability to optimize efficiencies and reduce or maintain operating and maintenance costs. We benefit from past experience by sharing best practices for continuous improvement across our businesses.

As our track record demonstrates, we are strongly positioned to effectively sponsor JEA's five-year capital expenditure program.

Proven Success in Large-Scale Acquisitions and History of Delivering Benefits to All Stakeholders. Exelon has demonstrated the ability to integrate new utilities into its portfolio and quickly transfer processes and best practices to rapidly improve performance. This is accomplished through comprehensive planning and a fine-tuned mergers and acquisitions process proven out through a number of acquisitions over the past decade.

For example, in 2016, Exelon successfully completed the acquisition of PHI, a $12.6 billion business composed of ACE, DPL, and Pepco. PHI provided a number of challenges, including bottom-quartile performance, challenging regulatory environments, and poor financial performance. Despite these challenges, Exelon completed the merger after a more than 12-month regulatory approval process involving approval from six regulators. Further, Exelon worked with stakeholders to craft a benefits package that delivered significant benefits to all stakeholders, including the following:

- **Customers.** $460 million in the form of rate credits, workforce development and energy efficiency, among other benefits. Exelon also offered arrearage forgiveness programs in DC, DE and MD and low-income support in NJ.
- **Environmental.** In addition to energy efficiency benefits included in the $460 million above, Exelon committed to purchase 100 MW of wind power and the development of 32 MW of solar.
- **Community Impact.** Exelon established co-headquarters by moving the Corporate Strategy and EU organizations and key senior management positions (e.g., Chief Financial Officer, Chief Strategy Officer and Chief Executive Officer of EU) to D.C. and relocating 100 positions to D.C. Exelon also agreed to maintain the level of compensation and benefits for PHI employees for two years and provide protections to utility workforce levels during the transition.

Further, PHI benefited greatly from Exelon's operational expertise post-merger. Today, PHI operates in the first and second quartiles across five key industry performance indicators (e.g., CAIDI, SAIFI, safety, customer satisfaction and cost per customer). Today, BGE ranks in the top quartile in four of the five key performance

indicators. We also have a number of initiatives under way to improve our OSHA metrics.

Figure 2: Operating Highlights of BGE, PHI (pre- & post-merger)

Operations	Metric	Pre-Merger 2012 BGE	Pre-Merger 2015 PHI	Post-Merger YTD 2019 BGE	Post-Merger YTD 2019 PHI
Electric Operations	OSHA Recordable Rate	Q2	Q2	Q3	Q2
	2.5 Beta SAIFI (Outage Frequency)	Q3	Q3	Q1	Q2
	2.5 Beta CAIDI (Outage Duration)	Q4	Q2	Q1	Q1
Customer Operations	Customer Satisfaction	Q4	N/A	Q1	Q2
	Service Level % of Calls Answered in <30 sec	Q2	Q4	Q1	Q1
	Abandon Rate	Q3	Q3	Q1	Q1
Gas Operations	Percentage of Calls Responded to in <1 Hour	Q2	Q2	Q1	Q1
Overall Rank	Electric Utility Panel of 24 Utilities[1]	23rd	18th		

Q1 Q2 Q3 Q4

[1] Ranking based on results of five key industry performance indicators - CAIDI, SAIFI, Safety Customer Satisfaction and Cost per Customer

JEA's minimum requirements encompass the interests of all stakeholders involved. Exelon recognizes that a successful acquisition of JEA will require Exelon to meet the minimum requirements set forth in the ITN. As demonstrated in our acquisitions of PHI and BGE, Exelon is not only committed to, but also capable of meeting these requirements.

Strong Financial Profile with Investment Grade Ratings from Three Major Credit Agencies. Exelon is an investment grade entity (Baa2/BBB+/BBB+ for Moody's/S&P/Fitch, respectively) with exceptional financial health and credit strength. Exelon benefits from a unique hybrid business model whereby Exelon can utilize strong cash flow from ExGen to support regulated capital investment. Significant ExGen cash flow is expected to be redeployed into Exelon's utilities to support $23.0 billion of utility investment from 2019 to 2022.

Diverse and Inclusive Culture That Attracts, Develops and Retains Top Talent. Exelon's talented, committed, and diverse workforce is critical to our Company's success. To promote engagement and retention, we provide employees with rewarding growth opportunities, competitive compensation and benefits, and a variety of training and development programs. We strive to create a vibrant, collaborative and fulfilling workplace. Exelon hosts hundreds of collegiate interns annually across our operating companies to build a diverse talent pipeline for future jobs and to expose young talent within our communities to valuable applied experience and career opportunities in the energy industry. Exelon launched Talent Accelerated in 2016 to provide development opportunities for our employees to drive our enterprise forward. This program helps Exelon navigate a changing landscape by focusing managers and employees on what matters – contributing their best and attracting, developing and rewarding talent in alignment with our strategic objectives.

As we work to attract and retain top talent, we recognize that a workforce that reflects the communities we serve directly affects our ability to effectively serve our customers and communities. More than 2,500 Exelon employees pledged their commitment to reach global gender equality through the United Nations Women's

HeforShe campaign. Over a quarter of our workforce is composed of minority employees. Further, Exelon is recognized as a top employer for military veterans and lesbian, gay, bisexual and transgender employees. Exelon has nine Employee Resource Groups with over 50 chapters, which are critical to us maintaining a diverse workforce. These groups reach more than 10,000 members and serve as a forum for professional development, cultural education and community involvement. Groups include:

- Asian-American Resource Group
- Developing Young Professionals
- Exelon African-American Resource Alliance
- Eco-Team
- Exelon Militaries Actively Connected
- Exelon Network for Awareness Benefiting Leaders & Employees About Disabilities
- Network of Exelon Women
- Organization of Latinos at Exelon
- Pride

In 2018, Exelon was named No. 14 on Indeed's Best Places to Work, which is a testament to our ongoing commitment to our employees and creating a diverse and inclusive work environment.

An Industry Leader in Environmental, Social and Governance Initiatives. Environmental, social and governance initiatives are core business drivers for Exelon. Outside of our business operations, we are focused on growing the strength of the neighborhoods and communities where we work and live.

Successfully managing our environmental impacts strengthens our relationship with our customers and communities. We minimize impacts to watersheds and habitats by creating new processes to reduce our water use and emissions and being responsible stewards of the resources we use. Our environmental management system is critical to managing risks and any potential environmental impacts. Exelon produces 12% of the nation's clean energy and has the lowest emissions rate that is four times less than the next cleanest large generator. In 2018, through a combination of new and prior-year investments, our utilities helped customers save over 21.9 million MWh of energy, which equates to nearly 9.9 million metric tons of CO_2 emissions avoided (the equivalent of taking 2.1 million cars off the road for one year). Exelon Utilities received numerous awards for their commitment to providing energy-saving products, programs and services to our utility customers in 2018. BGE, ComEd, PECO and PHI (DPL and Pepco) all received Energy Star Partner of the Year Sustained Excellence awards, most of which were awarded for six or more consecutive years.

Exelon continued our tradition of strong community engagement in 2018, including Exelon Corporate and Exelon Foundation charitable contributions of $51.3 million. Our employee giving campaign generated an additional $13.3 million through employee pledges and company matching. Our employees volunteered a record 240,000 hours of service at nonprofits. Exelon has created thousands of jobs and provided critical support to our communities to support their vision of a growing economy, spurred by world-class education, technology and innovation, and sustainability.

Effective corporate governance is a critical component embedded within Exelon's strategy to provide reliable, clean, affordable and innovative energy products. The Corporate Governance Committee of the Board is responsible for overseeing Exelon's climate change and sustainability policies and programs. Key accomplishments supporting effective governance in 2018 include enhancing our security governance programs to align with the National Institute of Standards and Technology Cyber Security Framework, increasing

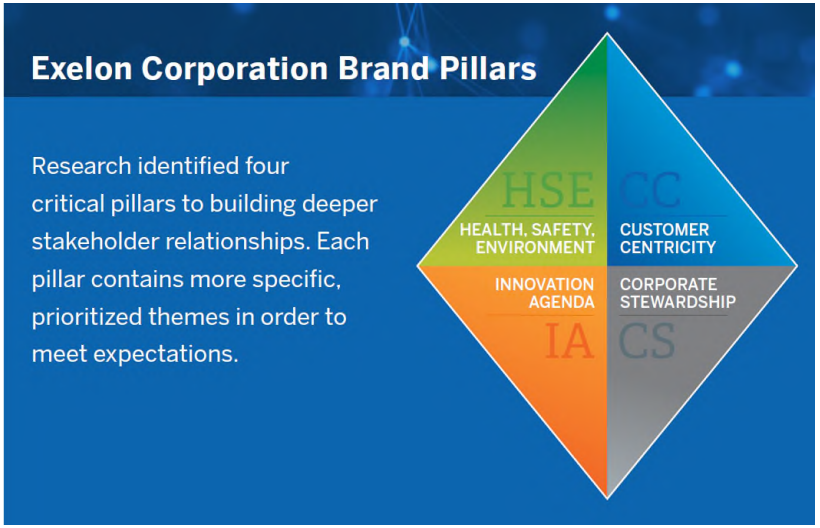
supply chain spend with diversity-certified suppliers to $2.2 billion and leadership representation on the Electric Utility Industry Sustainable Supply Chain Alliance executive committee to drive industry performance improvement.

Exelon shares JEA's goal of maximizing customer, community, environmental, and financial value over the long term, and we admire the commitment to achieving the strategic flexibility to be better positioned for the future. We are committed to building on the successes achieved at JEA, leveraging best practices from JEA and Exelon's existing utilities, and dedicating the financial resources necessary to achieve JEA's vision for the benefit of the customers and communities in which it operates.

Extensive Stakeholder Engagement Plan that Encompasses All Stakeholders and Markets. Through regular engagement with our stakeholders, we improve our understanding of emerging trends affecting our businesses and address stakeholder needs and concerns. We use stakeholder feedback to inform our sustainability strategy and business plans. Every year, we facilitate specialized forums with individual stakeholder groups to discuss their sustainability interests and concerns to incorporate findings in our business and sustainability planning.

In 2017, Exelon launched a comprehensive research initiative to understand how we can better meet stakeholder needs. Through the end of 2018, we conducted 725 qualitative interviews (focus groups and in-depth interviews) and nearly 12,000 quantitative survey interviews (online and telephone surveys) across all stakeholders and markets. As shown in the following figure, the research identified four critical pillars to building deeper stakeholder relationships – health, safety, and environmental; customer centricity; innovation agenda; and corporate stewardship.

Figure 3: Exelon Corporation Brand Pillars



Exelon continually seeks to build deeper and more meaningful relationships with our stakeholders. As shown the in the following figure, Exelon has proven competency in engaging with all of our different stakeholders using a variety of engagement mechanisms.

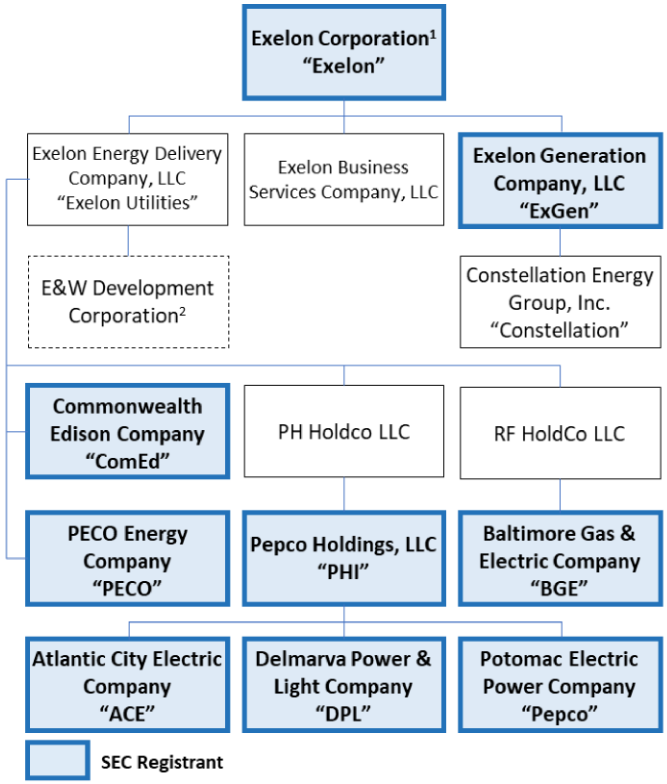
Figure 4: Stakeholder Engagement

4 – Organizational Overview

The Respondents must provide a description of their business and organization.

4.1 Organizational Structure

Figure 5: Exelon Organizational Structure



[1] This is a simplified organizational chart reflecting Exelon Corporation's principal operating companies. A complete organizational chart encompasses over 300 subsidiaries of Exelon Corporation.
[2] Name of this company expected to be changed upon a transaction to reflect the Jacksonville community.

Respondent is a wholly owned indirect subsidiary of Exelon. Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged in the regulated energy transmission and delivery business through Exelon Utilities, the energy generation business through ExGen and the energy sales and services business through Constellation. Exelon's six utilities, including ComEd, PECO, BGE, and Pepco, DPL, and ACE (collectively, PHI) deliver electricity and natural gas to customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey and Pennsylvania.

ExGen is one of the largest competitive power generators in the United States with more than 32.5 GW of generating capacity. Constellation, organizationally a part of ExGen, provides energy products and services to approximately two million residential, public sector, and business customers, including more than two-thirds of the Fortune 100.

Exelon Corporation unifies the various lines of business, while giving local leadership of the operating companies the autonomy and flexibility needed to effectively serve customers. Through our Exelon Business Services Company ("BSC") subsidiary, we provide our operating subsidiaries with corporate support services at cost, including corporate strategy and development, legal, human resources, information technology, finance, real estate, security, corporate communications and supply.

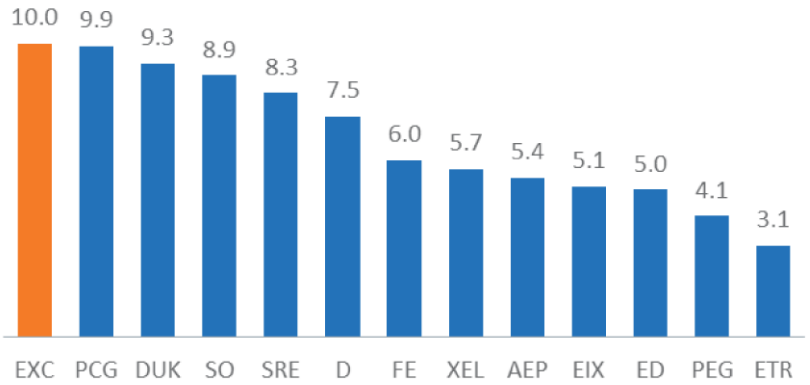
4.2 Operations Details

4.2.1 Exelon Utilities

Exelon's utility businesses together form the nation's largest electric and natural gas distribution company by customer count. Exelon Utilities – ACE, BGE, ComEd, DPL, PECO and Pepco – provide safe, reliable, and affordable electricity and gas services to approximately 10 million customer accounts and 22 million people across the

District of Columbia, Delaware, Illinois, Maryland, New Jersey and Pennsylvania. The figure below demonstrates the scale of Exelon's utility business relative to other utilities in the country.

Figure 6: US Regulated Utility Customers (millions)



Note: Illustrated companies include Exelon, Pacific Gas and Electric Company, Duke Energy, Southern Company, Sempra Energy, Dominion Energy, FirstEnergy, Xcel Energy, AEP Energy, Edison International, Consolidated Edison, Public Service Enterprise Group, Entergy

We serve our customers in over 24 million square miles of service territories with a dedicated workforce of 16,000 employees committed to providing best-in-class reliability and service. The reliability performance of Exelon Utilities operating companies is consistently among the best in the industry.

ACE. Atlantic City Electric provides safe, reliable and affordable energy to approximately 557,000 customers in southern New Jersey with a dedicated workforce of 1,000 employees. The company manages a network of 11,500 miles of transmission and distribution lines as well as 110 substations. ACE is a community leader, through charitable giving, environmental conservation and investments in its region.

BGE. As the first gas utility in the United States with over 200 years of service history, BGE serves 678,000 gas customers. With nearly 1.3 million residential electric customers, BGE is also Maryland's largest electricity provider. The company manages a network of 243 substations and 27,800 miles of transmission and distribution lines. Powered by a workforce of 3,100 employees, BGE delivers energy reliably and safely, and provides customers with first-class service.

ComEd. ComEd delivers safe and reliable power to four million electric customers across northern Illinois. The company manages a network of 72,400 miles of transmission and distribution lines, 1.3 million poles and 1,300 substations that make up the electrical infrastructure of the nation's third-largest metropolitan region. ComEd has a dedicated workforce of more than 6,000 employees. In 2012, ComEd launched one of the largest grid modernization and Smart Grid programs in the nation, supporting thousands of jobs and driving innovation to meet evolving customer needs.

DPL. Incorporated more than 100 years ago, DPL serves 527,000 electric customers in Delaware and eastern Maryland, and 134,000 natural gas customers in northern Delaware. The company manages a network of 14,000 miles of transmission and distribution lines and 184 substations with a dedicated workforce of more than 1,457 employees.

PECO. PECO is the largest electric and natural gas utility in Pennsylvania, serving 1.6 million electric customers and 527,000 natural gas customers. The company manages a network of 500 substations and more than 23,400 miles of transmission and distribution lines with a dedicated workforce of approximately 2,600 people.

Pepco. First incorporated in 1896, Pepco provides safe, reliable and affordable electric service to approximately 884,000 customers in Maryland and the District of Columbia. The company manages a

network of more than 12,200 miles of transmission and distribution lines and 134 substations with a dedicated workforce of approximately 1,500 employees.

Figure 7: 2018 Electric T&D Assets (miles)

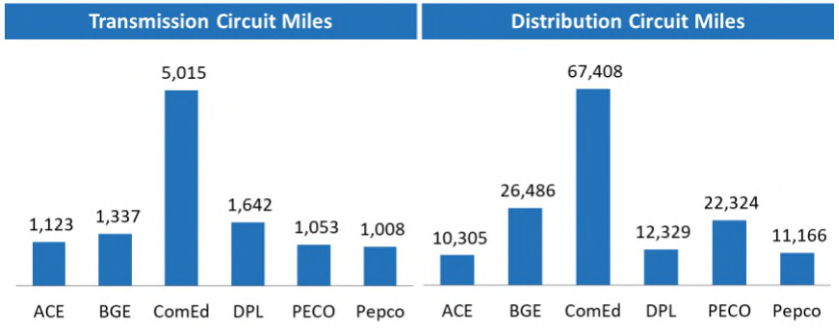
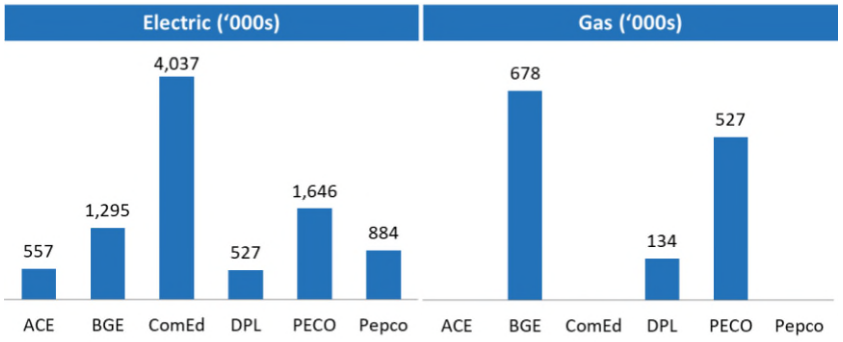


Figure 8: 2018 Electric and Gas Customers by Utility



Exelon maintains excellent relationships with the six state utility commissions that regulate our utilities. These commissions oversee our electric and gas distribution rates and service levels, the issuances of certain securities and numerous other aspects of the business. The table below outlines the state commissions responsible for utility oversight.

