NEW ISSUE – BOOK-ENTRY ONLY

In the opinion of Rogers Towers, P.A., Bond Counsel to JEA, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series Three Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Series Three Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and is not included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series Three Bonds. See "TAX MATTERS" herein.

JEA®

(www.jea.com)

$64,305,000
St. Johns River Power Park System Revenue Bonds Issue Three, Series Three

Dated: Date of Delivery **Due: October 1, as shown below**

The St. Johns River Power Park System Revenue Bonds, Issue Three, Series Three (the "Series Three Bonds") will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series Three Bonds. Individual purchases of the Series Three Bonds will be made in book-entry form only, in principal amounts of $5,000 or any integral multiple thereof. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto. Interest on the Series Three Bonds is payable commencing on October 1, 2009 and semiannually thereafter on April 1 and October 1 of each year.

The Series Three Bonds are subject to redemption prior to maturity as set forth herein.

The Series Three Bonds are being issued to (a) pay the cost of certain Additional Facilities (as defined in the Second Power Park Resolution), including the repayment of certain interim borrowings with respect thereto, (b) capitalize interest on the Series Three Bonds, (c) pay the cost of funding the Initial Subaccount in the Debt Service Reserve Account and (d) pay costs of issuance of the Series Three Bonds.

The Series Three Bonds, together with any outstanding Issue Three Bonds and any additional bonds which may be issued under the Second Power Park Resolution (as defined herein), and the interest thereon, are payable solely from and are secured by a pledge of and lien on all payments made from JEA from its Electric System into the Revenue Fund 2d and other available funds pledged under the Second Power Park Resolution. Payments from JEA's Electric System for the debt service on the Issue Three Bonds issued under the Second Power Park Resolution will be made as "Contract Debts" which are payable as a "Cost of Operation and Maintenance" of the Electric System.

The Series Three Bonds shall not constitute general obligations of either JEA or the City of Jacksonville, Florida within the meaning of any constitutional, statutory or charter provision or limitation. JEA has no power to levy taxes for any purpose. The City of Jacksonville shall never be required to levy ad valorem taxes on any property of JEA or property of or in the City of Jacksonville to pay the principal or redemption price of, or interest on, any such Bonds.

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS†
$28,805,000 Serial Bonds

Maturity (October 1)	Amount	Interest Rate	Yield	CUSIP
2013	$ 730,000	3.000%	2.60%	46613Q FC3
2014	735,000	3.250	2.95	46613Q FD1
2015	735,000	3.200	3.20	46613Q FE9
2016	1,465,000	3.500	3.55	46613Q FF6
2017	805,000	3.750	3.85	46613Q FG4
2018	1,770,000	4.000	4.08	46613Q FH2
2019	1,840,000	4.250	4.33	46613Q FJ8
2020	1,910,000	4.500	4.53	46613Q FK5
2021	1,215,000	4.625	4.70	46613Q FL3
2022	1,840,000	4.750	4.85	46613Q FM1
2023	1,925,000	5.000	5.00	46613Q FN9
2024	2,025,000	5.000	5.13	46613Q FP4
2025	2,125,000	5.200	5.23	46613Q FQ2
2026	2,235,000	5.300	5.33	46613Q FR0
2027	2,355,000	5.375	5.43	46613Q FS8
2028	2,480,000	5.375	5.48	46613Q FT6
2029	2,615,000	5.500	5.53	46613Q FU3

$15,390,000 5.500% Term Bonds due October 1, 2034 — Yield 5.63% CUSIP: 46631Q FV1
$20,110,000 5.500% Term Bonds due October 1, 2039 — Yield 5.68% CUSIP: 46631Q FW9

(Without Accrued Interest)

The Series Three Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Rogers Towers, P.A., Jacksonville, Florida, Bond Counsel to JEA. Certain legal matters will be passed upon for JEA by JEA's counsel, the Office of General Counsel of the City of Jacksonville, Florida, and for the Underwriters by Nixon Peabody LLP, New York, New York, Counsel to the Underwriters. It is expected that the Series Three Bonds in definitive form will be available for delivery to DTC in New York, New York on or about April 29, 2009.

J.P.Morgan

Citi

Barclays Capital **Goldman, Sachs & Co.** **Merrill Lynch & Co.**
Morgan Stanley & Co. Incorporated **Wachovia Bank, National Association**

April 21, 2009

† The CUSIP numbers listed herein are provided for the convenience of bondholders. JEA is not responsible for the accuracy of such numbers.