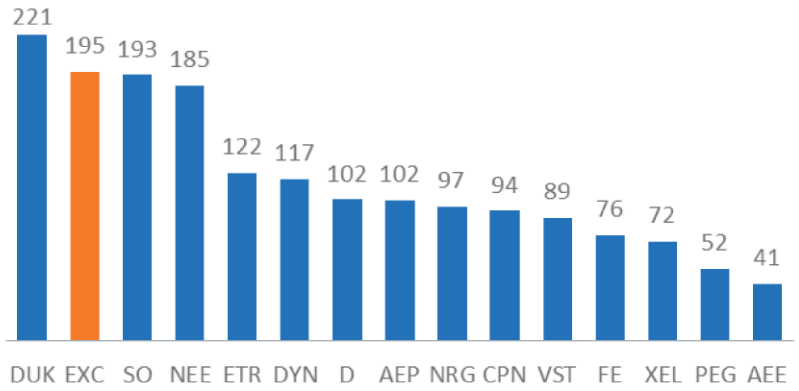
Figure 9: Utilities and Respective State Commissions

Utility	Commission
ACE	New Jersey Board of Public Utilities
BGE	Maryland Public Service Commission
ComEd	Illinois Commerce Commission
DPL	Delaware Public Service Commission/ Maryland Public Service Commission
PECO	Pennsylvania Public Utility Commission
Pepco	District of Columbia Public Service Commission/ Maryland Public Service Commission

4.2.2 Exelon Generation

ExGen has nearly two decades of experience owning, operating, and dispatching a geographically and technologically diverse fleet of generation assets. As of December 31, 2018, ExGen owned 32.5 GW of installed generating capacity across 20 states and one Canadian province, making us one of the largest and most diverse generation owners in the United States. The following figure demonstrates the relative scale of Exelon's generation business.

Figure 10: Total Generation Output[3] (TWh)



Note: Illustrated companies include Duke Energy, Exelon, Southern Company, NextEra Energy, Entergy, Dynergy, Dominion Energy, AEP Energy, NRG Energy, Central Pattana, Vistra Energy, FirstEnergy, Xcel Energy, Public Service Enterprise Group, Ameren

Exelon's current generating fleet includes 19.7 GW of nuclear, 9.5 GW of natural gas and oil combined cycle and peaking plants, and 3.2 GW of renewable generation (wind, hydro, solar and biomass). Regionally, ExGen's generation is spread across the Midwest (37% of installed capacity), Mid-Atlantic (34%), Texas (11%), New England (7%), New York (6%), and Canada, the Southeast, and the West (5%). ExGen's 32.5 GW of owned generation along with 5.2 GW of contracted generation give us the opportunity to operate and dispatch in every major US ISO (PJM, MISO, ISO-NE, NYISO, CAISO, SPP), as well as several balancing authorities or regional reliability areas. We are committed to decarbonizing our fleet and have divested or retired 6,377 MW of coal-fired generation since 2000, divesting our last ownership interest in coal facilities in 2014. Today, Exelon owns the largest zero-carbon generation fleet in the United States, producing almost two times more energy from zero carbon emission resources last year than our next largest competitor.

In SERC, Exelon owns and operates the 823 MW Hillabee Energy Center combined cycle facility in Alabama and has a tolling agreement in the 942 MW Heard County plant in Georgia that is resold to Georgia Power. Constellation also serves approximately 1,710 MW of municipal loads in Georgia with a combination of municipal-owned capacity, tolls, third-party slice-of-system and equity-owned energy resources.

To support this large and diverse generation fleet, ExGen's subsidiary, Constellation, has 24-hour dedicated resources that monitor and economically dispatch all assets within Exelon's generation fleet throughout the United States and Canada with a strong focus on ensuring compliance with applicable rules and regulations. Exelon's operations also include coordination with the ISOs in scheduling physical power transactions, reserving transmission service in non-ISO markets, maintaining all associated NERC compliance requirements, providing weather forecasting, and satisfying all regulatory reporting requirements.

In addition to ExGen's extensive dispatch experience, we achieve top-quartile generation performance due to best-in-class operating practices, as well as rigorous ongoing maintenance programs. From 2016 to 2018, Exelon's nuclear plants achieved greater than a 94% capacity factor. To accomplish this, ExGen manages scheduled refueling outages to minimize their duration and to maintain high

[3] EXC excludes EDF equity ownership of the CENG Joint Venture and Exelon ownership of FitzPatrick acquired in April 2017. Reflects 2017 regulated and nonregulated generation.

Source: https://www.mjbradley.com/sites/default/files/Presentation_of_Results_2019.pdf

nuclear generating capacity factors, resulting in a stable generation base for ExGen's wholesale and retail power marketing activities. During scheduled refueling outages, ExGen performs maintenance and equipment upgrades in order to minimize the occurrence of unplanned outages and to maintain safe, reliable operations. ExGen also has extensive operating and security procedures in place to ensure the safe operation of our nuclear units. ExGen applies similar rigorous standards and practices to our conventional fossil-fueled and renewable generation plants, achieving similar high performance as evidenced by a 98.1% dispatch match[4] in 2018 for these assets.

4.3 Financial Details

Exelon is a $47 billion market capitalization ($87 billion enterprise value) company that has consistently sustained strong financial performance. In fiscal year 2018, Exelon reported operating revenue of $36.0 billion, operating income of $3.9 billion and year-end total assets of $120.0 billion, of which ~60% are associated with utility operations. Exelon is strategically focused on growing our regulated utility business. Our principal capital allocation priority is deploying $23.0 billion of investment capital in the utilities through 2022. In 2019 alone, Exelon is executing $5.3 billion to the investment in projects across the utilities to replace aging infrastructure and improve resiliency to benefit our customers. Our investment program is expected to support nearly 8% growth in rate base across the utilities from 2018 to 2022, in turn driving projected earnings per share growth of 6% to 8% over the same period.

Exelon benefits from our hybrid business model that redeploys ExGen's strong free cash flow into the utilities. ExGen cash flows are expected to help fund utility growth over the next four years. Exelon is recognized for our sound financial management, world-class transmission, distribution and generation operating expertise, exceptional navigation of the regulatory environment and strong governance.

Within the context of past acquisitions, Exelon's financial strengths, balance sheet flexibility and operational excellence have enabled Exelon to drive stronger performance at acquired entities. Positive shifts in financial and reliability metrics have demonstrated the effectiveness of investments made in the system to yield positive results with minimal impact to rates.

From a balance sheet perspective, Exelon is well capitalized with adequate liquidity reserves and is defined by strong, stable credit metrics. The company is rated BBB+ by S&P (recently upgraded), Baa2 by Moody's, and BBB+ by Fitch. As a Fortune 100 company, Exelon has deep access to capital markets for corporate and project-specific needs. Exelon is committed to strong investment grade ratings, as demonstrated by Exelon's recent upgrade at S&P (BBB to BBB+). Exelon undertakes a disciplined approach to managing financial targets, including credit metrics.

The table below provides the credit ratings for Exelon and Exelon Corp's subsidiaries as an indication of our ability to manage the credit profile of multiple rated regulated entities.

[4] Expressed as a percentage, dispatch match reflects fossil and hydro units' revenue capture when they are called upon for generation. Factors that adversely impact dispatch match include forced outages, derates and failure to operate to the desired generation signal.

Figure 11: Credit Ratings by Operating Company

Entity	Moody's	S&P	Fitch
ExCorp	Baa2	BBB+	BBB+
ACE	A2	A	A-
BGE	A3	A	A
ComEd	A1	A	A
DPL	A2	A	A
PECO	Aa3	A	A+
Pepco	A2	A	A-
ExGen	Baa2	BBB+	BBB

Note: ExCorp reflects corporate issuer credit ratings. Senior unsecured ratings for ExGen and BGE and senior secured ratings for ComEd, PECO, ACE, DPL, and Pepco.

Additionally, Exelon has $8.0 billion of liquidity available under $9.8 billion of credit lines with 25 relationship banks.

Exelon's historical Consolidated Financial Statements can be found on the SEC website,[5] and the Consolidated Financial Statements from the most recently filed 10-K can be found in the Appendix D – Financial Statements.

4.4 Current Electric and Water Customers

Exelon is the largest utility in the United States by customers, serving over 8.9 million utility electric and 1.3 million utility gas customers across the six utilities. Of the 8.9 million electric customers, approximately eight million are residential customers and approximately 900,000 are commercial and industrial ("C&I") customers. Of the 1.3 million gas customers, approximately 1.2 million are residential customers and approximately 100,000 are C&I customers.

Exelon works with our customers to ensure affordability, offering various programs and partnerships to low-income residents. Each of Exelon's utilities offers programs to provide financial assistance to low-income populations in our service areas.

BGE. BGE worked with state, local and nonprofit assistance partners to assist more than 45,000 limited-income households through federal and state grant programs. The Power of Home, another BGE initiative, ensures that past-due utility bills can be retired, allowing Baltimore residents experiencing homelessness to move into housing.

ComEd. Since 2007, ComEd's CARE programs have provided more than $100 million in grant assistance and educational programs for residential, small business and nonprofit organizations and have assisted more than one million customers. As part of the Energy Infrastructure Modernization Act enacted in 2011, ComEd agreed to set aside $10.0 million per year to fund customer assistance programs over a five-year period, starting in 2017.

PECO. PECO's Universal Services is recognized as the largest and most comprehensive low-income program portfolio in Commonwealth of Pennsylvania and one of the largest in the nation. The program provides a monthly credit and forgives the total arrearage of all enrolled customers at the time of their initial

[5] https://www.sec.gov/cgi-bin/browse-edgar?CIK=exc

enrollment. The total value of PECO's Universal Services Program is more than $80 million annually.

PHI. PHI offers a variety of programs across all our utilities to assist low- to moderate-income customers. In 2018, PHI helped customers secure nearly $80 million in energy assistance funds through state, federal and nonprofit programs. As a further example, in the District of Columbia, qualifying low-income customers of Pepco are eligible for the Residential Aid Discount program that provides a credit for the electric distribution charges on the customer's bill. Pepco is also in the process of implementing a discount program for seniors and disabled customers.

Exelon can leverage its experience in working with electric and gas customers to JEA's electric, water, and wastewater customers, all of whom will benefit from Exelon's high level of customer satisfaction. In 2018, three of Exelon's four utilities (BGE, ComEd, PECO and PHI) achieved top-quartile customer satisfaction and call center satisfaction rankings. Exelon has a proven track record for improving customer satisfaction levels in customer-facing businesses. BGE customer satisfaction levels improved from the fourth quartile in 2012 (pre-acquisition by Exelon) to the first quartile today, and, in the case of PHI, customer satisfaction also ranks in the first quartile for customer satisfaction today.

4.5 Union and Labor Relations

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

More than 12,600 Exelon employees (approximately 38% of the total workforce) are represented by a labor organization and the Company enjoys a productive working relationship with those organizations. Exelon has 34 collective bargaining agreements, with the largest labor contingent being Locals of the International Brotherhood of Electrical Workers ("IBEW") in Illinois, Pennsylvania, New York, Maryland, Delaware and D.C. During the past 12 months alone, Exelon and the IBEW, without any work stoppages, have reached collective bargaining agreements at ComEd, PEPCO, BGE and Atlantic City Electric, representing approximately 6,100 employees. In addition, Exelon has not experienced any unusual number of employee terminations or other disciplinary action.

We understand that JEA has contracts with five unions (e.g., IBEW, LIUNA, AFSCME, PEA and JSA). While Exelon only shares overlap with IBEW, Exelon is experienced in working with multiple unions and has a history of maintaining good relationships with represented employees.

4.6 Existing Economic Development Activities

Extent of involvement in economic development activities and any funding provided in communities where current service is provided

Exelon's success as a company relies on our ability to connect to and partner with the communities in which we operate. By providing safe, clean, reliable and affordable energy, we support economic growth and create vibrant communities. We also strive to support our communities by fostering economic growth, giving back and being a considerate and responsive neighbor. Exelon considers it our responsibility to improve the quality of life for people in the communities where we live, work and serve.

Exelon supports local communities through jobs, taxes paid, corporate philanthropy, community engagement and stakeholder partnerships that grow opportunities for people, cities and regional economies. In 2018, Exelon invested $5.3 billion in our utilities to improve electric distribution and transmission systems, injected $2.2 billion into local economies through expenditures with diverse

suppliers, paid more than $4.0 billion in taxes and donated more than $50 million to charitable organizations. Following the Exelon/PHI merger, 100 positions were relocated to Washington, D.C. and union workers were hired in all four PHI jurisdictions (102 in D.C., 110 in Maryland, 83 in Delaware and 60 in New Jersey).

Exelon is committed to facilitating economic growth in our local communities. When our communities succeed, we thrive together. The following are examples of ways we partnered with our communities in 2018.

ACE. ACE partnered with three southern New Jersey vocational schools and four local workforce development boards to facilitate a comprehensive clean energy workforce development program. The six-year, $6.5 million program is expected to influence hundreds of students and local community members to gain employment within the electric utility and other demand industries.

BGE. Thirty-five businesses joined BGE's Smart Energy Economic Development ("SEED") program in 2018. Expanding businesses that are creating new, full-time positions can qualify for SEED incentives that discount natural gas or electric connection and usage costs. Since inception of the program three years ago, 65 businesses added more than 6,700 jobs and received more than $4 million in service extension discounts and nearly $150,000 in distribution accounts.

ComEd. ComEd completed an initiative to improve customer satisfaction by simplifying our C&I underground service standard to be more consistent and aligned with peer utilities. Customers will benefit from improved reliability and avoided repair costs.

DPL. Following the merger between Exelon and PHI, customers and jurisdictions in Delaware, D.C., Maryland and New Jersey received a package of benefits from company cost savings, including an allocation to the existing Energy Efficiency Investment Fund to support natural gas infrastructure in Delaware. In 2018, DPL applied and was approved for $1.8 million in grant dollars from this fund, to be spread across four redevelopment projects, growing jobs and the local economies. New natural gas infrastructure will provide additional choices and reduced energy costs to residential and commercial customers.

PECO. PECO developed a solution to provide high-pressure gas for Kimberly-Clark's new gas-fired cogeneration plant that will help the manufacturer of paper products achieve its sustainability goals and support the economy with the retention of 600 jobs in a distressed community.

Pepco. Pepco provided power projects in the District of Columbia that will help stimulate economic and community growth, development and vibrancy across the community. The city's new soccer stadium, Audi Field, is in the immediate vicinity of Pepco's award-winning Waterfront Substation, which supports both existing customers and planned development in the Capitol Riverfront and Southwest Waterfront areas. Additionally, Exelon and Pepco opened the D.C. Infrastructure Academy in March 2018 in partnership with the District of Columbia to create a pipeline for in-demand infrastructure jobs for district residents. The Academy, located in D.C.'s southeast corridor, is an educational facility focused on occupational skills training and work-based learning initiatives related to the infrastructure industry, including the utility, energy efficiency, transportation and logistics sectors. Exelon and Pepco have contributed $5.2 million toward the D.C. Infrastructure Academy and the support of workforce development programs. Pepco has also provided an additional $500,000 in cash contributions, donated human resources, equipment and other in-kind materials and services over the first five years of the Academy's operation.

ExGen. Through its three main subsidiaries of Constellation, Nuclear, and Power, ExGen provides approximately $2.0 million annually in funding and scholarships to local schools and colleges for STEM programs impacting more than 95,000 students across the footprint in which we do business as an essential part of developing a qualified workforce for the future. Similarly, ExGen partners with state-level energy workforce development groups and educational institutions to drive programs that strengthen educational opportunities, develop skill sets, and introduce people to careers in the energy industry. Offering more than 1,400 full-time internships over the past 10 years, ExGen has converted more than 200 of them to full-time roles, with more than half representing the diversity in the communities we serve.

4.7 Exelon vs. The Competition

A sale of JEA and conversion of the business to an IOU would be a complicated process involving multiple regulators and other stakeholders. This would be the largest ever conversion of a US public power entity to an IOU. Should JEA select to complete a sale in the ITN process, JEA will want a counterparty with a proven history of closing transactions and delivering on its commitments. JEA cannot afford to enter into a contract to sell its business only to see the transaction fail to close as the buyer is inflexible in obtaining the necessary regulatory and other approvals.

Exelon has unique experience among United States utilities in executing complex transactions and securing the attendant state and federal regulatory approvals. If JEA contracts with Exelon for the transaction, JEA and stakeholders can be confident that Exelon will employ our full resources to see the transaction across the finish line.

Exelon's utilities benefit from local management teams that leverage best practices (Exelon's Management Model) shared among all of Exelon's utilities. Exelon would operate JEA similarly to its other utilities – as an independent operating company that benefits from the best practices shared across all of its utilities.

Exelon is committed to maintaining a major presence in Jacksonville. We would locate key management positions to the JEA headquarters and would not seek financial incentives from the City to do so. Exelon's Jacksonville presence would be felt not only through our core business, but also through added jobs and civic initiatives as outlined in this reply to the ITN.

A singular regional focus on JEA would allow us to prioritize Jacksonville and other First Coast customers and communities during a severe weather event while leveraging and deploying our other assets located around the country. It would negate any conflict that a company with other Florida operations may face.

Exelon has significant advantages in operational/regulatory expertise, along with the resources and bandwidth to be able to execute this large and complex transaction. We believe this differentiates us from financial investors, such as private equity or infrastructure funds, that have limited utility experience and no real experience managing large utilities. Additionally, our experience in working with regulators would ensure a more streamlined process in establishing a JEA rate construct for the post-acquisition period and we would be a long-term owner as opposed to many financial investors that have a short-term vision tied to their investment fund's limited life.

Each of Exelon's strategic advantages ensures that our acquisition of JEA would be undertaken successfully and would benefit all stakeholders involved in the process.

5 – Process Goals

Respondents must provide an overview of their ability to satisfy the following goals

Exelon views this ITN process as a top strategic priority, and as such we have dedicated significant internal and external resources to prepare this proposal. We have extensively examined the available public information on JEA, and the information provided in the ITN process to develop a financial model to evaluate how we might affect a transaction. Our internal team is composed of experts in utility operations, generation, human resources, environmental, legal and finance. In addition, Exelon has engaged external resources to support the evaluation of JEA and the creation of this ITN reply including engaging a team of consultants, industry veterans, and financial and legal advisors to evaluate the opportunity. External advisors engaged to date include Barclays Capital; Centerview Partners; The Boston Consulting Group; Littlejohn Mann & Associates; John Young (former COO of American Water and President of American Water Works Service Company ("AWWSC")); Morgan, Lewis & Bockius LLP; Akerman; Driver, McAfee, Hawthorne & Diebenow; and Rutledge & Ecenia. We are also in late-stage discussions with several full-service technical consultants to provide support during customary due diligence of JEA's water and wastewater business.