JEA
21 W. CHURCH STREET
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(904) 665-7410
(www.jea.com)

JEA OFFICIALS

MEMBERSHIP

Chair	Cynthia B. Austin
Vice Chair	Catherine B. Whatley
Secretary	Ashton Hudson
Assistant Secretary	Michael R. Hightower
	Julian E. Fant
	James H. Gilmore, Jr.
	Ronald Townsend

MANAGEMENT

Managing Director and Chief Executive Officer	James A. Dickenson
Chief Operating Officer	James M. Chansler
Chief Financial Officer	Paul E. McElroy
Chief Information Officer	Wanyonyi J. Kendrick
Chief Public Affairs Officer	Teala A. Milton
Chief Human Resources Officer	Susan N. Hughes
Director, Treasury Services	Helen M. Kehrt

GENERAL COUNSEL

Richard A. Mullaney, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Ernst & Young LLP
Jacksonville, Florida

BOND COUNSEL

Rogers Towers, P.A.
Jacksonville, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.
Philadelphia, Pennsylvania

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Miami, Florida

No dealer, broker, salesman or any other person has been authorized by JEA to give any information or to make any representations, other than as contained in this Official Statement or included herein by specific reference, and if given or made, such other information or representations must not be relied upon as having been authorized by JEA or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series Three Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale in such jurisdiction.

THE SERIES THREE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE SECOND POWER PARK RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion set forth herein or included herein by specific reference are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of JEA since the date hereof.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intent," "believe" and similar expressions are intended to identify forward-looking statements. A number of factors affecting JEA's business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

IN CONNECTION WITH THIS OFFERING OF THE SERIES THREE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Except as specifically provided herein, none of the information on JEA's website is included by reference herein.

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OFFICIAL STATEMENT

Relating to

$64,305,000
St. Johns River Power Park System
Revenue Bonds
Issue Three, Series Three

April 21, 2009

INTRODUCTION

General

The purpose of this Official Statement, including the cover page hereof, the appendices hereto and the information included by reference herein, is to provide information concerning the proposed issuance by JEA of $64,305,000 aggregate principal amount of JEA's St. Johns River Power Park System Revenue Bonds, Issue Three, Series Three (the "Series Three Bonds").

The Series Three Bonds are being issued to provide funds to (a) pay the cost of certain Additional Facilities (as defined in the Second Power Park Resolution (as defined herein)), including the repayment of certain interim borrowings with respect thereto, (b) capitalize interest on the Series Three Bonds, (c) pay costs of issuance of the Series Three Bonds and (d) pay the cost of funding the Initial Subaccount in the Debt Service Reserve Account. See "PURPOSE OF ISSUE AND PLAN OF FINANCE" herein. See "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION - Establishment of Initial Subaccount in the Debt Service Reserve Account and Application Thereof" in Appendix E to the Annual Disclosure Report.

On March 30, 1982, JEA adopted a resolution entitled "St. Johns River Power Park System Revenue Bond Resolution" (as amended and supplemented, the "First Power Park Resolution") for the purpose of authorizing the issuance of bonds in order to finance and refinance the cost of acquisition and construction of the Power Park (as defined herein). The First Power Park Resolution remains in effect, and JEA expects to continue to issue bonds thereunder. On February 20, 2007, JEA adopted a resolution entitled "St. Johns River Power Park System Second Revenue Bond Resolution" (as supplemented and amended, the "Second Power Park Resolution") for the purpose of authorizing the issuance of bonds in order to finance the acquisition and construction of additional capital improvements to the Power Park.

As of the date of this Official Statement, $275,000,000 aggregate principal amount of Issue Three Bonds are outstanding. As of the date of this Official Statement, $942,069,225.65 aggregate principal amount of the Issue Two Bonds issued pursuant to the First Power Park Resolution (the "Issue Two" Bonds) are outstanding. As more fully described under the caption "INDEBTEDNESS OF JEA--Debt Relating to Electric Utility Functions - Power Park Issue Two Bonds" and - Power Park Issue Three Bonds" in the Annual Disclosure Report referred to herein, JEA's obligation to make payments from the Electric System (as defined herein) with respect to the Power Park, including its share of debt service on the Issue Two Bonds and debt service on the Issue Three Bonds (as defined herein), is a "Contract Debt" payable as a "Cost of Operation and Maintenance" of the Electric System. Florida Power & Light Company ("FPL") is also obligated to pay a share of the debt service on the Issue Two Bonds. FPL has no obligation to make payments on debt service on the Issue Three Bonds.

Additionally, as of the date of this Official Statement, $77,945,000 aggregate principal amount of BPSS Bonds (hereinafter defined) are outstanding. As more fully described under the caption "INDEBTEDNESS OF JEA--Debt Relating to Electric Utility Functions--Bulk Power Supply System Bonds" in the Annual Disclosure Report referred to herein, JEA's obligation to make payments from the Electric System with respect to Scherer Unit 4(hereinafter defined), including its share of debt service on the BPSS Bonds, is a "Contract Debt" payable as a "Cost of Operation and Maintenance" of the Electric System. All Contract Debt payments are payable on a parity basis.

The description herein of the Series Three Bonds and the descriptions herein and in the Annual Disclosure Report referred to under "Inclusion of Information" below of the documents authorizing and securing the same and of the other debt of JEA and of the documents authorizing, securing and relating to the same do not purport to be comprehensive or definitive. All references herein and in the Annual Disclosure Report to such documents are qualified in their entirety by reference to such documents.

Unless otherwise defined herein, all capitalized terms in this Official Statement shall have the same meanings as given to them in the Second Power Park Resolution referred to below or, if not defined therein, in the Annual Disclosure Report.

JEA

General. JEA is a body politic and corporate organized and existing under the laws of the State of Florida and is an independent agency of the City of Jacksonville, Florida (the "City"). JEA was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (as more particularly defined in the Annual Disclosure Report, the "Electric System"). In 1997, the City transferred to JEA the City's combined water and wastewater (sewer) utilities system (the "Water and Sewer System"). In 2004, JEA established a local district energy system (the "District Energy System") and transferred to it the chilled water production and distribution assets formerly held as part of the Electric System.

Electric System. In 2007, the latest year for which such information is available, JEA was the seventh largest municipally-owned electric utility in the United States in terms of number of customers. During its Fiscal Year ended September 30, 2008, the Electric System served an average of 414,416 customer accounts in a service area which covers virtually the entire City and parts of neighboring counties. JEA's total energy sales in Fiscal Year 2008, net of off-system sales and the energy sold by JEA to Florida Power & Light Company, a Florida corporation ("FPL"), pursuant to the FPL-Power Park Sale (see "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Power Park Issue Two Bonds*" and "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – *Ownership*" in the Annual Disclosure Report), were approximately 13.2 billion kWh. Total revenues, including investment income, for the Electric System for Fiscal Year 2008, net of the revenues received by JEA from the FPL-Power Park Sale, were approximately $1,283,804,000.

Bulk Power Supply System. Pursuant to Chapter 80-513, Laws of Florida, Special Acts of 1980 (as amended and supplemented, the "Bulk Power Act"), JEA is authorized to acquire, own and operate as a separate bulk power supply utility or system, electric generating plants and transmission lines within the City and within and outside of the State of Florida. In accordance with that Act, JEA has acquired a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant ("Scherer Unit 4"), a coal-fired steam electric generating unit currently rated at 841MW, net, located near Forsyth, Georgia and proportionate ownership interests in associated common facilities and an associated coal stockpile (such ownership interests are referred to herein as the "Scherer 4 Project"). See "ELECTRIC UTILITY FUNCTIONS – The Scherer 4 Project" in the Annual Disclosure Report.

St. Johns River Power Park System. Pursuant to the Bulk Power Act, JEA has also acquired and constructed, and operates, an 80 percent undivided ownership interest in the St. Johns River Power Park (the "Power Park"), a two-unit, coal- and pet coke-fired, steam electric generating station currently rated at 1,276 MW, net, located in the northeast section of the City that is jointly-owned by JEA and FPL. See "ST. JOHNS RIVER POWER PARK" herein and "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park" in the Annual Disclosure Report.

Water and Sewer System. The Water and Sewer System is owned and operated by JEA as a combined utilities system, separate and apart from JEA's Electric Utility Functions (as defined in the Annual Disclosure Report). Accordingly, information relating to the Water and Sewer System is not relevant to the debt of JEA relating to JEA's Electric Utility Functions.

District Energy System. The District Energy System is owned and operated by JEA as a distinct utilities system, separate and apart from the Electric System and the Water and Sewer System. Accordingly, information relating to the District Energy System is not relevant to the debt of JEA relating to the Power Park.

Inclusion of Information. JEA previously has prepared a document entitled "Annual Disclosure Report for Fiscal Year Ended September 30, 2007" (the "Annual Disclosure Report"). The Annual Disclosure Report sets forth certain information concerning JEA, its outstanding debt, the Electric System, its interest in the Power Park and the Scherer 4 Project. ***As more fully described under the caption "Inclusion of Information" below, certain information contained in the Annual Disclosure Report is included by reference in this Official Statement.*** Copies of the Annual Disclosure Report may be obtained in the manner and from the sources described under the caption "Inclusion of Information" below.