The submission of this ITN reply has been reviewed by, and has the support of, our Chief Executive Officer and our senior leadership team. The final negotiated transaction would require the approval of Exelon's Board of Directors.

This ITN reply is based on the information available to Exelon to date and would be further refined in the next phase of the process. Based on our review to date, we are pleased to submit the following responses to the process goals outlined by JEA.

5.1 Greater than $3 Billion of Value to the City of Jacksonville

✓ **Exelon's proposal will deliver this goal**

Based on our review of the ITN materials and public information available to date, we are confident that we can deliver greater than $3 billion of net cash consideration to the City of Jacksonville (along with other financial requirements) as laid out in the minimum ITN requirements. We have the financial markets access needed to provide meaningful value to Jacksonville. We have completed several large acquisitions in our recent history, including the $7.9 billion acquisition of Constellation (enterprise value of $12.6 billion) for stock in 2012 and the $6.8 billion acquisition of PHI (enterprise value of $12.6 billion) in 2016 for cash. Both acquisitions prove our ability to conduct the due diligence necessary to commit to a transaction, obtain financing, navigate the regulatory process, and partner with key stakeholders to successfully execute large-scale transactions, while delivering value to all stakeholders.

5.2 Greater than $400 Million of Value Distributed to Customers

✓ **Exelon's proposal will deliver this goal**

Exelon has a proven track record of providing immediate, tangible benefits to customers following the close of a merger. Following the acquisition of PHI, Exelon provided value equal to $460 million in the form of rate credits and other valuable programs specifically requested by the regulatory commissions. These benefits were supplemental to the ongoing financial benefits that all customers

received through the achievement of merger synergies. In preparing our ITN reply, we have assumed that we would credit >$350 to each JEA account (or >$1,400 for customers with electric, water, sewer and irrigation accounts) for a total of >$400 million in customer credits provided to customers through bill credits post-close. In addition to the >$400 million provided to customers, we would seek to work with regulators and community groups to deliver the best mix of near and longer-term benefits, including workforce development programs and customer-benefitting investments, similar to what was provided in the PHI merger. The exact form of these additional benefits will be dependent upon the needs of the community. As we did with our most recent acquisition of PHI, we would expect to work with various parties to create the most attractive and useful benefits package for customers.

5.3 Three Years of Contractually Guaranteed Base-Rate Stability

✓ **Exelon's proposal will deliver this goal**

Exelon understands the importance of providing affordable, reliable services to our customers, and we are committed to providing a three-year base-rate freeze upon closing of the transaction. We are confident in our ability to offset the impact of a privatization of JEA and to otherwise minimize customer rate pressure after the rate freeze, particularly as the Vogtle PPA comes into effect potentially in late 2021 and for the second unit in late 2022.

Exelon understands the importance of rate stability, particularly in the event of a transaction. In the PHI merger, a portion of the $460 million in benefits provided to customers included an allotment to protect residential customers from rate increases.

Further, Exelon anticipates potential changes to the cost structure at JEA that would offset the costs of privatization and minimize Vogtle impact to ratepayers. We would also pursue alternative revenue streams that we use at our utilities to relieve rate pressure.

Exelon Utilities has successfully implemented a variety of cost-reduction programs for customers, including utility efficiency programs that allow us to reduce operations and maintenance ("O&M") dollars and promote innovations that help to minimize customer rates, while also maintaining commitments to employees. We are constantly looking for ways to reduce operating expenses to help offset the rate impact of capital investments required to improve reliability/resiliency as well as innovation and security.

5.4 Commitment to Develop and Provide the City of Jacksonville and the Duval County Public School System 100% Renewable Electricity by 2030

✓ **Exelon's proposal will deliver this goal**

Exelon has identified a number of approaches for meeting the 100% renewable energy requirements of the City of Jacksonville and the Duval County Public School System by 2030, including building new solar or entering into a PPA that supports new solar build. Exelon will work with JEA stakeholders to determine the preferred approach for meeting the renewables requirement, including a less-expensive alternative of procuring renewable energy credits ("RECs"). These potential approaches are detailed below:

Build New Solar Capacity. Exelon has its own C&I solar development capabilities that have built and developed 396 MW of installed solar capacity at more than 450 locations across 13 states and D.C. (AZ, CA, CO, CT, DE, GA, MA, MD, NJ, NY, OH, OR, TX) since 2007. These

facilities serve municipalities, universities, schools, and hospitals, delivering more than 900,000 MWh per year.

Enter into a PPA that Supports New Solar Build. Through our Constellation subsidiary, Exelon has experience with serving the power needs of some of our largest customers via a 100% renewable product through its CORe ("Constellation Offsite Renewables") products, as well as its own solar development capabilities. Constellation's CORe products combine location-specific renewable energy purchases and renewable energy certificates with a physical, load-following, energy supply contract. These CORe products can be structured to either integrate renewable energy purchases from existing renewable generation or support the development of new utility-scale renewable energy assets, leveraging third-party renewables developers. Constellation's experience with CORe is in excess of the scale of the City of Jacksonville and Duval County Public School System (~350,000 MWh/year), and includes customers such as Starbucks, Comcast, and Johns Hopkins University.[6]

Procure Renewable Energy Credit. Alternatively, inexpensive RECs are available where there is a surplus of renewable energy credits relative to state mandates. Although lower-cost options exist for meeting this renewable commitment, purchasing out-of-state RECs would not provide the equivalent direct and indirect economic benefits of building solar projects in the community, help reduce average generation system fuel costs, or provide protection against increases in future energy prices.

Exelon has a strong track record for delivering on renewables commitments following mergers.

- In the merger with Constellation, Exelon provided $4 million to support Maryland's Energy Efficiency Act, pledged $30 million for offshore wind development and pledged $10 million to develop electric vehicles and 25 MW of renewable energy.
- In the merger with PHI, Exelon demonstrated its commitment to renewables by committing to purchase 100MW of wind power and conducting RFPs to purchase wind RECs up to 120 MW, committing to the development of 32 MW of solar, committing to improve the interconnection process for solar, committing $21.25 million in funding for Grid of the Future process and in providing pilot projects, and committing $14.4 million in funding for a Green Energy fund.

In summary, Exelon is well positioned to provide the City of Jacksonville and the Duval County Public School System with 100% renewable electricity by 2030 in a manner that best supports the economic interests of the City of Jacksonville.

5.5 Commitment to Develop and Provide 40 MGD of Alternative Water Capacity for Northeast Florida by 2035

✓ **Exelon's proposal will deliver this goal**

Exelon recognizes the vital importance of preserving groundwater resources of the Floridian aquifer that contributes most of the public, private, agricultural and C&I water consumed in Florida. We commit to building on the successes that JEA has achieved through its One Water Program in finding affordable ways to develop and provide 40

[6] https://www.constellation.com/solutions/for-your-commercial-business/renewable_energy/Constellation-Offsite-Renewables.html

MGD of Alternative Water Capacity for Northeast Florida by 2035 at a price equal to or less than existing tariffs.

Water resources are critically important to Exelon's generation assets that span water jurisdictions across the Northeast, Mid-Atlantic, Southeast and Southwest states. Each day ExGen pumps a total of 52,000 MGD of cooling water from the oceans, rivers, lakes, purpose-built impoundments, treated wastewater and groundwater sources. Cooling water requires careful monitoring of the chemical constituents and pre-treatment to prevent damage to critical cooling equipment and to comply with water-release permits. Exelon also operates major run-of-river hydroelectric such as the 572 MW Conowingo facility located in Maryland and the 1,070 MW Muddy Run pumped storage facility. These assets must operate in strict compliance with various restrictions including minimum flow and oxygen concentration, as well as serving to mitigate flood damage to downstream properties.

Exelon's execution plan consists of two parts. First, we will continue to aggressively pursue conservation programs in JEA's service territories. Conservation is one of the least costly ways to reduce groundwater consumption. Tools for effective conservation may include using advanced technologies such as advanced metering infrastructure to help users manage their supply needs along with finding ways to support customer behavioral changes such as implementing educational seminars, rebate programs for customer improvements, and tiered rates. In addition to customer conservation, reducing nonrevenue water ("NRW") will improve water efficiency. NRW is primarily associated with pipe leakage but also includes water theft and other unmetered uses. Reducing NRW conserves water without impacting customers.

Secondly, we will work collaboratively with the St. Johns River Water Management District ("SJRWMD"), the North Florida Regional Water Supply Partnership, the Florida Department of Environmental Protection ("FDEP") and the Jacksonville Stormwater Utility to identify, select, develop, fund, construct and operate alternative water supply projects necessary to achieve or exceed the alternative water capacity requirement in the most cost-effective, safe and sustainable manner.

Alternative water supply options may include aquifer recharge, through rehydration of wetlands and injection wells, and developing alternative water supply sources such as reclaimed water, stormwater and alternative aquifers such as the Lower Floridian and Fernandina aquifers to blend with existing Upper Floridian sourced supplies. Exelon will undertake an extensive review of JEA's existing studies including JEA's Integrated Water Resource Plan and will work collaboratively with the SJRWMD to initiate any new studies that may be required to provide the basis for developing an overall implementation plan. This work will prioritize projects that can support FDEP's beneficial reuse utilization goal of 75% by 2035 and will evaluate opportunities for using surface water and/or capturing stormwater runoff that have co-benefits such as flood control, aquifer recharge, nutrient reduction or helping meet minimum flow requirements of surface water bodies.

Beyond providing additional alternative water capacity, reclaimed water capacity needs to be complemented with establishing customer demand for both nonpotable and potable uses of reclaimed water. Education and public outreach will be critical elements to maintain public confidence in safe drinking water and to gain support for broader reuse initiatives, and Exelon brings a wealth of experience in successful community engagement to support JEA's efforts. Performing treatability investigations and detailed hydrologic investigations near existing or planned treatment facilities will be pursued to identify the technical feasibility and costs

for indirect potable use. Exelon will also pursue efficiently investing to build out the distribution infrastructure to store, treat and distribute reclaimed supplies for nonpotable use both within and potentially external to JEA's service territories.

Furthermore, Exelon recognizes that JEA's water service territories tend to be proximate to coastal areas and to the Lower St. Johns River. Intrusion of brackish water into the Floridian aquifer is a constant threat, making it imperative to continuously monitor water quality and adjust groundwater withdrawal to help mitigate any further decline in water quality in these supply areas.

Through these initiatives, Exelon will look to build on JEA's recognized industry leadership in water and wastewater management, operational efficiency, automation and water quality monitoring programs.

5.6 Protection of Certain Employee Retirement Benefits

✓ **Exelon's proposal will deliver this goal**

A key aspect of Exelon's previous merger integrations includes a thorough analysis of compensation and benefits programs driving a careful integration process that is sensitive to the potential impacts of changes for employees. We approach the JEA opportunity in the same way.

We understand that the JEA Board of Directors and the Jacksonville City Council have approved legislation enhancing the retirement benefits and vesting of JEA employees if a "Recapitalization Event" occurs. Upon a Recapitalization Event, JEA would make an additional contribution to the Jacksonville General Employees Retirement Plan to fund the benefit enhancement. Exelon is prepared to account for this contribution, currently estimated at $132 million, as part of its purchase price for JEA.

We understand the need for a careful transition from governmental retirement programs to private arrangements that would be supplemented by prospective Social Security participation. Exelon is committed to protecting employees' overall level of retirement benefits.

5.7 Maintenance of Substantially Comparable Employee Compensation and Benefits for Three Years

✓ **Exelon's proposal will deliver this goal**

Exelon intends to assume the SJRPP pension and OPEB plans and related trust assets and liabilities. In addition, we are committed to providing substantially comparable aggregate compensation and benefits to JEA employees for three years. We have provided similar assurances in our other utility mergers and acquisitions. Exelon provides competitive compensation and benefits measured against a peer group of other large utility, energy services and capital asset-intensive businesses. Our general experience has been that our compensation and benefits considered in the aggregate compare favorably to our peers.

5.8 Retention Payments to All Full-Time Employees of 100% Current Base Compensation

✓ **Exelon's proposal will deliver this goal**

Exelon is committed to retaining and engaging employees during a transition period and understands that this is crucial to successful integration. We recognize that retention payments are an important component of an overall program to retain existing employees as they make the transition into the Exelon family of companies. Exelon is committed to providing retention payment packages to all full-time employees at 100% current base rate compensation.

5.9 Commitment to New Headquarters in Jacksonville, Contributing to the Economic Development of the Community

✓ **Exelon's proposal will deliver this goal**

Exelon understands the importance of maintaining a strong, local presence. As part of its acquisition of Constellation, Exelon agreed to construct a new commercial headquarters building and to maintain the existing BGE corporate office building in downtown Baltimore. As part of the PHI acquisition, Exelon agreed to establish co-headquarters at PHI's headquarters in Washington, D.C. by moving the headquarters of Corporate Strategy and EU and the offices of the Chief Financial Officer, Chief Strategy Officer, and Chief Executive Officer of EU to Washington D.C. Similar to Exelon's prior mergers, we would commit to the new JEA headquarters in downtown Jacksonville and maintain senior leadership presence in Jacksonville, including the current workforce. Jacksonville would remain JEA's headquarters.

6 – Response to Evaluation Criteria

6.1 Proposal to Achieve JEA's Goals as Articulated in the ITN

Respondents must indicate clearly and specifically how their reply would allow JEA to achieve the goals outlined in this ITN

Exelon proposes to acquire through Respondent the JEA Electric System, Water and Wastewater Systems, and District Energy System. Our proposal reflects ITN materials released and public information available to date, and we expect to refine our proposal based on additional information provided during the Negotiation Phase. Our proposal would satisfy JEA's Minimum Requirements as set forth in the table below and as detailed in the prior Section.

Figure 12: JEA Goals and Exelon Proposal

Category	Requirement	Met by Proposal?	Reference Section
Financial	• >$3 billion of value to the City of Jacksonville	✓	5.1
Customers	• >$400 million of value distributed to customers ($350+ paid to each JEA account; $1,400+ for customers with electric, water, sewer and irrigation accounts)	✓	5.2
	• At least three years of contractually guaranteed base rate stability for customers	✓	5.3
Environmental	• Commitment to develop and provide the City of Jacksonville and the Duval County Public School system with 100% renewable electricity by the year 2030	✓	5.4
	• Commitment to develop and provide 40 million gallons per day of alternative water capacity for Northeast Florida by the year 2035	✓	5.5
Community Impact	• Protection of certain employee retirement benefits	✓	5.6
	• Maintenance of substantially comparable employee compensation and benefits for three years	✓	5.7
	• Retention payments to all full-time employees of 100% current base compensation	✓	5.8
	• Commitment to new headquarters and employees in downtown Jacksonville, contributing to the economic development of the community	✓	5.9

6.1.1 Financial

See Section 5.1 for additional detail.

Based on information reviewed to date, Exelon is confident that we have the capacity to deliver greater than $3.0 billion of value to the City of Jacksonville as laid out in the ITN minimum requirements. We have the financial capacity and capital markets access required, as evidenced by our success in prior acquisitions. Completed large acquisitions include the $7.9 billion acquisition of Constellation (enterprise value of $12.6 billion) for stock in 2012 and the $6.8 billion acquisition of Pepco Holdings (enterprise value of $12.6 billion) for cash in 2016. Both acquisitions prove our ability to finance and successfully execute large-scale transactions, while delivering ongoing, long-term value to all stakeholders.

6.1.2 Customers

See Section 5.2-5.3 for additional detail.

Exelon has a proven track record of providing immediate tangible customer benefits subsequent to closing acquisitions through a combination of rate credits and other programs. In addition, customers have benefited from ongoing merger synergies through the recognition of cost reductions in their rates, through the standard rate process. Customer benefits are a priority each time a new utility is brought into the Exelon family. We rely on our breadth of prior experiences to provide better value to new customers and consistently demonstrate positive customer outcomes in all of our previous acquisitions. Our deep experience allows us to put forward best practices and a blueprint that has consistently proven successful in a more valuable experience for the customer.

Customers received significant additional value and benefits as a result of the 2016 Pepco transaction. In addition to millions of dollars

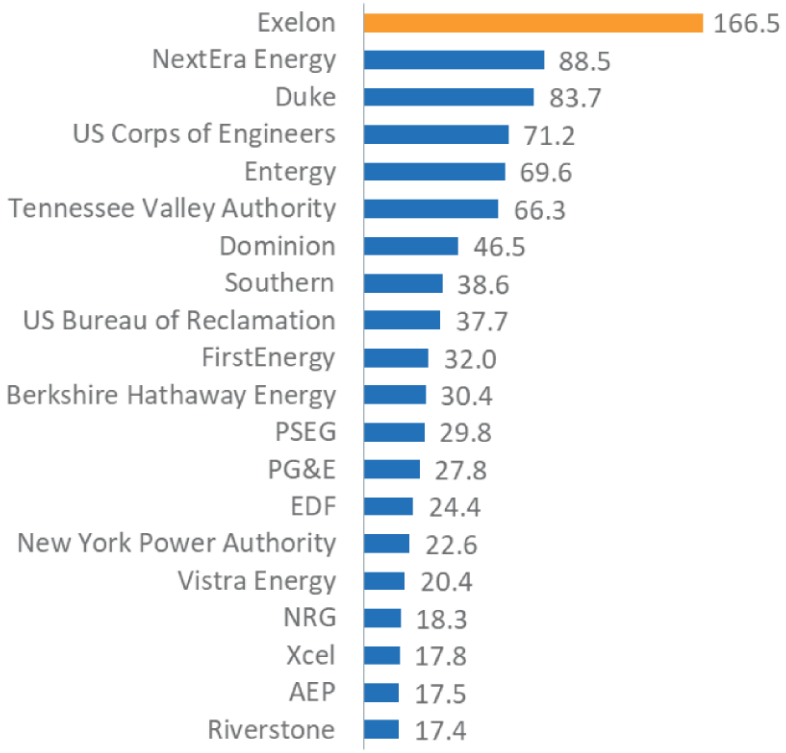
of direct rate bill credits to customers, the transaction also produced significant other customer improvements such as, but not limited to the one-time elimination of unpaid residential bills, faster solar installations, higher system reliability performance and millions of dollars put toward energy efficiency programs with an emphasis on low-income households. Exelon has made the realization of significant customer improvements through each prior acquisition not only a priority but an expectation. Our proven track record and our expertise at providing additional value and benefits to the customer supports our confidence that we will deliver on meeting the expectations set forth by JEA. Specifically, Exelon is committed to providing JEA customers rate stability as well as $400 million of value.

6.1.3 Environmental

See Section 5.4-5.5 for additional detail.

Exelon is the nation's largest generator of carbon-free energy with emission rates of CO_2 that are 90% below the industry average.

Figure 13: Largest Producers of Zero-Carbon Generation[7] (million MWh)



As detailed in our 2018 Sustainability Report,[8] Exelon was named to the Dow Jones Sustainability North America Index for the 13th consecutive year in 2018. In 2019, the Exelon Foundation and Exelon

[7] Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States, MJ. Bradley & Associates (June 2019); Data used in the benchmarking report was calendar year 2017.

[8] https://exeloncorp.com/sustainability/Documents/dwnld_Exelon_CSR%20(1).pdf

Corporation launched a $20 million Climate Change Initiative to cultivate startups working on new technologies to reduce greenhouse gas emissions and mitigate climate change.

Exelon commits to providing the City of Jacksonville and the Duval County Public School System with 100% renewable electricity by 2030 and is well positioned to do so given our history of developing distributed solar resources at 450 locations serving municipalities, universities, schools and hospitals across 14 states. Exelon will seek further ways to decarbonize the energy supply by encouraging energy efficiency, promoting beneficial electrification of the economy and exploring voluntary solar programs that will help displace generation supplied by higher-cost, carbon-emitting resources.

In addition, Exelon is committed to finding ways to develop and provide 40 MGD of alternative water capacity for Northeast Florida by 2035 at a price equal to or less than existing tariffs. This will be done through implementing conservation programs across JEA's service territories, implementing advanced metering infrastructure and working with the SJRWMD, the North Florida Regional Water Supply Partnership and the FDEP to secure alternative water supply options in the most cost-effective manner. These options can provide meaningful co-benefits such as reducing the amount of nitrogen released into the St. Johns River or supporting local flood control projects. Exelon will continue ongoing successful JEA programs such as finding beneficial uses of biosolids, broadening the reuse of treated wastewater and incorporating septic solutions for the JEA wastewater system. Through such initiatives, Exelon will preserve and protect the water resources of Northeast Florida.

6.1.4 Community Impact

See Section 5.6-5.9 for additional detail.

Investing in our employees with fair compensation and competitive benefits is a fundamental pillar that supports Exelon's mission. This is demonstrated through our comprehensive employee retention strategy that results in a productive, diverse, and well-compensated workforce. Exelon is also proud of workforce programs that include an industry-leading paid leave policy, participation in the Equal Pay Pledge, and tuition reimbursement that supports our employees' development as leaders and industry experts. In fact, Exelon has been recognized as one of the "Best Places to Work" from multiple reputable publications including *Fortune Magazine* and *Military Times Magazine*. Exelon is confident that the community impact goals described in the ITN will be met in part through these policies and programs coupled with prioritizing stability for JEA workers.

Exelon is not only dedicated to the well-being of our employees, but also to the communities we serve. A strong Exelon workforce and a healthy and thriving community are complimentary. In 2018, Exelon employees generated $13.3 million through the employees giving campaign and committed 240,000 hours of volunteer service time. Exelon knows that JEA's presence in the community is vital to its ability to undertake its mission. Exelon would look forward to solidifying our community presence by committing to downtown Jacksonville headquarters that would serve as an economic engine for the entire city.

6.2 Experience and Customer Commitment

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 systems or other complex business entities.

6.2.1 Longevity of Utility, Generation, T&D Operations Greater Than Five Years

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged through Exelon Utilities in the energy delivery business and in the energy generation business through ExGen. Exelon's legacy utilities – ComEd (1913) and PECO (1929) – have been operating for 90+ years and ~20 years under Exelon management. In 2012, as part of the merger with Constellation, Exelon inherited BGE (1906) and, in 2016, as part of the acquisition of PHI, Exelon acquired Pepco (D.C., 1896 and VA, 1949), DPL (DE, 1909 and VA, 1979) and ACE (1924).

Exelon Utilities have a long tradition of maintaining, operating and investing in electric transmission and distribution utilities. Several of Exelon's utilities have served customers for over 100 years.

Exelon's utilities own, maintain, operate, plan and design the distribution infrastructure needed to deliver power reliably. Today Exelon operates 11,728 miles of electric transmission lines, 150,000 miles of electric distribution lines and 30,563 miles of natural gas transmission, distribution and service lines across our six utilities.

6.2.2 Successful Customer Relations

Successful customer relations demonstrated through customer outreach, surveys such as JD Power or other comparable sources

Our utilities offer a wide range of programs enabled by smart grid technologies that enhance the customer experience through improved communication tools. We also offer programs to help customers understand and manage their energy usage and take actions in areas such as energy efficiency. These include:

- Providing innovative service options that offer customers a wider range of channels to communicate with us and get information (e.g., mobile apps, social media, website, text);
- Improving the accuracy and timeliness of information to customers during outages, including restoration estimates;
- Helping customers manage energy use and lower costs through implementation of a growing portfolio of energy efficiency and smart usage rewards programs;
- New and improved ways for customers to obtain information to understand and monitor their energy use;
- Communicating proactively with government officials, agencies and media during storm events to help customers understand safety concerns, challenges, the extent of efforts to restore power and when they should have their power back on; and

Exelon Utilities has a track record of sustained customer satisfaction. J.D. Power Residential and Business Electric Customer Satisfaction is an industry-standard methodology that entails online interviews with tens of thousands of customers across the United States to measure their satisfaction with their electric utility. The following table summarizes our improvement across utilities:

Figure 14: J.D. Power Customer Satisfaction

Residential					
Utility	**2013**	**2014**	**2015**	**2016**	**2017**
BGE	643	664	680	715	728
ComEd	627	653	671	715	723
PECO	648	659	675	718	734
PHI	622	652	658	698	713
Average	***639***	***647***	***668***	***680***	***719***
Business					
Utility	**2013**	**2014**	**2015**	**2016**	**2017**
BGE	636	660	683	741	790
ComEd	640	664	698	757	765
PECO	652	644	689	730	761
PHI	642	647	690	747	753
Average	***662***	***677***	***704***	***755***	***765***

BGE. J.D. Power ranked BGE "Highest in Customer Satisfaction with Business Electric (Large Utilities) and Natural Gas Service in the East."[9] BGE's customer satisfaction improved due in part to marketing campaigns that increased customer awareness of our efforts to improve the billing and payment experience.

ComEd. ComEd's customer satisfaction improved due to increasing satisfaction of residential and small business customers related to outage frequency and duration. Among small business customers, there was also meaningful improvement in perceptions of rates and outage information.

PECO. PECO's performance was attributable to high reliability and customer service satisfaction among both residential and small business segments. In addition, PECO embarked on a company-wide "Plus One" employee training initiative designed to enhance the culture and continuously deliver a premier customer experience.

PHI. Since our acquisition of PHI in 2016, PHI has continued strong performance in terms of customer satisfaction with reliability, with ongoing efforts in place to enhance the customer experience across segments.

Customer care center satisfaction continues to improve, and all utilities exceeded targets in 2018. These gains are primarily attributed to a focus on improving call resolution, self-service enhancements and standardized training and process improvements.

6.2.3 Corporate Culture Demonstrating Commitment to Operations

Exelon Utilities was established as a governance and oversight organization to drive standardization and best practice adoption across Exelon's six utility operating companies in order to drive

[9] BGE received the highest score in the East Large segment of the 2018 Electric Utility Business Customer Satisfaction Study and the East Region of the 2018 Gas Utility Business Customer Satisfaction Study of electric and gas utility customer satisfaction among business customers.

operational excellence. The primary objective includes pursuing a consistent approach to business operations, which leverages utility scale to build efficiency, drive down costs and build/maintain a road map for sustainability. The utilities in the fleet have achieved significant savings and cost reductions due to economies of scale, synergy savings and the convergence of platforms, among other things. Our talent development program increases the talent pipeline as leaders assume cross-operating company roles, and we are able to share employees in response to specific project needs and emergency response. Our health and wellness programs help retain our talent for the long term.

Exelon Management Model

Exelon Utilities has accelerated the integration of four acquired utilities via a playbook approach, known as our Management Model, and has adopted nearly 500 best practices transferred across the Exelon Utilities' operating company fleet. The Management Model drives alignment, performance and consistent approaches across our utilities. Exelon Generation also has its own Management Model to drive these elements across all of our generating facilities. The governance model ensures that all roles and responsibilities are clear for operating functions and helps enable efficient sharing of best practices. Some examples of leveraging best practices include:

Developing a culture of safety. Workforce safety and health is our highest priority, and we implement policies and programs that maintain a strong safety culture. We prioritize health and safety performance improvements through our comprehensive safety management system ("SMS") and targeted initiatives for areas of high risk. We conduct risk assessments, track and investigate incidents and implement corrective action programs through our SMS. In 2018, we introduced Cognitive Safety Strategy which utilizes technology in place of people to perform riskier tasks or provide tools to reduce risks.

Exelon Utilities implemented a fully aligned common Human Performance Program across the utilities. PHI had no program in place prior to the merger; since the merger and the adoption of this program, PHI has experienced a 19% improvement in Human Performance incident rate since 2017.

Engaging employees is a critical component of creating our safety culture and, in 2018, our employees participated in 750,000 hours of hands-on safety training. In 2018, 46 employees were nominated for our Safety Achievement Awards. Two of the winning projects included:

BGE. Employees developed an innovative fault-tree analysis technique that uncovers critical risks of gas ignition injury related to burn-through of plastic gas pipe that can be caused by electric cable faults in common trenches housing both electric and gas lines.

PECO. Employees developed a safe, nontoxic gel that sticks to the targeted surface when deployed and does not blow or burn away like traditional fire extinguishing agents. The gel is nonconductive up to 50,000 volts and reduces thermal heat up to 10,000 degrees Fahrenheit.

Ensuring the safety of our employees and contractors is integral to Exelon's culture, and Exelon continues to explore areas to improve.

Figure 15: Exelon Employee Safety Performance

	2016	2017	2018
OSHA Recordable Rate[1]	0.65	0.52	0.57
OSHA DART Rate[2]	0.44	0.32	0.36
OSHA Severity Rate[3]	12.11	8.17	9.06
Exelon EEI Serious Injury Incident Rate[4]	0.10	0.07	0.04
Exelon's Contractor OSHA Recordable Rate	0.68	0.59	0.59

[1] The number of work-related injuries or illnesses requiring more than first-aid treatment, per 100 employees.
[2] The number of work-related injuries or illnesses that result in days away from work, restricted work or transfer, per 100 employees.
[3] The number of days away from work per 100 employees as a result of work-related injuries or illnesses.
[4] The EEI Serious Injury Incident Rate is a benchmarkable metric of significant and fatal injuries shared by EEI members.

Achieving operational efficiencies and optimization. All EU operating companies have implemented procedures to incorporate sectionalizing and Isolate and Restore techniques to drive CAIDI performance, which has resulted in PHI's 2.5 Beta CAIDI decreasing from 101 minutes in 2016 to 87 minutes in 2018. Other ongoing reliability improvements at our utilities include:

- Installation of new electronically controlled switches to reduce the number of customers affected when outages occur;
- Targeted reliability upgrades to address areas where reliability is below the system average;
- Continued integration of information from smart meters into the outage management process;
- Measurement and management of outage restoration processes for improved efficiency; and
- Investigating new technologies for opportunities to reduce outage frequency and duration, among others.

Collectively, Exelon has maintained first-quartile SAIFI and CAIDI metrics across three of its four utilities (PECO was second quartile in CAIDI, and PHI was second quartile in SAIFI). ACE received the Reliability One award for Outstanding Midsize Utility in 2018, recognizing Exelon's 2017 reliability performance ranking in the top 95th percentile as benchmarked by PA Consulting.

Figure 16: Reliability Metrics

SAIFI[1]	2016	2017	2018
BGE	0.90	0.63	0.84
ComEd	0.62	0.56	0.61
PECO	0.77	0.72	0.82
PHI	1.02	0.81	0.81

CAIDI[2]	2016	2017	2018
BGE	87	82	86
ComEd	86	81	81
PECO	88	91	94
PHI	101	86	87

[1] System Average Interruption Frequency Index (SAIFI) = Average number of interruptions per customer (total interruptions), excluding major events, per IEEE definition 1366, and planned interruptions.
[2] Customer Average Interruption Duration Index (CAIDI) = Average outage duration (in minutes), excluding major events, per IEEE definition 1366, and planned interruptions.

Robust Cybersecurity Programs. Security at Exelon is not an option, it is an imperative. Exelon maintains robust response and recovery programs to ensure the company's resilience amid an evolving landscape of physical and cyber threats to personnel, assets, operations and customers. Exelon's Corporate & Information Security Services ("CISS") team maintains an enterprise-wide, risk-based, intelligence-driven "defense-in-depth" security approach. By applying the layered, defensive mechanisms, CISS proactively provides the security needed to deter and delay attacks and withstand their potential impacts. In 2018, we enhanced our security governance programs and created a more consistent structure across all of our assets. We refreshed our security controls program to better align with industry standards, principally the National Institute of Standards and Technology ("NIST") Cyber Security Framework ("CSF") which helps promote the protection and resilience of critical infrastructure at multiple levels, consisting of controls designed to identify, protect, detect and respond to and recover from a spectrum of threats. We also implemented the mandatory regulatory requirements defined by the NERC and NRC standards, ensuring further protection of our assets. Exelon continues to work with industry peers, government entities and technology firms to share cyber and physical threat information, with the goal of providing cooperation and support during event response and recovery efforts.

Attracting and Accelerating Top Talent. Exelon must continue to seek skilled employees, particularly in the STEM areas, to enable our continued evolution into the next-generation energy company and to address the challenges posted by an aging workforce. Exelon attributes its success to the talented, dedicated employees that work at our company. We prioritize cultivating the success of our employees by attracting highly qualified and diverse talent. Exelon offers its employees a number of progressive workforce policies including paid leave, tuition reimbursement, and equal pay, among others. Robust leadership and development opportunities are available to all employees at all levels and range from developing technical skills to gaining insight into soft skills such as communication and leadership abilities. In 2018, for the second consecutive year, Exelon was named No. 14 on Indeed's Best Places to Work.

Workforce Development and Retention. Investing in our employees and potential future employees through focused training and development helps Exelon maintain the cutting-edge workforce we need to best serve our customers. Exelon offers a variety of robust development programs for all levels of employees and leaders. These programs focus on developing employees' technical job-related skills and help employees gain insight into their soft skills such as communication, leadership and innovation.

Supporting a Culture of Health and Wellness. Exelon employees power our community and we are committed to helping them maintain and improve their health. Exelon's Power Through Health wellness program offers a wide range of health and wellness services including on-site biometric screenings, walking and nutrition challenges, health coaching, fitness reimbursements, smoking cessation, heart health education, opportunities for volunteerism and more.

6.2.4 Focus on Maintaining Reliability and Minimizing Time of Disruptions

Exelon and its utilities provide access to unparalleled resources, processes and expertise and have top-tier performance in the electric utility industry.

Year after year, our 16,000 utility employees have successfully operated a vast and complex transmission and distribution system

that spans 140,000 miles in four of the largest cities in the United States. From an operating perspective, our utilities consistently perform in the top quartile in the United States with some near best in class. We also have a number of initiatives under way to improve our OSHA metrics.

Figure 17: YTD 2019 Operating Performance Metrics

Operations	Metric	At CEG Merger (2012)			2015	YTD 2019			
		BGE	ComEd	PECO	PHI	BGE	ComEd	PECO	PHI
Electric Operations	OSHA Recordable Rate								
	2.5 Beta SAIFI (Outage Frequency)								
	2.5 Beta CAIDI (Outage Duration)								
Customer Operations	Customer Satisfaction				N/A				
	Service Level % of Calls Answered in <30 sec								
	Abandon Rate								
Gas Operations	Percent of Calls Responded to in <1 Hour		No Gas Operations				No Gas Operations		
Overall Rank	Electric Utility Panel of 24 Utilities[1]	23rd	2nd	2nd	18th				

[1] Ranking based on results of five key industry performance indicators - CAIDI, SAIFI, Safety Customer Satisfaction and Cost per Customer

Q1	Q2	Q3	Q4

Each utility continues to deliver on key customer operations metrics:

- ComEd and PHI achieved top decile performance in Service Level and Abandon Rate
- BGE, ComEd and PECO recorded top decile performance in Customer Satisfaction
- DPL achieved the No. 1 ranking in J.D. Power's 2019 Electric Utility Residential Customer Satisfaction Study for the East Midsize Region.

This level of reliability demonstrates Exelon's commitment to a high level of service and investments we are making in our system are yielding positive results for our customers. Our continuing modernization investments have produced significant gains in reliability, and, in turn, customer satisfaction. A key contributor to this success was continued investment in grid and gas infrastructure modernization at all our utilities.

Exelon has also demonstrated the ability to assimilate new utilities into its portfolio and quickly transfer processes and best practices to rapidly improve performance.

Figure 18: Pre- and Post-Merger Operating Performance Metrics

Operations	Metric	Pre-Merger		Post-Merger	
		2012	2015	YTD 2019	
		BGE	PHI	BGE	PHI
Electric Operations	OSHA Recordable Rate				
	2.5 Beta SAIFI (Outage Frequency)				
	2.5 Beta CAIDI (Outage Duration)				
Customer Operations	Customer Satisfaction		N/A		
	Service Level % of Calls Answered in <30 sec				
	Abandon Rate				
Gas Operations	Percent of Calls Responded to in <1 Hour				

Q1	Q2	Q3	Q4

6.2.5 Focus on Maintaining Rate Stability for Customers

Exelon Utilities has a demonstrated track record of achieving customer rate stability. The table below demonstrates the residential electric rates for our utilities from 2009-18. Exelon has maintained stable rates for our customers for over a decade.

Figure 19: Residential Electric Rates (cents/kWh)

Utility	ACE	BGE	ComEd	DPL - DE	DPL - MD	PECO	Pepco - DC	Pepco - MD
2009	15.8	15.8	11.7	14.4	14.9	14.4	13.7	15.8
2010	16.5	14.7	12.2	14.4	14.9	14.9	14.0	15.7
2011	16.0	13.8	12.6	14.4	13.5	15.5	13.4	14.1
2012	16.9	13.2	12.4	14.2	13.3	15.3	12.2	13.4
2013	16.4	13.8	11.3	13.4	14.0	14.9	12.5	13.7
2014	15.5	13.7	12.2	13.7	14.5	14.5	12.5	14.0
2015	17.2	14.2	13.2	13.7	14.8	13.6	12.3	14.2
2016	17.4	14.7	12.2	13.7	14.9	14.0	11.5	14.6
2017	17.6	14.1	12.9	13.8	14.5	14.0	12.2	14.7
2018	17.0	12.6	13.0	12.5	14.7	12.8	12.1	14.7
CAGR	***0.9%***	***(2.5%)***	***1.2%***	***(1.6%)***	***(0.1%)***	***(1.3%)***	***(1.3%)***	***(0.8%)***

Source: EIA Website

In addition, Exelon has the cleanest electric generation portfolio of all major utilities, thus allowing customers to get rate stability from cleaner sources versus our competitors.

6.3 Economic Development and Benefits to Jacksonville

Respondents will be treated favorably for their willingness to make commitments to the City of Jacksonville. Additionally, respondents will be treated favorably based on ability to demonstrate how they may drive economic development and job creation in the City of Jacksonville.

Exelon and its operating companies are doing incredible work around workforce development, focusing on the communities with the most acute need of economic opportunity. In every corner of the company, we offer programs that inspire students to pursue STEM education, train high school graduates for a career in the trades and support the work of community and nonprofit partners. Further detail on Exelon's commitment to economic development is provided in Section 4.6.