The Series Three Bonds

The Series Three Bonds are being issued under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly the Bulk Power Act, Article 21 of the Charter of the City, as amended, and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof and other applicable provisions of law and the Second Power Park Resolution. A summary of certain provisions of the Second Power Park Resolution is attached as Appendix E to the Annual Disclosure Report. As of the date of this Official Statement, there are $150,000,000 in St. Johns River Power Park System Revenue Bonds, Issue Three, Series One (the "Series One Bonds") and $125,000,000 in St. Johns River Power Park System Revenue Bonds, Issue Three, Series Two (the "Series Two Bonds") outstanding under the Second Power Park Resolution. The Series One Bonds, the Series Two Bonds and the Series Three Bonds and any additional bonds hereafter issued pursuant to the Second Power Park Resolution are referred to herein collectively as the "Issue Three Bonds." The Series Three Bonds, and any additional Issue Three Bonds will be entitled to a lien on the Revenues (as defined in the Second Power Park Resolution) and other funds pledged pursuant to the Second Power Park Resolution equal to the lien on the outstanding Issue Three Bonds, including the Series One Bonds and the Series Two Bonds. Pursuant to the Second Power Park Resolution and the laws of Florida, the amount of Issue Three Bonds that may be issued by JEA is not limited. See "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Power Park Issue Three Bonds*" in the Annual Disclosure Report. The Second Power Park Resolution is available for viewing and downloading on JEA's website (http://www.jea.com) by selecting "News" then selecting

"JEA Bond Investor," and then selecting "St. Johns River Power Park System Second Revenue Bond Resolution" under the heading "Bond Resolutions."

Inclusion of Information

In accordance with the provisions of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated by the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended, on May 30, 2008, JEA filed the Annual Disclosure Report with DisclosureUSA. The Annual Disclosure Report sets forth certain information concerning JEA, its outstanding debt, the Electric System, its interest in the Power Park and the Scherer 4 Project.

As more fully described in the Annual Disclosure Report, certain of the information set forth in the Annual Disclosure Report relates to the Water and Sewer System and the District Energy System and the debt of JEA issued with respect thereto.

There is hereby included in this Official Statement by this reference the information contained in the Annual Disclosure Report (other than the information therein relating to the Water and Sewer System and the District Energy System), which information should be read in its entirety in conjunction with this Official Statement. In addition, reference is made to the information in this Official Statement under the caption "RECENT DEVELOPMENTS," which information updates and supplements certain of the information contained in the Annual Disclosure Report.

Included in the Annual Disclosure Report are JEA's financial statements as of September 30, 2007 and 2006 and for the Fiscal Years then ended and the report thereon of Ernst & Young LLP, independent certified public accountants. APPENDIX C hereto contains JEA's financial statements as of September 30, 2008 and 2007 and for the Fiscal Years then ended, together with the report of Ernst & Young LLP, independent certified public accountants on such financial statements, providing more recent audited financial information than that included in the Annual Disclosure Report. See "RECENT DEVELOPMENTS – Financial Information" herein.

Copies of the Annual Disclosure Report may be obtained from the current Nationally Recognized Municipal Securities Information Repositories as prescribed by the SEC pursuant to their usual procedures and at their prescribed rates. Copies of the Annual Disclosure Report also may be obtained via the Internet from JEA's website as described below.

The Annual Disclosure Report is available for viewing and downloading from JEA's website (http://www.jea.com) by selecting "News," then selecting "JEA Bond Investor," and then selecting "2007 Annual Disclosure Report as filed with DisclosureUSA" under the heading "Annual Reports." (Please note that there also is available from JEA's website a separate document entitled "2007 Annual Report"; **this document is <u>not</u> the Annual Disclosure Report included by reference herein, and is <u>not</u> included by reference herein.)** ***Furthermore, except for the Annual Disclosure Report to the extent set forth herein, none of the other information contained on JEA's website is included by reference in this Official Statement.***

Except as described under the caption "INTRODUCTION – General" in the Annual Disclosure Report, for financing purposes, the debt of JEA relating to its Electric Utility Functions, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as described under the caption "INDEBTEDNESS OF JEA — Debt Relating to Electric Utility Functions — Electric System

Obligations Supporting the District Energy System" in the Annual Disclosure Report, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). **Accordingly, potential purchasers of the Series Three Bonds are advised that, except as described under the section heading "INDEBTEDNESS OF JEA — Debt Relating to Electric Utility Functions — Electric System Obligations Supporting the District Energy System" in the Annual Disclosure Report, the information in the Annual Disclosure Report relating to the Water and Sewer System and the District Energy System is not relevant to a decision to purchase the Series Three Bonds and should not be taken into account with respect thereto.**