Exelon invests in workforce development programs because we strongly believe that it is important that the jobs being created through infrastructure and redevelopment projects are filled by local workers. As part of our core business strategy, Exelon is constantly undertaking large-scale projects that help us stay innovative and ahead of the curve when it comes to providing affordable and reliable services. Below are three examples of different infrastructure or development projects we have pursued that directly resulted in local job creation. These would be the blueprint for the type of job creation we intend to provide in Jacksonville.

DPL. DPL was provided $1.8 million in grant dollars from the Energy Efficiency Investment Fund to be spread across four redevelopment projects, growing jobs and the local economies. New natural gas infrastructure will provide additional choices and reduced energy costs to residential and commercial customers.

ComEd. Under the Energy Infrastructure Modernization Act ("EIMA"), ComEd committed to incremental reliability-related investments and smart grid-related investments under a 10-year infrastructure investment plan. ComEd committed to create at least 2,000 full-time equivalent ("FTE") jobs in Illinois during the peak program year. ComEd far exceeded the minimum, creating more than 4,500 FTE jobs during that time.

PECO. PECO developed a solution to provide high-pressure gas for Kimberly-Clark's new gas-fired cogeneration plant that will help the manufacturer of paper products achieve its sustainability goals and support the economy with the retention of 600 jobs in a distressed community.

Pepco. Pepco provided power projects in the District of Columbia that will help stimulate economic and community growth, development and vibrancy across the community. Pepco's award-winning Waterfront Substation supports both existing customers and planned development in the Capitol Riverfront and Southwest Waterfront areas.

Installing infrastructure such as those referenced above fosters new economic development that increases job creation. In addition to creating jobs, the City of Jacksonville and the Duval County School Board will benefit from property taxes that partially offset JEA's current annual contribution to the City.

6.4 Employee Retention and Benefits

Respondents will be evaluated on the basis of their willingness to make certain commitments to employees consistent with JEA's goals of:

6.4.1 Protection of Certain Employee Retirement Benefits

Exelon is committed to protecting employees' overall level of retirement benefits. The recent legislation that received JEA Board approval and was passed by the Jacksonville City Council is an important step in ensuring these worker protections, and Exelon is committed to seeing that these important retirement protections are met.

6.4.2 Maintenance of Compensation and Benefits for Three Years

Exelon is committed to providing substantially comparable aggregate employee compensation and benefits for three years. In prior significant acquisitions, Exelon consistently provided compensation and benefit protections to acquired employees for a substantial transition period. Governmental and private programs may differ in some respects, but we are committed to maintaining compensation and benefits programs that are comparable overall to what employees were eligible to receive under their pre-acquisition programs for three years.

6.4.3 Confirmation of Funding of Retention Payments

Exelon is committed to providing retention payment packages as JEA employees transition to the Exelon family of companies. JEA requires a buyer to provide employees a retention package of 100% of their current base pay. Exelon recognizes the importance of continuity in the workforce and we are committed to meeting this process goal. We welcome a discussion with JEA after due diligence as to other initiatives for retaining and engaging employees during the transition, including financial and nonfinancial incentives and programs.

6.5 Innovation Plan

Respondents should provide initiatives under which they will be committed to provide innovative services or investments that leverage the tangible and intangible assets of JEA in order to achieve the following: Position the business for the future, Create new revenue channels, and "Future-proof" the utility business.

6.5.1 Positioning the Business for the Future

Managing disruption is a critical element to the success of the electrical business. Declining costs of renewables and natural gas prices, technology advances, climate concerns, renewable incentives, government policy, customer preferences and commercial interests are collectively leading to unprecedented disruption in wholesale and retail electric markets throughout the country. These disruptive forces increase the chances for significant stranded costs associated with utility-owned generation investments including those owned by JEA.

A clean electricity future will take investment in new infrastructure and zero-carbon generation on a massive scale. We will need to largely reinvent the electric utility, and this reinvention will need to be repeated in transportation, buildings and industry.

JEA must seek ways to modernize its generation fleet, drive operational efficiency and reduce its carbon footprint. Within the current framework of Florida regulatory policy and consumer demands, Exelon has formulated a generalized resource plan that would position JEA's electric business for the future. The goals of this plan are to modernize and reduce the carbon footprint associated with JEA's current generation fleet while maintaining resource adequacy and customer affordability. JEA could leverage Exelon's well-capitalized, sophisticated operation to react quickly to changes within the utility market. Each of Exelon's six electric utilities is working with state regulators and local communities to support the expansion of electric transportation options. For example, our BGE, Pepco and Delmarva power utilities in Maryland recently received approval to launch a five-year program to install thousands of residential, workplace and public charging stations in support of the state's goal to expand the use of electric vehicles.

Exelon's Own Efforts. To best serve our customers in the future, Exelon's companies are strategically investing in technologies, information systems and infrastructure that make our assets more efficient and resilient and provide more customer choices. We continue making investments in operational efficiency and improvements in system reliability to protect the value of existing assets while finding new ways to offer products and services that allow customers to more fully participate in the energy system. Exelon is able to take advantage of its scale to foster the development and implementation of best practices across our platform.

Since 2000, Exelon has divested or retired more than 6,000 megawatts of coal-fired generation. Zero-carbon resources now produce nearly 90% of the company's electricity output. At the end of 2018, our fleet of nuclear, solar, wind and hydro plants accounted for 12% of all the carbon-free energy produced in the United States. No other utility comes close. Continued operation of Exelon's interests in these plants is expected to significantly eliminate carbon emissions. Today, we are investing our best people and money in emerging technologies to speed the transition from carbon. We have formed partnerships with government, national labs, top universities and venture capital funds. And we have provided seed money to new businesses being incubated inside Exelon to explore innovative business models for vehicle electrification, distributed resource management and social networks for carbon reduction.

Exelon has made robust efforts to adapt its own utilities to meet the demands of the future, and they provide Exelon the experience required to transform JEA across multiple fronts.

Solar Expansion and Grid Integration. Declining installed costs of solar can help JEA reduce its carbon emissions. Voluntary programs combined with very good solar resources have resulted in Florida becoming one on the fastest solar growth areas in the United States.

Exelon would seek ways to extend voluntary programs such as JEA's SolarMax and SolarSmart initiatives. Installed costs for grid-connected solar can be as much as 30% less than installed costs for residential facilities.

In addition to solar purchases, Exelon would embark on developing and building grid-connected Solar Base Rate Adjustment projects ranging in size from 25–50 MW and phased in accordance with customer adoption rates. JEA currently has contracts for approximately 300 MW of solar. Meeting the obligation to supply the City of Jacksonville and the Duval County School District with 100% renewable energy by 2035 will require an additional 150 MW.

The solar additions will offset some of the need for baseload generation. Baseload units including Vogtle, Brandy Branch CC and Northside ST3 can meet JEA's forecasted loads during most shoulder months.

According to JEA's 10-year site plan, JEA's ownership share of Scherer unit 4 and Northside 1, 2 are expected to be responsible for approximately 7.2 million tons of CO_2 emissions in 2019. Total CO_2 emissions from JEA's generation fleet were slightly less than 11 million tons in FY2018. Displacing the dispatch of the Northside CFB units would significantly reduce JEA's total expected carbon emissions.

Depending on economics, Exelon would look at backstopping the intermittency of solar with either quick-start combustion turbines ("CTs") and/or grid storage to provide resource adequacy and ancillary services including spinning reserves and enhanced ramping capability. The addition of approximately 300 MW of quick-start CTs would eliminate the need for one of the CFB units for resource adequacy purposes allowing the phase-out of Northside CFB1 and/or CFB2. The CFB units had above- average fleet dispatch costs in FY2017 and represented the highest-cost units in merit order in FY2018, even exceeding the cost of JEA's simple cycle units.

Utility-built solar and solar + storage can be sited at locations to minimize interconnection and grid upgrade costs and to provide valuable grid services such as ancillary services. Depending on location, grid-connected solar and solar + storage may also delay or avoid costly grid improvements and/or provide grid capabilities required for rapid charging of electric vehicles. Microgrid technology may further compliment solar + storage to provide additional resiliency and emergency backup supply for critical facilities.

Energy Efficiency and Demand Response. Florida law requires the PSC to establish conservation goals to reduce the growth rates of weather-sensitive peak demand, to reduce and control the growth rate of electricity consumption. The PSC establishes goals for demand-side energy resources and investments in generation, transmission and distribution efficiency. Once the PSC has established the goals, utilities subject to the statutes, all IOUs and the state's two largest municipal electric utilities are required to develop and implement cost-effective programs to achieve the goals. The PSC must review the demand-side management goals no fewer than every five years.

Exelon will actively engage in offering energy efficiency programs to JEA's customers. These programs will encourage customer savings

through home energy audits, lighting discounts, appliance recycling, home improvement rebates, equipment upgrade incentives and new innovative programs like smart thermostats and combined heat and power programs.

In 2018, Exelon utilities helped customers save over 21.9 million MWh of energy through customer energy efficiency programs. As a result of Exelon's commitment to providing energy-saving products, programs and services to our utility customers, five of Exelon's six utilities received Energy Star Partner of the Year Sustained Excellence awards – BGE and PECO (eighth consecutive year), ComEd (sixth consecutive year), Pepco (third consecutive year) and DPL (second consecutive year).

Exelon's investments in smarter and more resilient grid systems have demonstrated value to our customers through enhanced reliability, more choice, control and convenience. In 2018, states served by Exelon Utilities, including Illinois, Maryland and the District of Columbia, scored in the top 10 in Grid Modernization Index. Notably, ComEd's work to modernize our energy grid brought greater reliability and control over energy usage to our customers. As a result, Illinois earned the second spot among all states in 2018, and it was the fourth consecutive year that Illinois was recognized as a top state in grid modernization. Maryland, which is served by three Exelon utilities, BGE, Delmarva Power, and Pepco, earned the No. 3 spot. Exelon's utilities have been closely involved in many aspects of the grid modernization in Maryland. These efforts include the state's strong smart meter deployment, high level of customer engagement through energy efficiency and demand response programs, continued investments in the local energy grid to enhance resiliency and reliability, and ongoing efforts to plan the future energy grid, including electric vehicles, battery storage and distributed generation.

T&D Reliability & Automation. Exelon Utilities' strong reliability performance has been driven by targeted investment plans relying on detailed analytics, strong maintenance and work management programs, and asset management tools. We understand where our investments will provide the greatest benefit and we are able to risk-score our assets with a tool that allows us to compare relative investments across categories. Additionally, we have heavily deployed distribution automation, both mainline switches and single phase tripsavers, to minimize customer outages, increasing SAIFI performance. We are driving toward line segments of less than 500 customers at our six utilities. We have also leveraged our advanced metering infrastructure ("AMI") networks as the communication backbone for our distribution automation systems. This has provided tremendous reliability while reducing O&M that would be paid to a cellular carrier. Through our Management Model approach and peer groups we continue to work together across our fleet to identify best practices and align on common standards.

Data Analytics Platform. Exelon Utilities launched an industry-leading analytics effort several years ago to utilize the increasing data streaming from the developing smart grid for new use cases to provide value to our customers. To take advantage of our scale, we have divided the effort into several "domains." This allows us to pool larger amounts of important data across our operating companies. The domains we are currently working include grid, customer, AMI and Smart Energy Services (efficiency programs). The approaches to each domain are unique – for example, the grid team has partnered with GE and its Predix platform while the customer work is being performed with in-house data scientists. This effort is buoyed by a Data Analytics Platform where all of our data resides. We have incorporated machine-learning capabilities into our approach. JEA could benefit from a bigger pool of data for many use cases such as

asset management utilization, historical outage performance, meter analytics and vegetation management.

Large IT Systems. Our scale provides us an opportunity to align on single systems and achieve savings with our vendors. A few large projects currently under way include:

- Advanced Distribution Management System;
- Customer Information System;
- Customer Relationship Management System; and
- oneMDS – an advanced dispatch system for field employees.

Storage. Storage will be an increasingly important part of our future and it is important that we gain first-hand experience with this potentially disruptive technology. Several of our utilities have recently installed and commissioned utility-scale battery storage systems. Our engineers have collaborated and shared learnings from technical (modeling tools, protection, etc.) to operational (fire safety, operating procedures, etc.).

- **BGE Coldspring.** This installation of LG Chem Li-ion batteries has deferred construction of a new substation for one year by deploying 1 MW/1 MWh of battery storage. Using a phased installation of additional storage capacity, the final installation of 5 MW/20 MWh is expected to allow the deferral for at least five years.
- **ComEd Zion TDC.** A 2 MWh Tesla battery has been deployed to defer the addition of a 40 MVA transformer at the Zion substation.

Emerging Technology Pilots. Pilots of emerging technology can be expensive and are typically classified as O&M. We are able to launch these at one utility and share the learnings broadly. Examples of a few pilots under way include the Bronzeville Microgrid, Distribution Energy Resource Management System, Peer-to-Peer/transactive energy, smart inverters and adding water meters to our AMI system. Additionally, ComEd has installed a state-of-the-art testing facility that engineers can use to model and test new grid equipment. Several technologies have matured and are now being deployed on a wide-scale basis, such as Smart LED streetlights.

Digital Tools. We have grown and developed the capability to rapidly develop new digital tools in-house using an agile methodology. To highlight a few, customers can use Alexa to inquire about their outage history or billing information, visit our digital solar tool kit to learn about solar on their home and how it might impact their bills, and sign up for new service using voice on their cell phones. The team is also working with new chatbot technology and robotic process automation ("RPAs") to automate highly repeatable processes.

Resiliency. Resiliency is a topic of growing importance in our industry. We are working with EEI, the DOE and others to build consensus around the definition and measurement of power sector resiliency as a necessary first step toward refining our proposed investments in cyber and physical hardening. We are completing a methodology that allows us to understand the tradeoffs between resiliency outcomes and costs. In support of our resiliency work, we are assessing our current engineering standards to ensure that they conform with our resiliency objectives. We have also launched a material condition assessment on the millions of assets installed across the 24,000 square miles of our collective service territories. This assessment will help us understand the material condition of the many components (poles, cables, transformers, etc.) underlying the successful daily operation of our system. Though some of this information is currently available, there remains a need to comprehensively assess the overall vulnerability of these assets

within our system, an effort that will help us prioritize the sequencing of investments within our resiliency plan.

Electric Vehicles ("EVs"). EVs, and more broadly electrification, represent a tremendous opportunity for electric utilities and their customers. Besides adding to load and the clean benefits it provides, electrification allows the utility to spread its fixed costs across a larger number of kilowatt-hours. Nonadopters pay less for electricity and the adopters see a reduction in their share of wallet. Our approach has been different in each of our jurisdictions due to differences in policy. Maryland, a zero emission vehicle ("ZEV") state, has established a goal of 300,000 ZEV by 2025; Exelon's MD utilities were able to secure approval from the Public Service Commission for a $34 million package of utility-administered EV programs. Residential programs include utility-funded rebates for chargers, and in some cases charger installation. The MD PSC approved the ownership and operation of a limited utility-owned and operated charging network, under which BGE will have 500 stations, Pepco 250 stations, and DPL 100 stations. Under the program, the MD utilities will be required to promote their existing time-of-use ("TOU") rates and establish EV-only TOU rates.

Water and Wastewater Systems. Exelon's commitment to sustainability is central to our mission of providing reliable, clean, affordable and innovative energy products. Achieving sustainability through investment and innovation will be equally important in positioning the water business for the future. In our electric operations, there is increasing demand for shared water resources, and Exelon continues to invest and innovate to achieve reductions in consumptive water use and water quality impacts. Preserving groundwater resources of the Floridian aquifer will be a priority for Exelon. Protecting the water quality of existing resources from deterioration either through infiltration of surface pollution or brackish water influx will further preserve these precious resources. Exelon views these objectives of preserving and protecting the water resources of Northeast Florida not as barriers, but as opportunities to invest and innovate in new business opportunities related to responsible water use and water resource protection.

Our plan is to help address North Florida's supply/demand imbalance through investment in projects that support the beneficial reuse of wastewater, water conservation and replacement of groundwater resources with alternative sources while maintaining a high quality of drinking water for customers. Exelon's commitment to meet the ITN requirements to provide 40 MGD of alternative water by 2035 is further described in Section 5.5.

Improvements in water and sewer system resiliency, reliability and efficiency are important requirements that will also help position the water business for the future. Exelon will continue to invest in water and sewer pipe replacements, in upgrades to wastewater treatment plants (to improve efficiency, reliability and storm recovery) and JEA's proposed additions to the Greenland wastewater service and the new $6 million Greenland Water Reclamation Facility. We will incorporate predictive maintenance and advanced analytics and continue our efforts to integrate artificial intelligence in asset management best practices to optimize equipment repair and replacement, enhance reliability, reduce operating expenses and efficiently deploy capital resources.

The City of Jacksonville Health Department statistics show that there are 530 commercially zoned properties using septic tanks within the Northwest Jacksonville Economic Development Fund target area. Exelon sees an opportunity to serve the tens of thousands of residential and nonresidential owners of private septic systems with sewer service, and we will encourage connections to the JEA system. This includes helping to inform commercial customers of the Septic

Grant that allows owners of commercial properties located in the target area to repair, remove and/or be connected to JEA's wastewater system.

Additionally, Exelon is encouraged to see JEA pursuing new technology to treat wastewater at the point of generation. "Distributed wastewater treatment systems" represent a paradigm shift in this industry, and Exelon is fully committed to the support and continued development of new technology to deliver utility-managed wastewater treatment services to customers beyond the reach of conventional "pump and pipe" infrastructure. As a significant investor and innovator in the rapidly developing "industrial internet of things," Exelon is optimally positioned to integrate this new technology into the current sewer service utility model.

6.5.2 Creating New Revenue Channels

Electric System. Nationally, behind-the-meter ("BTM") deployments constituted 46% of Q1 2019 storage deployments in MW terms (68 MWs), growing 138% year-over-year. An increasing proportion of new solar projects, both for residential and commercial customers, include storage as well, which has helped move this market forward. Maryland enacted legislation in 2019 requiring utility participation in pilots of four potential storage business models, with 5-10 MW in total deployed across the state. These business models are generally oriented around front-of-the-meter installations, but BTM storage assets (in BGE, PHI, and DPL-MD) could play a role. Storage is a uniquely distributed energy resource in its ability to provide a diversity of potential value streams including frequency regulation, backup generation, and grid capacity deferral. To date our utility focus has been to ensure that we can deploy storage as a grid asset so that we can use storage to defer or avoid necessary transmission or distribution infrastructure. However, we believe an opportunity will emerge to manage demand as well as the intermittency of renewable resources. Exelon also has C&I development capabilities to serve the BTM needs of municipalities, universities, schools, and hospitals. We will seek opportunities to offer customers BTM solutions including solar and solar + storage.

In addition to BTM opportunities, Exelon will seek opportunities to expand utility infrastructure in support of the economic development of the City of Jacksonville, whether through traditional utility investment, private-public partnerships or in collaboration with private developers that are investing in major infrastructure expansion projects, including the expansion of JAXPORT, a premier deep-water port on the eastern coast that is critical to the economic wellbeing of Jacksonville.

This may entail supporting modernization of existing utility infrastructure, including at the two major naval facilities located in Jacksonville. Furthermore, the proximity of the SJRPP site to JAXPORT could play an important role in efforts to site facilities that would be required if the Navy were to relocate a carrier task group to Naval Station Mayport. We will continue to look for opportunities to repurpose existing sites, such as SJRPP, that may further such naval initiatives.