Continuing Disclosure Undertaking

Pursuant to a Continuing Disclosure Agreement to be executed by JEA simultaneously with the issuance of the Series Three Bonds (the "Continuing Disclosure Agreement"), JEA will covenant for the benefit of the holders and beneficial owners of the Series Three Bonds to provide certain financial information and operating data relating to JEA by not later than the June 1 following the end of each of JEA's fiscal years, commencing with the report for the fiscal year ended September 30, 2008 (the "JEA Annual Information"), and to provide notices of the occurrence of certain enumerated events with respect to the Series Three Bonds, if material. The JEA Annual Information will be filed by or on behalf of JEA with DisclosureUSA or, once in effect, the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"). The notices of such material events will be filed by or on behalf of JEA with DisclosureUSA or, once in effect, EMMA. The specific nature of the information to be contained in the JEA Annual Information or the notices of material events is set forth in the form of the Continuing Disclosure Agreement attached hereto as APPENDIX D.

The covenants described in the preceding paragraph have been made in order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12.

As provided in the Continuing Disclosure Agreement, if JEA fails to make a filing required under the Continuing Disclosure Agreement, any holder or beneficial owner of the Series Three Bonds may institute and maintain, or cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by JEA of such obligation. In addition, as provided in the Continuing Disclosure Agreement, if JEA fails to perform any other obligation under the Continuing Disclosure Agreement, the holders or beneficial owners of not less than 10 percent in principal amount of the Series Three Bonds then outstanding or a trustee appointed by the holders or beneficial owners of not less than 25 percent in principal amount of the Series Three Bonds then outstanding may institute and maintain, or cause to be instituted and maintained, such proceedings (including any proceedings that contest the sufficiency of any pertinent filing) as may be authorized at law or in equity to obtain the specific performance by JEA of such obligation. IF ANY PERSON SEEKS TO CAUSE JEA TO COMPLY WITH ITS OBLIGATIONS UNDER THE CONTINUING DISCLOSURE AGREEMENT, IT IS THE RESPONSIBILITY OF SUCH PERSON TO DEMONSTRATE THAT IT IS A BENEFICIAL OWNER WITHIN THE MEANING OF THE CONTINUING DISCLOSURE AGREEMENT. A failure by JEA to comply with the provisions of the Continuing Disclosure Agreement does not constitute a default under the Second Power Park Resolution.

As of the date of this Official Statement, JEA has not failed to comply, in any material respect, with any previous continuing disclosure undertaking made by it pursuant to the provisions of Rule 15c2-12.

As described under "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto, upon initial issuance, the Series Three Bonds will be issued in book-entry only form through the facilities of The Depository Trust Company, New York, New York ("DTC"), and the ownership of one or more fully registered Series Three Bonds for each maturity, in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. For a description of DTC's procedures with respect to the enforcement of bondholders' rights, see "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

PURPOSE OF ISSUE AND PLAN OF FINANCE

The Series Three Bonds are being issued for the purpose of providing funds to (a) pay the cost of certain Additional Facilities, including the repayment of certain interim borrowings with respect thereto, (b) capitalize interest on the Series Three Bonds, (c) pay the cost of funding the Initial Subaccount in the Debt Service Reserve Account and (d) pay costs of issuance of the Series Three Bonds. For a description of JEA's capital program relating to the Power Park, see "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – Capital Improvements" in the Annual Disclosure Report and "RECENT DEVELOPMENTS – Power Park Capital Improvements" in this Official Statement.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of the Series Three Bonds are estimated to be as follows:

Sources:	
Principal Amount of the Series Three Bonds	$64,305,000.00
Less: Original Issue Discount (net of Premium)	(933,118.10)
TOTAL	$63,371,881.90
Uses:	
Deposit to Construction Fund 2d[(1)]	$59,366,351.94
Deposit to Initial Subaccount	3,311,975.00
Underwriters' Discount	476,728.79
Costs of Issuance	216,826.17
TOTAL	$63,371,881.90

[(1)] Includes $6,366,351.94 for capitalized interest through April 1, 2011.

ST. JOHNS RIVER POWER PARK

General

The Power Park, a coal- and pet coke-fired steam electric generating station, consists of two units, each having a current average net capability of 638 MW (1,276 MW total). The Power Park is jointly owned and operated by JEA and FPL pursuant to the provisions of the Joint Ownership Agreement (hereinafter defined). JEA owns an undivided 80 percent interest in the Power Park and FPL owns the other 20 percent interest. JEA and FPL each fund a corresponding share of ongoing costs and are entitled to a corresponding share of the generating capacity of the Power Park and related energy.

Under the terms of the Joint Ownership Agreement:

FPL is contractually obligated to purchase 37.5 percent of JEA's 80 percent share of the generating capacity of the Power Park and related energy (resulting in each utility receiving 50 percent of the Power Park's generating capacity and related energy) until the Joint Ownership Agreement expires in 2022, subject to the limitation on FPL's right to receive such capacity and related energy described under the caption "Joint Ownership Agreement" below.

After expiration of the Joint Ownership Agreement, JEA will be entitled to receive the generating capacity and related energy produced from its full 80 percent ownership interest in the Power Park, while FPL will be entitled to receive the generating capacity and related energy produced from its 20 percent ownership interest.

For further information regarding the Power Park, see "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park" in the Annual Disclosure Report.

Power Park Operations

The Power Park is the largest generating facility in the JEA system and had the lowest cost of power production in Florida during Fiscal Year 2006. Recent Power Park operating highlights include:

Year 2007 availability factor: 92.6 percent v. U.S. average of 84.07 percent.

Forced outage rate: Under 3.16 percent v. U.S. average of 6.49 percent.

(Note: the statistics shown regarding U.S. averages are for coal units between 600 and 799 MW in size as reported in the Generating Availability Report published by the North American Electric Reliability Council, November 30, 2008 for the calendar years 2003-2007.)

For further information regarding the operating history of the Power Park, see "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – *Operation*" in the Annual Disclosure Report.

Joint Ownership Agreement

Pursuant to the Agreement for Joint Ownership, Construction and Operation of the St. Johns River Power Park Coal Units #1 and #2, dated as of April 2, 1982, between JEA and FPL, as amended (the "Joint Ownership Agreement"), JEA has agreed to sell, and FPL has agreed to purchase, on a "take-or-pay" basis (that is, whether or not the Power Park is operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of the Power Park for any reason), 37.5 percent of JEA's 80 percent share of the generating capacity of the Power Park and related energy until the Joint Ownership Agreement expires in 2022, subject to the limitation that FPL's right to receive such capacity and related energy shall be suspended if and when the receipt by FPL of any additional amount of energy from such sale would result in FPL having received energy from such sale in excess of 25 percent of the product of (a) the nameplate capacity of JEA's ownership interest in the Power Park, without any reduction for reserves or other unutilized capacity, and (b) the number of years (including fractions) from the date FPL first took energy pursuant to such sale until the latest maturity date of the Issue Two Bonds (such sale is referred to herein as the "FPL-Power Park Sale"). In April 1983, FPL obtained a ruling from the Internal Revenue Service that permitted JEA to finance its entire ownership interest in the Power Park (including the capacity sold to FPL pursuant to the FPL-Power Park Sale) with the proceeds of tax-exempt bonds so long as the foregoing limitation is not exceeded.

Pursuant to the Joint Ownership Agreement, both JEA and FPL must make payments for the output, capacity, use and service of JEA's interest in the Power Park which payments are due on such dates and in such aggregate amounts as shall be sufficient to provide "Net Revenues" (as defined in the First Power Park Resolution) in each Bond Year sufficient to comply with the rate covenant referred to in the First Power Park Resolution; *provided*, *however*, that during any suspension of FPL's right to receive the capacity and related energy being sold to it pursuant to the FPL-Power Park Sale, as described in the preceding paragraph, FPL shall be obligated only to pay its share of the debt service on the Issue Two Bonds and the administrative fees and expenses incurred under the First Power Park Resolution. See APPENDIX C hereto for JEA's audited Schedules of Debt Service Coverage for the Power Park for the Fiscal Years ended September 30, 2008 and 2007.

JEA has periodically disclosed the aggregate amount of energy which FPL has taken and has calculated the amount FPL is entitled to take over the remaining term of the FPL-Power Park Sale based upon the terms of the Joint Ownership Agreement. FPL and JEA had a disagreement as to the aggregate amount of energy to which FPL is entitled over the remaining term of the FPL-Power Park Sale. The parties litigated the dispute, and a Florida court ruled in FPL's favor. That ruling was affirmed by the appellate court on March 5, 2009. As of September 30, 2008, approximately 62.64 percent of the term of the FPL-Power Park Sale had passed. JEA has computed that FPL has received as of September 30, 2008 approximately 72.56 percent (compared to 80.57 percent which JEA had computed using a different method prior to the final court determination) of the capacity and related energy to which it is entitled over the entire term of such sale. Based on JEA's current generation plans, it does not believe the resolution of this dispute with FPL will have a material adverse effect on its finances or operations.