Exelon is also very interested in potential opportunities to attract new data centers to Jacksonville. The largest operating expense of data centers is powering the climate control systems. Combined heat and power and microgrids are options to achieve efficiency and redundancy. In addition, low electric rates and ensuring electrical reliability is critical to attracting new data centers. Attracting hyperscale datacenter players such as Facebook, Microsoft, Google and Amazon would create tremendous economic opportunity in the community.

Water and Wastewater Systems. Exelon is excited about the opportunity to leverage JEA's existing platform to support our entry into water and wastewater utility businesses on a regional and national level. Growing this business will provide development opportunities for existing JEA employees and competitive salaries for new hires, furthering the economic development of the City of Jacksonville.

An important element of new revenue will be executing an external growth strategy. Annual water industry revenues are roughly equivalent to gas distribution revenues in the United States. Much of the market is dominated by fragmented municipal water and/or wastewater authorities that lack the funding, scale and expertise to invest in infrastructure repairs and upgrades. Consolidation of this fragmented business is expected to continue to provide external growth opportunities.

We are encouraged by the number of innovations that JEA has successfully implemented and JEA's strong reputation. Key to Exelon's water utility growth plans are finding solutions to help restore and protect the St. Johns River, supporting water conservation, investing in the beneficial reuse of wastewater, finding uses for wastewater treatment biosolids, and collaborating with stakeholders to protect the environment to provide a more sustainable future. Two recent pursuits by the City of Jacksonville and JEA are particularly encouraging, and Exelon is excited to invest and innovate in the areas of distributed stormwater and wastewater treatment technology.

In March 2018, the City of Jacksonville embarked on an effort to identify cost-effective technologies and methodologies to reduce nitrogen pollution entering the St. Johns River.[10] One of the "smart pond" technologies identified represents a tremendous opportunity to improve on typical stormwater treatment practices. Through the technology-based treatment approach of Continuous Monitoring and Adaptive Control ("CMAC"), the storage volume of stormwater ponds can be actively managed to optimize residence time and thereby maximize nitrogen removal.[11] The many co-benefits include flood control, resiliency, and stormwater harvesting for water supply. For example, a CMAC-controlled pond can, in advance of a significant rain event, completely discharge to maximize the available storage capacity. Using this technology on strategically located ponds in or surrounding a flood-prone area to increase storage capacity and control discharges could eliminate flooding. This stored water can also be an alternative source of supply for drinking water systems. CMAC-controlled ponds can be programmed to store, treat and route a maximum amount of stormwater to a drinking water treatment system. Stormwater used as an alternative water supply will offset water allocations from groundwater and surface waters and, combined with the potential nutrient reduction benefits, will represent a significant potential revenue stream for JEA.

More recently, JEA solicited an engineering firm to evaluate new and emerging technology for its Innovative Wastewater Treatment Program.[12] Through this comprehensive study, and its associated Septic Tank Phase-Out Pilot Project,[13] JEA is embarking on a bold new approach to serve the portions of Jacksonville and surrounding territories without access to a central sewer collection system. Recognizing that a distributed infrastructure solution is a virtual extension of existing utilities, JEA is positioning itself to be the first

[10] Source: City of Jacksonville Request for Proposal #ECF-0125-18

[11] Source: OptiRTC documents and reports; www.optirtc.com

[12] Source: JEA Solicitation for Participation #058-19

[13] Source: JEA Request for Information #97913

utility in the world to provide sewer service to its customers without the need for a physical, piped connection. With the recent expansion of automated industrial control technology into nearly every major industry, it is not surprising that automated, miniature wastewater treatment systems would be developed. This type of automated infrastructure, when wirelessly connected to a central management system, represents an opportunity to develop a vibrant new business. For example, JEA-distributed wastewater treatment operators could remotely manage treatment systems across the JEA territory, across the country, or around the world.

As an early participant in the digital disruption of the wastewater industry, JEA and Exelon are extremely well positioned to create a significant market share in this emerging water service business. Aquify, one of six new startup businesses launched through our Exelorate Growth Business, is a good example of our innovation initiatives in water. Aquify will apply Exelon's capability in utility smart meters to provide a complete water distribution networks analytics and monitoring solution for small municipal water utilities. Developing these capabilities will further support our external growth strategy to consolidate municipal water systems.

Continuous innovation in serving JEA's existing customers will further advance our capabilities and business reputation and lead to our success in pursuing an external growth objective. Through the pursuit of an external growth strategy, efficient investment in upgrades and advanced technology for JEA's system, and realization of operating synergies, we aim to keep water and wastewater rates affordable for existing customers while supporting economic development in the city.

JEA and Exelon both have considerable experience in owning and operating utility assets and providing best-in-class distribution services. Combining this experience with Exelon's ability to financially support future growth through acquisitions and strategic investments can make these growth plans a reality.

6.5.3 Future-Proof the Utility Business

Potent technology, customer, and policy forces are challenging the electric utility business. The adoption of renewable and distributed technologies is accelerating as technology prices continue to fall and as state policies and consumer sentiment increasingly support green technology and decentralization. Exelon Utilities has responded to these developments by executing a strategy that anticipates and responds to these pressures by demonstrating to customers and policymakers how the investments our utilities make will generate greater social, environmental and economic value than alternative solutions.

The strategy our utilities have built is rooted in the purpose of helping build "Connected Communities." Our purpose is to create a financially strong utility that harnesses its infrastructure and business model to help our communities thrive during profound technological, economic, social, and physical change.

We have operated as a platform business for a long time, connecting customers and suppliers of energy service to one another in an efficient, safe, reliable, resilient, affordable, and environmentally sustainable way. Today, most of these connections are for buying and selling electricity and natural gas from conventional sources. We see a much more technologically advanced and distributed energy future in which a myriad of new energy services will become available and the lines between buyer and seller blur. Our platform will become more critical and more complex and will increasingly serve as the coordinator/aggregator/orchestrator of distributed and community-based energy systems.

The strategy that we are implementing enables a cleaner and more resilient, distributed, customized, and affordable energy system – offering greater choice and control to our customers. We will use our networks as platforms for building connections within and across our communities. In the spirit of the reimagined public service company, these connections are not just electrical and digital, but are economic and social as well. We see our strategy as a vital, though not exclusive, element in helping the places we serve become more vibrant.

JEA and public power entities nationwide are generally prevented by charter, local law, tax-exempt debt covenants and other factors from participating in these nontraditional initiatives and therefore lack the flexibility to deal with the changing industry landscape. As a member of the Exelon Utilities family, JEA management and staff will have unfettered ability to pursue initiatives such as those described here, securing JEA's position as a vibrant contributor to the community, poised to benefit from the changes impacting the utility sector.

Connected Community Demonstrations. Exelon focuses on adding value in traditionally disadvantaged communities in our service territories. We recognize that different communities may value different outcomes at different times. Our approach to investment takes into account the diversity of community constituencies and different needs across our jurisdictions, as well as the spectrum of resources currently available to these communities. Some investments will be foundational and span our collective service territories, whereas others will be community-specific. For example, digital communications or a flexible billing system are likely foundational to most capabilities, while storage, community solar, or EV charging are location-dependent.

Our utilities are focused on demonstrating the potential for Connected Communities within each of their territories. Exelon Utilities would quickly add a Jacksonville community to this portfolio to demonstrate the promise of this vision.

Following are brief descriptions of the initial Connected Communities demonstrations that are being implemented on a small scale and will become more sophisticated and complex over time.

- **BGE – City of Annapolis.** GE has signed a Memorandum of Understanding with the City of Annapolis as BGE's First Connected Community. Annapolis is a historic, diverse bay town. Although there are some prosperous areas, other areas do not enjoy full access to the benefits of Annapolis. The City is focused on "Bridging Barriers" and "Connecting Communities" – the Mayor's vision is to create a sustainable, smart city for all.
- **ComEd – The Bronzeville Community.** ComEd continues to work in Bronzeville, a vibrant and diverse community on Chicago's near south side that includes a mix of homes, small and large businesses, churches, schools, and critical facilities such as police headquarters and hospitals. Anchoring this Connected Community is a 7 MW microgrid funded in part by the DOE.
- **PECO – The Navy Yard.** PECO has selected the Navy Yard as its first Connected Community. It is a 1,200-acre mixed use campus in South Philadelphia that is home to 165 companies and 13,000 employees. A Connected Community Master Plan will be developed in partnership with PIDC – Philadelphia's non-profit public-private economic development corporation.
- **PHI – City of Wilmington.** Wilmington, Delaware will be home to PHI's Connected Community demonstration. The City has a population of 70,000 and a comprehensive plan

called Wilmington 2028, with a vision of becoming a "brighter, safer, cleaner and technologically-advanced city."

The following table summarizes some of the key needs/challenges we have heard from our communities, as well as a non-exhaustive list of potential use cases. Several of these use cases are already in service today.

Figure 20: Overview of Innovation Initiatives

Category	Customer Needs	Use cases that alleviate needs
Energy management	• **Accessible, affordable energy management solutions,** particularly for low-income residents • **Participation in DG and EV markets** • **Solutions for large-scale decarbonization,** to meet aggressive renewable portfolio standard ("RPS")	• **Energy Savers program** allows residential and C&I customers to easily schedule energy efficiency checkups and receive customized savings advice • Residents have access to an **energy management portal based on advanced analytics,** including dashboards for DER performance, smart city sensor readouts, etc. • **Smart building integration** capabilities allow for load control and enhanced system performance • **Collaborate on port electrification**
Local cohesion	• Additional **local connectivity and cohesion** • No clear **central repository** for local information and emergency access • Limited **internet connectivity** • **Expanded opportunities** for community residents and higher quality of life	• **Resiliency hubs at public housing sites** to be considered for security in weather or outages • **Smart Kiosks** support digital connectivity for residents/visitors • **Workforce Development/STEM** partnering to provide education and job training • **Net Zero Smart Park provides** a carbon-free public resource and a rich learning experience
Public safety	• Residents have expressed interest in **improving walkability and connectivity** between homes and businesses	• **Smart streetlights** bolster public safety via a suite of functionalities • **Safe Bike/Walk Trails along transmission corridors** to connect neighborhoods • **Enhanced flood detection and environmental alerts** via sensors
Accessible transport	• **Currently limited transportation options** • **Reducing commute times** in private and public transportation	• Evaluating sites for **utility owned EVsmart chargers** • **Electrified buses and shuttles provide residents** with sustainable transport options • **Bridging the "last-mile-first-mile" transportation gap** for seniors and homebound individuals
Resilient infrastructure	• **Continuity of service for critical infrastructure** • **Resiliency during major events** (e.g., hurricanes and major coastal storms)	• **Reviewing system reliability, particularly for feeders serving public housing** to promote equal reliability for all residents • **Sustaining reliability for key government customers,** e.g. courts, State House • **Microgrids and grid storage systems** provide an energy backstop for community service needs
Clean energy solutions	• **Affordable decarbonization solutions**	• **Community solar offerings (installed by a local workforce)** provide customers with more choice and represent a tangible step toward lowering carbon intensity

Creating a Culture of Technological Innovation. One of Exelon's key strategic focus areas is investing in a culture of technology and innovation. The best ideas emerge when individuals from diverse backgrounds collaborate to share insights while tackling our biggest business challenges. Inside our business, we have developed an ecosystem that brings together passionate Exelon employees and external experts to develop innovative solutions to tackle our business challenges. We use new technologies and business models to drive operational excellence and accelerate the development of new products and services for our customers.

Creating an Innovation Network. Exelon established a series of internal groups to foster and manage the identification and evaluation of emerging technology and innovation for Exelon and our customers.

The Corporate Innovation Team identifies new and disruptive technologies that could lead to growth opportunities and improvements in productivity and efficiencies within our existing businesses. The team applies Exelon's innovation framework to identify opportunities, pilot emerging technologies and implement them quickly. The Corporate Innovation Team also runs an internal innovation platform called Reinvent, where employees can enter their ideas to socialize them and to crowdsource solutions. These ideas may win them a trip to the Exelon Innovation Expo, which about 3,500 employees attend annually to explore new ideas, network, and to take part in a "Shark Tank"–style contest of ideas. The Innovation Expo and our Reinvent site are at the heart of our thriving culture of innovation. Our Corporate Innovation Team works alongside a diverse ecosystem of startup companies, academia, research labs, government agencies, and others to establish a broad understanding of emerging technologies and potential applications throughout Exelon. These efforts are governed by Innovation Peer Groups that champion innovation and technology in the operating companies and by our Exelorate Growth Board (led by Exelon's CEO), which evaluates and manages growth-related ideas developed by employees.

Startup Central. Exelorate Growth is a rare find inside a Fortune 100 legacy energy company; it is a team that helps Exelon innovate daily by building startups to meet changing customer demands, grow revenues, create value, and defeat climate change. Exelorate Growth has launched three startups in the first half of 2019 as part of a portfolio of six Series A-level funded startups since the Exelorate Growth organization was created. The following includes detail on some of our increasingly valuable startups:

- **AeroLabs.** AeroLabs provides drones that fly over utility lines to conduct inspections by air and by using robots and sensors that can crawl through spaces where radiation might be a concern. AeroLabs fuses the capabilities of drones, robots, sensors and AI to ensure safe energy delivery, optimized operations and quick reporting. Its revenue is growing rapidly, having doubled that of 2018 in only seven months this year.
- **Aquify.** Aquify offers turnkey intelligence services for municipal water utilities, leveraging sensor technologies to unearth and report any leaks or other issues that could be compromising water quality or delivery so that rapid repairs can be made, water can be conserved, and quality can be protected. Aquify closed its first customer this summer with a five-year contract and has a strong pipeline in its first markets of Illinois and Massachusetts.
- **STEER.** STEER allows customers to get a car subscription that offers access to a virtual multi-car garage of electric vehicles available for any occasion that can be delivered to the

customers' doors by a STEER concierge. STEER aims to get drivers behind the wheel of the latest electric cars and increase the adoption of electric vehicles, starting with services available now in the D.C. metro area.

Success Metrics. As we strive to build a strong innovation culture, we measure ourselves in two primary ways. First, each operating company sets "outcome" goals for our innovation projects, striving to generate increasing levels of income that we denote as "single, double, triple, and home run" levels of earnings. Second, Exelon's annual Employee Engagement Survey poses questions about engagement on learning, development and innovation, which sets an important benchmark for us internally as we continue to strive to raise our "culture of innovation" ratings from employees.

Over the coming decade, the electric T&D industry in the United States will continue to experience a historic transformation, enabled by new technologies and innovation. As our industry transforms, Exelon is focused on evolving its business models and regulatory frameworks to keep pace with this transformation to ensure that we can continue to deliver value to our customers.

6.6 Environmental, Social and Governance

Respondents will be treated favorably for their willingness to make commitments including but not limited to sustainability initiatives, renewable energy goals and the maintenance of an equitable workforce and management team

Exelon prioritizes Environmental, Social and Governance ("ESG") initiatives not only because it's the right thing to do but also because it creates long-term value for our customers. By imbedding ESG values in our business practices and our corporate culture, we improve our operating outcomes and are better able to serve our customers. Exelon's leadership – starting with CEO Christopher Crane – strongly believes in the positive impacts that result from Exelon's ESG priorities and ensures a relentless focus on driving these projects forward. A number of Exelon's efforts that make us an industry leader in ESG reforms were highlighted in the September 22 Wall Street Journal Op-Ed authored by Christopher Crane and Ted Halstead, Chairman and CEO of the Climate Leadership Council, titled "How to Cut Emissions Without Wrecking the Economy".[14]

Exelon is a founding member of the Climate Leadership Council and through this consortium, will soon be releasing a comprehensive plan for achieving a 50% reduction in U.S. carbon emissions by 2035. This is just one example of how Exelon is leading on impactful and large-scale ESG solutions that directly benefit the customers and communities we serve. Exelon is excited at the prospect of providing long-term value to JEA customers and the surrounding community by continuing to prioritize such ESG initiatives as sustainable environmental practices, a diverse and inclusive workforce and a robust local civic engagement strategy.

6.6.1 Sustainability Initiatives

Exelon has long supported efforts to reduce carbon and other forms of air pollution and to this end, invests heavily in our utilities to create more reliable and efficient energy systems for our 10 million electric and natural gas customers. Exelon's full set of corporate sustainability efforts demonstrate our commitment to a strategy

[14] https://www.wsj.com/articles/how-to-cut-emissions-without-wrecking-the-economy-11569184262

that focuses on creating systems and policies that enable integrated clean energy solutions and connections for our customers. A concerted focus on sustainability goals has helped Exelon achieve industry-leading standards such as providing more zero carbon power than any other generator in the United States and the lowest carbon emission rate among all large producers.[15]

Developing Advanced Grid Technologies. Exelon is a leader in microgrid research and application, receiving Department of Energy support for multiple microgrid-related R&D and deployment efforts. ComEd is currently deploying the largest urban utility-operated microgrid in the country that provides resiliency to key critical infrastructure for the City of Chicago and the State of Illinois, as well as supporting the penetration of distributed energy resources.

Partnering with the Public Sector. Exelon works with governmental organizations and legislative bodies to advance our sustainability agenda. Exelon, through ComEd and Exelon Generation, actively supported passage of the Future Energy Jobs Act ("FEJA") in Illinois, a broad legislative package that expands renewables and energy efficiency, supports zero carbon energy, and provides energy efficiency and energy assistance for our most vulnerable citizens. In support, ComEd announced organizations selected to develop and conduct solar pipeline training programs made possible through grants funded by FEJA. Elevate Energy, Illinois Central College, OAI, Inc., and the Safer Foundation would receive a total of $3 million as a part of the first wave of FEJA funding to train individuals to work in the solar industry. We are now in the process of working with the State of Illinois to implement the statutes seamlessly.

Integrating Distributed Energy Resources. Exelon is driving the industry in supporting the integration of additional distributed energy resources. ComEd is implementing a distributed generation rebate to support the penetration of solar PV and smart inverters. We have also developed and demonstrated a methodology to accurately value the contribution of DER to the distribution grid, making it possible to further support the penetration of these technologies in an economical manner. Overall, this enables customers to choose generation alternatives either from the grid or behind the meter.

The Connected Communities Vision. Exelon is working to decarbonize the energy supply and promote electrification of the economy to drive greater efficiencies and lower carbon emissions. In achieving this, our utilities will create connected communities where relationships and transactions are facilitated not only with the utility, but also within communities themselves. Our Connected Communities vision requires that we evolve our current business models while working with stakeholders to update utility regulatory frameworks.