JEA can make no predictions as to the manner in which FPL will schedule its right to receive the capacity and related energy being sold to it pursuant to the FPL-Power Park Sale over the remaining term of such sale. In the event that FPL continues to schedule such capacity and energy in the same manner as it has through September 30, 2008, FPL's right to receive such capacity and energy would be suspended on a date that is earlier than the date on which the term of such sale expires, with the effect that FPL no longer would be entitled to receive such capacity and energy but still would remain obligated to pay its share of the debt service on the bonds issued pursuant to the First Power Park Resolution and the administrative fees and expenses incurred under the First Power Park Resolution.

The respective obligations of FPL and of JEA with respect to the Electric System are several and not joint. Thus, JEA's ability to provide for the operation of its interest in the Power Park is dependent upon the financial ability of JEA and FPL to provide the necessary funds to pay the costs thereof. Accordingly, JEA's ability to collect revenues sufficient to enable it to cause all of the obligations with respect to the Power Park, including debt service on the Power Park Bonds, to be paid is dependent, in part, on the ability of FPL to make the payments due under its "take-or-pay" contract for the purchase of part of the generating capacity of JEA's interest in the Power Park. See "FLORIDA POWER & LIGHT COMPANY" herein for a discussion of certain publicly available reports and information with respect to FPL and the means by which such reports and information may be obtained. JEA cannot give any assurance as to the ability of FPL to abide by its obligation under its "take-or-pay" contract for the purchase of part of the generating capacity of JEA's interest in the Power Park. However, JEA currently has no knowledge of any facts or events that would cause FPL to be unable, or to fail, to comply with its obligations under the Joint Ownership Agreement.

Payments required to be made by FPL according to the Joint Ownership Agreement are not subject to any increase to make up for any deficiency in the payments made by JEA from the Electric System into the Revenue Fund established under the First Power Park Resolution. In the event of any failure by FPL to make when due any payment required by the Joint Ownership Agreement, JEA shall make available to the Electric System the energy and capacity of the Power Park which FPL was entitled to receive prior to its default, and JEA shall use its best efforts to sell to other utilities such Power Park output previously available to FPL and not taken for the account of the Electric System. Payments required to be made by JEA from the Electric System are not subject to any increase to make up for any deficiency in the payments to be made by FPL, except to the extent that the Electric System shall be able to use and shall take a portion of the energy and capacity of the Power Park which FPL was entitled to receive prior to its failure to make any payment.

In the event of a default by either JEA or FPL in any of their obligations under the Joint Ownership Agreement, the defaulting party has no right to take any of the capacity and associated energy of the Power Park. The non-defaulting party may take all of the Power Park's capacity and associated energy to which the defaulting party would otherwise be entitled; such a taking by the non-defaulting party will not relieve the defaulting party of its liability for such default, except in minor part as described in the Joint Ownership Agreement. If either JEA or FPL remains in default for a period of 365 days, the non-defaulting party has, among other rights, the right to purchase in full or in part the defaulting party's ownership interest in the Power Park at a price determined according to the Joint Ownership Agreement.

After expiration of the Joint Ownership Agreement or the earlier expiration of FPL's right to capacity related energy pursuant to the FPL-Power Park Sale, JEA will be entitled to receive the capacity and related energy produced from its full 80 percent ownership interest in the Power Park, while FPL will be entitled to receive the capacity and related energy produced from its 20 percent ownership interest.

As more fully described under "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE BONDS – Source of Payment" herein, all payments made by FPL to JEA under the provisions of the Joint Ownership Agreement shall not be included in the calculation of "Revenues" as defined in the Second Power Park Resolution. FPL has no obligation to make payments on debt service in respect of the Issue Three Bonds.

For a more complete description of the Joint Ownership Agreement, see "SUMMARY OF CERTAIN PROVISIONS OF THE POWER PARK JOINT OWNERSHIP AGREEMENT" in Appendix H to the Annual Disclosure Report.

Power Park Capital Improvements

For a discussion of JEA's projected capital expenditures at the Power Park for the five-year period ending Fiscal Year 2013 see "RECENT DEVELOPMENTS ─ Power Park Capital Improvements" herein.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE BONDS

General

The Series Three Bonds will be issued pursuant to the Constitution and laws of the State of Florida, particularly the Bulk Power Act, other applicable provisions of law and the Second Power Park Resolution. For a more extensive discussion of the terms and provisions of the Second Power Park Resolution, the levels at which the funds and accounts established thereby are to be maintained, the flow of funds under the Second Power Park Resolution and the purposes to which moneys in such funds and accounts may be applied, see "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION" in Appendix E to the Annual Disclosure Report.