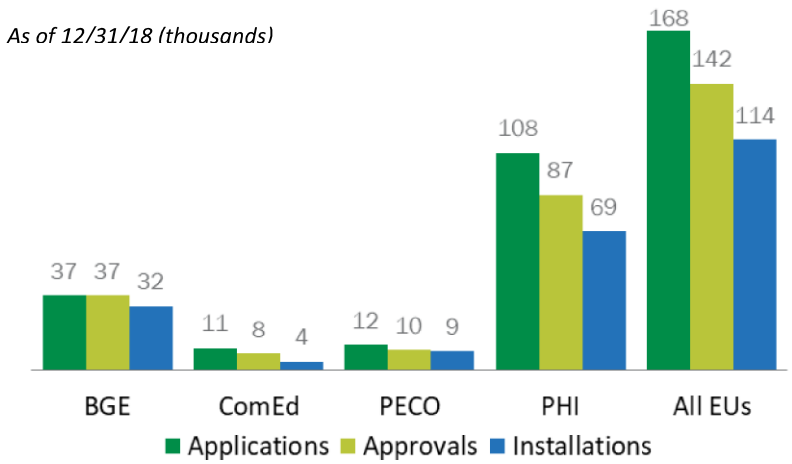
Enhancing Energy Efficiency for Customers. Exelon is committed to enhancing energy efficiency for customers. This includes implementing cutting-edge voltage optimization technology, which is expected to lead to more than 2% energy savings for the average customer without changing behavior. Exelon Utilities is also implementing dozens of product offerings to help residential, business, and public-sector customers save billions of dollars in energy costs. The American Council for an Energy-Efficient Economy recently released its State Energy Efficiency Scorecard, which ranks

[15] Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States, MJ. Bradley & Associates (June 2018).

states based on their policy and program efforts to save energy. Maryland ranked seventh and Illinois 11th. Maryland was the most improved state due, in part, to utility efficiency programs.

Below is data regarding the interconnection applications, approvals and installations for the various Exelon utilities, the majority of which relate to renewable projects.

Figure 21: Cumulative Energy Efficiency Installations by Utility



Improving and Protecting the Water System. JEA depends on groundwater to provide most of the potable water supply to its customers. Protecting these precious resources is an important obligation. Exelon will explore ways to cost-effectively extend, enhance and find additional beneficial uses of treated wastewater that will both reduce the demand for groundwater resources and reduce nitrogen discharge into the St. Johns River.

In addition to beneficial reuse of wastewater for irrigation of parks, golf courses and agricultural fields, cities are increasingly turning to direct potable reuse. Los Angeles has announced a plan to recycle 100% of wastewater by 2035. LA Sanitation's Hyperion water reclamation plant is one of the largest treatment facilities in the world. Exelon's affiliate, Constellation, built and operates a 25-MW biogas-fueled cogeneration plant that provides 100% of the steam and electrical power for the Hyperion facility. Exelon will seek sustainable ways for waste treatment for the City of Jacksonville, including anaerobic digestion, biogas capture and beneficial reuse of residual solid and liquid wastes for purposes such as soil conditioning and fertilizer.

Beyond providing additional alternative water capacity, Exelon recognizes that JEA's water service territories tend to be proximate to coastal areas and to the St. Johns River. Intrusion of brackish water into the Floridan aquifer is a constant threat making it imperative to continuously monitor water quality and adjust groundwater withdrawals to help mitigate any further decline in water quality in these supply areas. Exelon will also actively participate in regional groundwater modeling studies to better plan for and reduce the impacts of brackish water issues.

Exelon recognizes that any pollution that enters the groundwater system in the limestone karst terrain that underlies much of Florida can quickly spread over large distances. Identifying and mitigating potential sources of groundwater pollutants combined with rigorous groundwater quality monitoring will be important business practices for sustaining the vital groundwater resources in JEA's service territories and protecting the health of our customers.

The State of Florida has determined that many tributaries of the St. Johns River in Duval County have unacceptable levels of fecal coliform contamination. Exelon will continue to work with stakeholders (including the FDEP and the Duval County Health Department), who are responsible for private septic tanks, and the

City of Jacksonville, which is responsible for stormwater runoff, to find ways to further reduce sources of contamination in the St. Johns River.

We also recognize the need to continue monitoring material condition, performing preventative maintenance and making investments in sewer infrastructure, including end-of-life replacements of sewer pipes, pumping station upgrades and improved monitoring and shut-offs to reduce the number and severity of reportable sewage spills. Hurricanes or other adverse weather conditions can test the resiliency of water and sewer infrastructure as demonstrated by Hurricane Mathew in 2017. It is important to invest in storm hardening of pumping stations and treatment facilities, and to conduct preparedness exercises to better manage through these situations.

6.6.2 Renewable Energy Goals

Exelon adopted its first greenhouse gas ("GHG") emission reduction goal in 2003 under the U.S. EPA Climate Leaders program. Under the program, Exelon set a goal to reduce GHG emissions by 8% by 2008. At the end of 2008, Exelon had exceeded its goal, reducing emissions by 36% from 2001 levels. That same year, Exelon announced a plan to reduce, offset or displace its entire carbon footprint by 2020 – the only plan of its scope in the utility industry at that time. The goal was achieved seven years ahead of schedule when Exelon abated 18 million metric tons of carbon emissions in 2013. In 2018, Exelon announced a new goal to reduce emissions from its internal operations by 15% by 2022. When completed, the cumulative impact combined with our continued focus on clean generation and energy efficiency programs for customers will prevent more than 700 million metric tons of carbon emissions – the equivalent of taking 148.6 million cars off the road for a year. Exelon is ensuring that renewable energies remain a key part of our innovation platform by consistently setting and exceeding emissions goals and investing in renewable technologies as described below.

Exelon's fleet of emissions-free nuclear, solar, wind and hydro power plants account for 12% – or one ninth – of all clean energy produced in the United States. As a result, Exelon has the lowest carbon emissions rate among large electricity producers. The next closest company has nearly five times the rate of harmful emissions.

Exelon's six electric and gas companies are working in their communities to deploy smart grid technology, electric vehicle infrastructure and other new tools and programs to help customers use energy more efficiently. In 2018, our energy efficiency programs saved customers 21.9 million megawatt hours of electricity and avoided 9.9 million metric tons of GHG emissions – the equivalent of taking 3.3 million cars off the road for a year.

Exelon Generation currently operates 42 wind energy projects across 11 states, making up almost 5% of our entire energy portfolio. By using technology and innovation, we have reached a 95.8% capture rate for both our wind and solar energy sources.

Exelon's competitive energy business unit, Constellation, promotes clean energy through the purchase, sale and retirement of renewable and clean energy attribute certificates on behalf of customers through voluntary programs. Constellation retired eight million renewable and nuclear emission-free certificates (RECs and EFECs) for customers, enabling them to avoid 3.6 million metric tons of GHG emissions for 2018.

Through Constellation, Exelon has experience with serving the power needs of large C&I customers via a 100% renewable product through its CORe ("Constellation Offsite Renewables") products, as well as its own solar development capabilities. Constellation's CORe products combine location-specific renewable energy purchases and

RECs with a physical, load-following, energy supply contract. These CORe products can be structured to either integrate renewable energy purchases from existing renewable generation or support the development of new utility-scale renewable energy assets, leveraging third-party renewables developers. Constellation's experience with CORe is in excess of the scale of the City of Jacksonville and Duval County Public School System (~300,000 MWh/yr), and includes customers such as Starbucks, Comcast, and Johns Hopkins University.[16]

Exelon actively advocates for proper environmental regulatory oversight. Exelon leaders have testified before Congress, federal regulators and state policymakers in favor of policies to protect EPA Clean Air Act regulations and carbon legislation. Exelon also partners with national labs and top universities to develop next-generation energy technologies and speed them to market for the benefit of our customers. At the same time, we're working with policymakers to fix acknowledged flaws in energy markets to promote and advance sources of emissions-free power.

Exelon's long-standing focus on renewables and sustainability demonstrates our continued commitment to renewable energy and aligns us with JEA's vision for continued expansion of renewable energy and storage. Creating a low-carbon future will require continued investment in new sources of emission-free energy, building on what we have today. Exelon looks forward to exploring cost-effective ways to implement utility-scale renewables and storage, and provide programs to support distributed energy resources for JEA's customers.

6.6.3 Maintenance of an Equitable Workforce

Exelon fosters a diverse and inclusive workplace, ensuring that our employees and supply chain reflect and recognize the varied perspectives of our customer base and society, allowing Exelon to succeed by drawing upon a much larger pool of ideas and resources. Incorporating a range of perspectives and experiences into the way we think, plan and work leads to innovative concepts, increased stakeholder engagement and better solutions to any challenges we face.

As a HeForShe[17] Champion, Exelon is committed to improving the retention of women at the company with a goal to reach parity in voluntary turnover of men and women professionals. In 2018, women represented approximately 24% of Exelon's workforce and minorities represented approximately 26%. Exelon has also been recognized as a top employer for military veterans and lesbian, gay, bisexual and transgender employees. In 2016, Exelon partnered with the White House as a signatory to the Equal Pay Pledge, an initiative to encourage action and commitment to closing the national gender pay gap.

Exelon understands that our product is only as good as our people. By investing in our employees, providing high-quality workforce training and industry-leading professional development, Exelon has built the most productive, diverse and well-trained workforce in the industry. Exelon would ensure a seamless integration of the JEA employees so that they receive the same benefits and support as our current 33,000 employees.

[16] https://www.constellation.com/solutions/for-your-commercial-business/renewable_energy/Constellation-Offsite-Renewables.html

[17] A solidarity campaign for the advancement of gender equality initiated by the United Nations.

6.7 Community Stewardship

Respondents will be treated favorably for their willingness to make commitments to the City of Jacksonville and surrounding communities, including but not limited to volunteer activities, charitable contributions, an ongoing community relationship plan and comprehensive storm responsiveness plans

We understand that JEA sets a high bar for community stewardship, given its involvement in restoring power in Puerto Rico, employee volunteer hours and commitment to the environment (e.g., TreeLine USA Award).

Exelon also recognizes the importance of community stewardship. Our success as a company relies on our ability to connect with and to partner with communities. By providing safe, clean, reliable and affordable energy, we support economic growth and create vibrant communities. We also strive to support our communities by fostering economic growth, giving back and being a considerate and responsive neighbor. Exelon considers work to strengthen and enrich our communities not only with contributions of time and money, but also by increasing opportunities for youth through education and science.

Volunteer Activities. Exelon encourages volunteerism and supports employees in their community service work. Being accountable to our communities and the environment is one of Exelon's core values, which is why our employees actively look for ways to give back. Exelon has a strong tradition of community involvement, and is committed to strengthening and enriching the communities in which we work and serve. We foster a culture focused on integrity, diversity, safety and volunteerism.

In 2018, 9,185 Exelon employees volunteered more than 240,000 hours in their communities, supporting 1,586 volunteer projects. Exelon promotes volunteerism and philanthropy through a variety of programs, including the Employee Giving Campaign and Matching Gifts Program, National Volunteer Month, Giving Tuesday, Employee Volunteer Awards, Dollars for Doers and Nonprofit Board Representation.

In addition to individual volunteer efforts, all of Exelon's utilities participate in local volunteer efforts. Following are a few examples of local volunteer activities in 2018:

- **BGE.** Nearly 120 BGE employees partnered with KaBOOM! to build a playground in Brooklyn Park that will benefit more than 800 kids per year.
- **ComEd.** ComEd employees mentored high school students who excel in STEM subjects, and three students from the program were encouraged to attend DePaul University with a continued STEM scholarship from ComEd.
- **PECO.** We continued sponsorship of PECO Free First Sunday Family Day, which provides free monthly access to Philadelphia's internationally acclaimed Barnes Foundation, home to one of the world's greatest collections of impressionist, postimpressionist and early modern paintings.
- **PHI.** The PHI utilities, ACE, Delmarva Power and Pepco partner with the Arbor Day Foundation to provide 3,500 free trees to residential customers through the Energy-Saving Trees program.

Similar to its other utilities, Exelon is committed to actively participating in volunteer initiatives that directly benefit JEA customers, the City of Jacksonville and surrounding communities upon acquisition.

Charitable Contributions. Every year, we give a portion of our revenue back to the communities we serve. In 2018, Exelon and the Exelon Foundation contributed $51.3 million to support a number of charitable organizations including arts and culture, health and social services, education, community and economic development, environment, civic and public affairs and employee engagement. Separately, our Employee Giving Campaign generated more than $13.3 million. As part of the Exelon family, JEA would become an integral part of our philanthropic initiatives.

Ongoing Community Relationship Plan. Good corporate citizenship is part of Exelon's culture. We consider it our responsibility to improve the quality of life for people in the communities in which we live, work and serve. Through our corporate giving and volunteer efforts, we also build relationships with the organizations, institutions and people powering our communities, giving us better insight into the needs of our customers and communities, and making us a better partner. Additionally, many of our senior leaders are on nonprofit boards within their service territories to strengthen connections and relationships with our communities.

At Exelon Utilities, we are aggressive supporters of customer energy efficiency. We invest well over $400 million each year in customer energy efficiency programs. In 2018, these programs avoided 9.9 million metric tons of GHG emissions – the equivalent of taking 3.3 million cars off the road for a year. At ComEd, we built one of the industry's largest programs to explore emerging building energy efficiency technology and delivery programs. We also launched a major strategic initiative across our six distribution utilities to help transform the places we serve into what we call "connected communities." Connected communities are places that harness the power of digital communication, remote sensing, distributed and artificial intelligence, Distributed Energy Resources and the platform of smart infrastructure to reinforce human connection and serve the hierarchy of community needs – including decarbonization.

In more personal terms, our strategy is to work with our customers and stakeholders to reenvision and then build places that reinforce connection; not just electrical and digital connection, but also the economic and social connections that make our communities thrive. We are an infrastructure company that sees investment in STEM, workforce and economic development, environmental stewardship, distributed energy and community service as being as vital to our business as investment in poles and wires. The future we want to help our communities build is one that will be more decentralized, affordable, inclusive, safe, economically robust, cleaner, and decarbonized.

Comprehensive Storm Responsiveness Plan. To manage an emergency response most effectively, a utility's resources are of paramount importance. Our operating companies have access to the breadth and scope of personnel and resources across Exelon's utilities that can be deployed at a moment's notice. Because our utilities have extensive standardized storm procedures and use standardized lock-out, tag-out procedures to work on equipment, employees and contractors from any of our operating companies can be deployed and seamlessly utilized by another Exelon operating company during a storm response. Exelon also uses its resources within its own utilities before sharing them externally through mutual assistance. JEA could benefit significantly from access to Exelon's emergency response team, particularly in the event of a hurricane. Exelon's existing utilities (located outside of Florida) would provide JEA priority access to mobile emergency response crews in the event of a hurricane. If acquired by an instate suitor, JEA may not be the highest priority in the event of a storm. As Exelon's

only investment in Florida, JEA and its customers would be our top priority during a storm event.

In addition to leveraging Exelon's emergency response teams, JEA could benefit from Exelon's experience in smart meter operations, which significantly aid response time and allow for quicker and more targeted restoration work during storms or other power disturbances. Exelon has also developed tools to accurately communicate customer restoration times.

Further, as operating dispatch centers can become bottlenecked during storm responses, we have implemented a "Feeder SPOC" process that allows management to take local control of parts of the electrical system for restoration. These resources quickly travel as needed to the affected company and greatly assist offloading the dispatch centers.

JEA's CAIDI is exceptional, but EU looks forward to collaborating, together with JEA, to leverage best practices to develop a comprehensive storm responsiveness plan for the City of Jacksonville and the First Coast.

6.8 Financial Stability

Respondents will be treated favorably based on long duration and/or permanent capital availability. Additional merit will be placed on willingness and demonstrated ability to continue growth investments in JEA

Exelon is committed to making the financial investments necessary to support safe and reliable utility operations across our businesses. We are also committed to investing in our utility operations to modernize the network, support growth initiatives and provide innovative solutions in our service territories. In 2018, Exelon invested more than $5.5 billion across our regulated utilities to replace aging infrastructure and improve reliability for the benefit of customers. Recent examples of investment include:

BGE. Constructed three 230 kV circuits and substation modifications for $189 million to address thermal overloads identified by PJM. Customer benefits from the project include improved transmission reliability, decreased transmission congestion, and improved customer reliability in the Harford County, Maryland area.

ComEd. Installed a new $200 million 345 kV transmission line, covering approximately 60 miles and connecting ComEd's Byron and Wayne substations. The project created immediate customer savings by reducing grid congestion and increased customer access to lower-cost generation (including wind power), and will reduce carbon emissions by 473,000 tons over 15 years. Customers are expected to save approximately $250 million, collectively, within that time frame.

PECO. Investing $274 million from 2016 to 2020 to install advanced equipment and reinforce the future of the electric system, making it more weather resistant and less vulnerable to storm damage.

Pepco. Constructed a new $200 million Waterfront Substation to replace existing equipment that had been originally built in the 1930s. The substation was built to meet growing demand in the Southwest and Capital Riverfront areas, which accounted for more than 70% of the projected load growth in the District of Columbia by 2024. Construction lasted two years and was delivered on time and under budget. The project improves reliability and features artwork by local artists developed in collaboration with the D.C. Commission on Arts & Humanities.

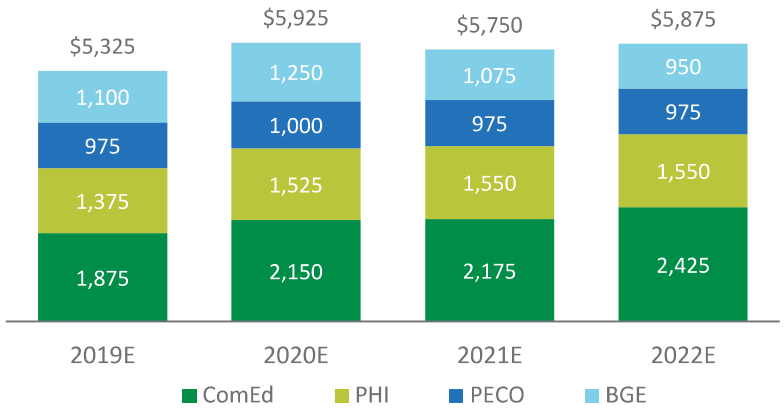
All Utilities. Completed a 10-year plan to deploy approximately 8.5 million smart meters throughout Exelon's territories for a total cost of more than $3.0 billion. Smart meters provide significant benefits to customers, including financial savings from eliminating meter-

reading costs and reducing uncollectible accounts, increased bill accuracy due to a higher read rate and a reduction in estimated bills, and increased information providing customers greater control over their energy use and enabling participation in dynamic pricing programs.

Continued investment in the utilities to replace aging infrastructure and improve reliability for the benefit of customers is core to Exelon's value proposition. Exelon plans to invest approximately $23.0 billion in our utilities through 2022.

Figure 22: Exelon Utilities Capital Investment Plan

($ million)



Utility investment is expected to be funded with a combination of cash flow from the utilities, debt issued at the utilities, and available cash flow generated at ExGen. Exelon's utility-generation hybrid business model provides financial flexibility through an alternative, internal source of capital from ExGen. Exelon has fully embraced the hybrid business by strategically redeploying ExGen cash flows to support growth and fund capital expenditures at the utilities.

While ExGen cash flow supplements EU's growth plans, Exelon has ample access to capital and the ability to raise multiple forms of capital.

Debt. Exelon is an investment-grade entity with a strong balance sheet that positions us for growth at an attractive cost of debt. Exelon's focus on growing our regulated business mix combined with our ability to maintain strong credit ratings has been viewed favorably by the rating agencies. In February 2019, Exelon secured an upgrade at S&P to BBB+. Exelon's balance sheet strength extends to each of our businesses.

Figure 23: Exelon and Exelon Corp Subsidiary Credit Ratings

Entity	Moody's	S&P	Fitch
ExCorp	Baa2	BBB+	BBB+
ACE	A2	A	A-
BGE	A3	A	A
ComEd	A1	A	A
DPL	A2	A	A
PECO	Aa3	A	A+
Pepco	A2	A	A-
ExGen	Baa2	BBB+	BBB

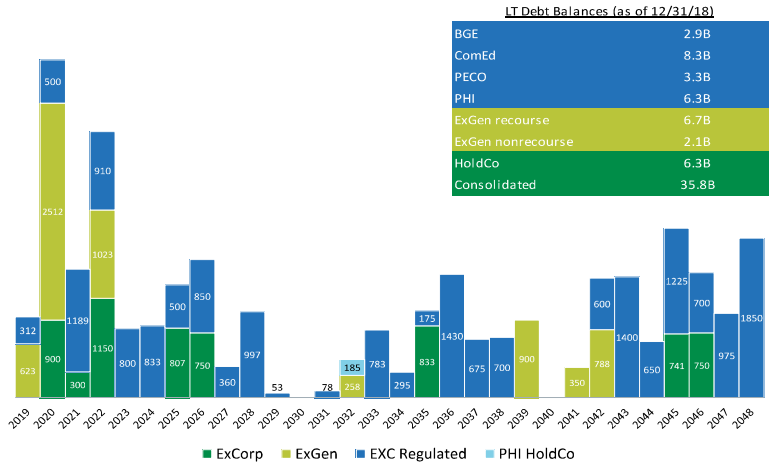
Note: ExCorp reflects corporate issuer credit ratings. Senior unsecured ratings for ExGen and BGE and senior secured ratings for ComEd, PECO, ACE, DPL, and Pepco.

Exelon and subsidiaries regularly issue first mortgage bonds and senior unsecured notes to fund capital requirements, retire debt, pay dividends, fund pension/OPEB obligations, and invest in new and

existing ventures. Exelon leverages more than 25 traditional banking relationships and approximately 25 diversity and inclusion banks (minority-, woman- and/or veteran-owned) that partner with lead banks on each long-term debt issuance. This diverse pool of banks provides Exelon with access to a broad spectrum of financing alternatives beyond the core financing options to meet our needs and to fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures such as joint ventures, minority partners, etc.

As of December 31, 2018, Exelon had approximately $36 billion of long-term debt outstanding across a wide variety of debt instruments including but not limited to First Mortgage bonds, Senior unsecured notes, unsecured notes, Junior Subordinated notes, transition bonds, and fixed- and variable-rate nonrecourse debt. As of 12/31/2018, Exelon's utilities had approximately $21 billion of long-term debt outstanding (exclusive of debt due within the year) with an average cost of long-term debt of 4.2% across our utilities. The schedule below shows Exelon's debt maturity profile. Exelon's weighted average long-term debt maturity is approximately 13 years.

Figure 24: Exelon Debt Maturity Profile



As of 12/31/18 ($ million)

Equity. Given the financial strength of Exelon, we utilize the equity markets on a much more limited basis to raise capital. Exelon's last sizeable equity issuance was in connection with the PHI merger.

Exelon's strong credit profile enabled Exelon to execute on the PHI merger. In May 2014, Exelon entered into a 364-day bridge facility of $7.2 billion to support the contemplated transaction and provide flexibility for timing of permanent financing. The bridge financing ensured that the seller had no execution risk on Exelon's ability to secure financing. In June 2015, Exelon issued $4.2 billion of long-term debt to fund a portion of the purchase price and the remaining bridge facility was terminated. In June 2014, Exelon raised approximately $2.0 billion of common stock to fund the merger with PHI and related costs and expenses, and for general corporate purposes. At the same time, Exelon also offered 23 million mandatory convertible equity units (a hybrid instrument) valued at

$1.15 billion to fund the PHI acquisition. The equity units were converted to approximately 33 million common shares in 2017.

Exelon's strong balance sheet, combined with our demonstrated ability to "right size" the balance sheet and maintain healthy credit metrics post-PHI merger, positions us well with the rating agencies and investor community for executing on another large-scale acquisition like JEA. Further, JEA and its customers would benefit from Exelon's strong balance sheet and hybrid business model. JEA provides another avenue to execute on Exelon's value proposition to deploy cash from ExGen to consistently and sustainably grow our own utilities.

7 – Additional Information

7.1 EU Diversity of Suppliers

Exelon is proud of our commitment to diversity and inclusion. A powerful example is our excellent record with diverse suppliers. In 2017, Exelon became the first energy company and the 27th corporation inducted into the Billon Dollar Roundtable. This exclusive group of U.S.-based corporations has achieved $1 billion or more in annual direct spending with minority- and women-owned businesses. Through June 2019, Exelon's expenditures with diversity-certified suppliers totaled $1.1 billion, representing 27% of total corporate spend. Our Disadvantaged Business Enterprise spend increased year-on-year by $188 million.

There is undeniable power in these numbers. But the most impactful power comes in the form of the most important figures — people. At Exelon, we encourage and value the diverse perspectives of employees, suppliers, and other stakeholders. We know diverse points of view lead to greater innovation and better solutions to the challenges we face as the nation's largest competitive energy provider.

We welcome new diverse suppliers into the fold in ways that fortify connections. We accomplish this through evolving supplier development programs designed to qualify and onboard local enterprises. We know we are only as successful as the diverse cities and neighborhoods that we serve, and that is why we invest in diverse-owned businesses.

In 2018, we reached a sweet spot where each of our utilities now has a fully functional, local supplier development program, including activities such as mentoring and tutelage on Exelon's sourcing process. These collectively are our Exelon Supplier Development Programs. Each of our utilities has customized a program to its own particular needs, suitable for its region and sourcing requirements.

These educational and networking opportunities have earned Exelon national recognition, not just in the utilities industry but across all U.S. industries, as a leader in supplier diversity best practices.

Appendix A – Respondent's Certification

127-19 APPENDIX A – RESPONSE FORM

Company Name: E & W Development Corporation

Company's Address 10 South Dearborn, 52nd Floor, Chicago, IL 60603

Phone Number: (312) 394-8394 FAX No: (312) 394-2246 Email Address: kyle.crowley@exelon corp.com

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

RESPONDENT CERTIFICATION

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

We have received addenda

1 through 4

Handwritten Signature of Authorized Officer of Company or Agent

10/3/19

Date

Kyle Crowley, SVP & Chief Development Officer

Printed Name and Title

Appendix B – Conflict of Interest Certificate

CONFLICT OF INTEREST
CERTIFICATE

JEA IFB No. 127-19

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

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

Name	Title or Position	Date of Filing
None		

Signature

E&W Development Corporation
Company Name

Kyle Crowley
Name of Certifying Official
(type or print)

10 South Dearborn, 52nd Floor
Business Address

Chicago, IL 60603
City, State, Zip Code

Appendix C – Respondent's Representation and Authorization

Respondent understands, represents and acknowledges the certifications and statements in Section 2.13 of the ITN, provided that with respect to the statement that "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," Respondent notes that Exelon Corporation and Commonwealth Edison Company filed on July 1, 2019 a Form 8-K stating that "Exelon Corporation and Commonwealth Edison Company received a grand jury subpoena from the United States Attorney's Office for the Northern District of Illinois requiring production of information concerning their lobbying activities in the State of Illinois." The Companies have pledged to cooperate fully and are cooperating fully with the U.S. Attorney's Office in expeditiously providing the requested information.

Appendix D – Financial Statements

Appendix D contains selected Consolidated Financial Statements from Exelon's 2018 10-K. The full document may be accessed at https://www.sec.gov/Archives/edgar/data/8192/000162828019001107/exc-20181231x10k.htm

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Exelon Corporation and Subsidiary Companies
Consolidated Statements of Operations and Comprehensive Incom e

(In millions, except per share data)	For the Years Ended December 31, 2018	2017	2016
Operating revenues			
Competitive businesses revenues	$ 19,168	$ 17,394	$ 16,330
Rate-regulated utility revenues	16,879	15,964	14,988
Revenues from alternative revenue programs	(62)	207	48
Total operating revenues	35,985	33,565	31,366
Operating expenses			
Competitive businesses purchased power and fuel	11,679	9,668	8,817
Rate-regulated utility purchased power and fuel	4,991	4,367	3,823
Operating and maintenance	9,337	10,025	9,954
Depreciation and amortization	4,353	3,828	3,936
Taxes other than income	1,783	1,731	1,576
Total operating expenses	32,143	29,619	28,106
Gain (loss) on sales of assets and businesses	56	3	(48)
Bargain purchase gain	—	233	—
Gain on deconsolidation of business	—	213	—
Operating income	3,898	4,395	3,212
Other income and (deductions)			
Interest expense, net	(1,529)	(1,524)	(1,495)
Interest expense to affiliates	(25)	(36)	(41)
Other, net	(112)	947	297
Total other income and (deductions)	(1,666)	(613)	(1,239)
Income before income taxes	2,232	3,782	1,973
Income taxes	120	(126)	753
Equity in losses of unconsolidated affiliates	(28)	(32)	(24)
Net income	2,084	3,876	1,196
Net income attributable to noncontrolling interests and preference stock dividends	74	90	75
Net income attributable to common shareholders	$ 2,010	$ 3,786	$ 1,121
Comprehensive income, net of income taxes			
Net income	$ 2,084	$ 3,876	$ 1,196
Other comprehensive income (loss), net of income taxes			
Pension and non-pension postretirement benefit plans:			
Prior service benefit reclassified to periodic benefit cost	(66)	(56)	(48)
Actuarial loss reclassified to periodic benefit cost	247	197	184
Pension and non-pension postretirement benefit plan valuation adjustment	(143)	10	(181)
Unrealized gain on cash flow hedges	12	3	2
Unrealized gain on marketable securities	—	6	1
Unrealized gain (loss) on investments in unconsolidated affiliates	2	4	(4)
Unrealized (loss) gain on foreign currency translation	(10)	7	10
Other comprehensive income (loss)	42	171	(36)
Comprehensive income	2,126	4,047	1,160
Comprehensive income attributable to noncontrolling interests and preference stock dividends	75	88	75
Comprehensive income attributable to common shareholders	$ 2,051	$ 3,959	$ 1,085
Average shares of common stock outstanding:			
Basic	967	947	924
Diluted	969	949	927
Earnings per average common share:			
Basic	$ 2.08	$ 4.00	$ 1.21
Diluted	$ 2.07	$ 3.99	$ 1.21

See the Combined Notes to Consolidated Financial Statements

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Exelon Corporation and Subsidiary Companies
Consolidated Statements of Cash Flows

(In millions)	For the Years Ended December 31, 2018	2017	2016
Cash flows from operating activities			
Net income	$ 2,084	$ 3,876	$ 1,196
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	5,971	5,427	5,576
Impairment losses of long-lived assets, intangibles and regulatory assets	50	573	306
Gain on deconsolidation of business	—	(213)	—
(Gain) loss on sales of assets and businesses	(56)	(3)	48
Bargain purchase gain	—	(233)	—
Deferred income taxes and amortization of investment tax credits	(106)	(362)	656
Net fair value changes related to derivatives	294	151	24
Net realized and unrealized losses (gains) on NDT funds	303	(616)	(229)
Other non-cash operating activities	1,124	721	1,333
Changes in assets and liabilities:			
Accounts receivable	(565)	(470)	(432)
Inventories	(37)	(72)	7
Accounts payable and accrued expenses	551	(388)	771
Option premiums (paid) received, net	(43)	28	(66)
Collateral received (posted), net	82	(158)	931
Income taxes	340	299	576
Pension and non-pension postretirement benefit contributions	(383)	(405)	(397)
Deposit with IRS	—	—	(1,250)
Other assets and liabilities	(965)	(675)	(589)
Net cash flows provided by operating activities	8,644	7,480	8,461
Cash flows from investing activities			
Capital expenditures	(7,594)	(7,584)	(8,553)
Proceeds from termination of direct financing lease investment	—	—	360
Proceeds from NDT fund sales	8,762	7,845	9,496
Investment in NDT funds	(8,997)	(8,113)	(9,738)
Reduction of restricted cash from deconsolidation of business	—	(87)	—
Acquisitions of assets and businesses, net	(154)	(208)	(6,923)
Proceeds from sales of assets and businesses	91	219	61
Other investing activities	58	(43)	(153)
Net cash flows used in investing activities	(7,834)	(7,971)	(15,450)
Cash flows from financing activities			
Changes in short-term borrowings	(338)	(261)	(353)
Proceeds from short-term borrowings with maturities greater than 90 days	126	621	240
Repayments on short-term borrowings with maturities greater than 90 days	(1)	(700)	(462)
Issuance of long-term debt	3,115	3,470	4,716
Retirement of long-term debt	(1,786)	(2,490)	(1,936)
Retirement of long-term debt to financing trust	—	(250)	—
Common stock issued from treasury stock	—	1,150	—
Redemption of preference stock	—	—	(190)
Dividends paid on common stock	(1,332)	(1,236)	(1,166)
Proceeds from employee stock plans	105	150	55
Sale of noncontrolling interests	—	396	372
Other financing activities	(108)	(83)	(85)
Net cash flows (used in) provided by financing activities	(219)	767	1,191
Increase (decrease) in cash, cash equivalents and restricted cash	591	276	(5,798)
Cash, cash equivalents and restricted cash at beginning of period	1,190	914	6,712
Cash, cash equivalents and restricted cash at end of period	$ 1,781	$ 1,190	$ 914

Exelon Corporation and Subsidiary Companies
Consolidated Balance Sheets

(In millions)	December 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,349	$ 898
Restricted cash and cash equivalents	247	207
Accounts receivable, net		
Customer	4,607	4,445
Other	1,256	1,132
Mark-to-market derivative assets	804	976
Unamortized energy contract assets	48	60
Inventories, net		
Fossil fuel and emission allowances	334	340
Materials and supplies	1,351	1,311
Regulatory assets	1,222	1,267
Assets held for sale	904	—
Other	1,238	1,260
Total current assets	13,360	11,896
Property, plant and equipment, net	76,707	74,202
Deferred debits and other assets		
Regulatory assets	8,237	8,021
Nuclear decommissioning trust funds	11,661	13,272
Investments	625	640
Goodwill	6,677	6,677
Mark-to-market derivative assets	452	337
Unamortized energy contract assets	372	395
Other	1,575	1,330
Total deferred debits and other assets	29,599	30,672
Total assets [(a)]	$ 119,666	$ 116,770

See the Combined Notes to Consolidated Financial Statements

Exelon Corporation and Subsidiary Companies
Consolidated Balance Sheets

(In millions)	December 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 714	$ 929
Long-term debt due within one year	1,349	2,088
Accounts payable	3,800	3,532
Accrued expenses	2,112	1,837
Payables to affiliates	5	5
Regulatory liabilities	644	523
Mark-to-market derivative liabilities	475	232
Unamortized energy contract liabilities	149	231
Renewable energy credit obligation	344	352
Liabilities held for sale	777	—
Other	1,035	1,069
Total current liabilities	11,404	10,798
Long-term debt	34,075	32,176
Long-term debt to financing trusts	390	389
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,330	11,235
Asset retirement obligations	9,679	10,029
Pension obligations	3,988	3,736
Non-pension postretirement benefit obligations	1,928	2,093
Spent nuclear fuel obligation	1,171	1,147
Regulatory liabilities	9,559	9,865
Mark-to-market derivative liabilities	479	409
Unamortized energy contract liabilities	463	609
Other	2,130	2,097
Total deferred credits and other liabilities	40,727	41,220
Total liabilities [(a)]	86,596	84,583
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 968 shares and 963 shares outstanding at December 31, 2018 and 2017, respectively)	19,116	18,964
Treasury stock, at cost (2 shares at December 31, 2018 and 2017)	(123)	(123)
Retained earnings	14,766	14,081
Accumulated other comprehensive loss, net	(2,995)	(3,026)
Total shareholders' equity	30,764	29,896
Noncontrolling interests	2,306	2,291
Total equity	33,070	32,187
Total liabilities and equity	$ 119,666	$ 116,770

(a) Exelon's consolidated assets include $9,667 million and $9,597 million at December 31, 2018 and 2017 , respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,548 million and $3,618 million at December 31, 2018 and 2017 , respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 2 – Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

Exelon Corporation and Subsidiary Companies
Consolidated Statements of Changes in Equity

	Shareholders' Equity							
(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Preference Stock	Total Equity
Balance, December 31, 2015	954,668	$ 18,676	$ (2,327)	$ 12,104	$ (2,624)	$ 1,308	$ 193	$ 27,330
Net income	—	—	—	1,121	—	67	8	1,196
Long-term incentive plan activity	2,868	85	—	—	—	—	—	85
Employee stock purchase plan issuances	1,242	55	—	—	—	—	—	55
Tax benefit on stock compensation	—	(18)	—	—	—	—	—	(18)
Changes in equity of noncontrolling interests	—	—	—	—	—	5	—	5
Adjustment of contingently redeemable noncontrolling interest to redemption value	—	—	—	—	—	157	—	157
Common stock dividends ($1.26/common share)	—	—	—	(1,172)	—	—	—	(1,172)
Preferred and preference stock	—	—	—	—	—	—	(8)	(8)
Sale of noncontrolling interests	—	(4)	—	—	—	243	—	239
Redemption of preference stock	—	—	—	—	—	—	(193)	(193)
Other comprehensive loss, net of income taxes	—	—	—	—	(36)	—	—	(36)
Balance, December 31, 2016	958,778	$ 18,794	$ (2,327)	$ 12,053	$ (2,660)	$ 1,780	$ —	$ 27,640
Net income	—	—	—	3,786	—	90	—	3,876
Long-term incentive plan activity	5,066	56	—	—	—	—	—	56
Employee stock purchase plan issuances	1,324	150	—	—	—	—	—	150
Common stock issued from treasury stock	—	—	2,204	(1,054)	—	—	—	1,150
Sale of noncontrolling interests	—	(36)	—	—	—	443	—	407
Changes in equity of noncontrolling interests	—	—	—	—	—	(20)	—	(20)
Common stock dividends ($1.31/common share)	—	—	—	(1,243)	—	—	—	(1,243)
Other comprehensive income (loss), net of income taxes	—	—	—	—	173	(2)	—	171
Impact of adoption of Reclassification of Certain Tax Effects from AOCI standard	—	—	—	539	(539)	—	—	—
Balance, December 31, 2017	965,168	$ 18,964	$ (123)	$ 14,081	$ (3,026)	$ 2,291	$ —	$ 32,187
Net income	—	—	—	2,010	—	74	—	2,084
Long-term incentive plan activity	3,534	41	—	—	—	—	—	41
Employee stock purchase plan issuances	1,318	105	—	—	—	—	—	105
Changes in equity of noncontrolling interests	—	—	—	—	—	(60)	—	(60)
Sale of noncontrolling interests	—	6	—	—	—	—	—	6
Common stock dividends ($1.38/common share)	—	—	—	(1,339)	—	—	—	(1,339)
Other comprehensive income, net of income taxes	—	—	—	—	41	1	—	42
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	—	—	14	(10)	—	—	4
Balance, December 31, 2018	970,020	$ 19,116	$ (123)	$ 14,766	$ (2,995)	$ 2,306	$ —	$ 33,070

See the Combined Notes to Consolidated Financial Statements