Source of Payment

The payment of the principal or redemption price of, and interest on the Issue Three Bonds will be secured by a pledge of and a lien on (a) the proceeds of sale of the Issue Three Bonds, (b) the Revenues (as defined in the Second Power Park Resolution) and (c) all funds and accounts established by the Second Power Park Resolution (other than the Debt Service Reserve Account and the Renewal and Replacement Fund 2d). The term "Revenues" is defined in the Second Power Park Resolution to mean (i) so long as the First Power Park Resolution has not been satisfied and discharged, (a) all payments made by JEA from its Electric System into the Revenue Fund 2d (x) pursuant to subsection 1 of Section 712 in the Second Power Park Resolution and (y) as may be required to comply with the requirements of subsection 1 of Section 710 of the Second Power Park Resolution (the rate covenant) and (b) amounts received or to be received as described in sub-clause (z) of clause (ii) below and (ii) after the First Power Park Resolution has been satisfied and discharged, in addition to the payment received pursuant to the sub-sub-clause (x) and (y) of sub-clause (a) of clause (i) above, (x) all revenues, income, rents and receipts derived or to be derived by JEA from or attributable or relating to the ownership and operation of the Power Park, including all revenues attributable or relating to the Power Park or to the payment of the costs thereof received or to be received by JEA from FPL under Section Eight of the Joint Ownership Agreement (relating to the sale of electric capability to FPL) or otherwise payable to it for the sale of the output, capacity, use of service of the Power Park or any part thereof or otherwise with respect to the Power Park, including all payments made by JEA from its Electric System into the Revenue Fund 2d pursuant to subsection 1 of Section 712 of the Second Power Park Resolution, (y) the proceeds of any insurance covering business interruption loss relating to the Power Park derived or to be derived by JEA and (z) (A) interest received or to be received on any moneys or securities (other than moneys or securities in the Construction Fund 2d) held pursuant to the Second Power Park Resolution and required to be paid into the Revenue Fund 2d and (B) any amounts received under any hedging instrument transaction (including a Designated Swap Obligation) entered into relating to indebtedness issued pursuant to the Second Power Park Resolution. Revenues do not include (I) any income, fees, charges, receipts, profits or other moneys derived by JEA from its ownership or operation of the Electric System (except that payments made by JEA into the Revenue Fund 2d from the Electric System pursuant to Section 712 of the Second Power Park Resolution, as referred to in the preceding sentence, shall become Revenues when and to the extent such payments are actually made) or of any other separate bulk power supply utility or system (including the Scherer 4 Project) of the nature referred to in the last sentence of the definition of System in the Second Power Park Resolution, or (II) any payments by FPL to JEA for transmission service under Section 6.17 of the Joint Ownership Agreement. JEA owns a 23.64 percent interest in Scherer Unit 4.

Subsection 1 of Section 712 of the Second Power Park Resolution provides that JEA will allocate to and make available for the account of the Electric System in each year that portion of the output, capacity, use and service of the Power Park which is in excess of the output, capacity, use and service of the Power Park sold to FPL pursuant to Section Eight of the Joint Ownership Agreement. Subsection 1 of Section 712 also provides that JEA will make payments from the Electric System which will provide: (i) in each month, Revenues equal to: (a) Operation and Maintenance Expenses due and payable during such month (but with no duplication for amounts paid therefor pursuant to the First Power Park Resolution); (b) the amount, if any, to be set aside in the Revenue Fund 2d (other than amounts required to be paid into such Fund out of the proceeds of Issue Three Bonds) as a general reserve for Operation and Maintenance Expenses or as a reserve for the acquisition of fuel in accordance with the then current Annual Budget, (c) the Monthly Debt Service Deposit for such month, (d) the amount, if any, to be paid during such month into the Debt Service Reserve Account in the Debt Service Fund 2d (other than amounts required to be paid into such Account out of the proceeds of Issue Three Bonds), (e) to the extent not paid into the revenue fund established pursuant to the First Power Park Resolution, all other direct and indirect costs of operating and maintaining the Power Park, if any, which are not payable under subsection 1(i)(a) of Section 712 of the Second Power Park Resolution, but which are required to be paid by JEA under the Joint Ownership Agreement, including but not limited to (X) all costs, expenses, liabilities and charges which constitute "Costs of Operation" under the Joint Ownership Agreement and (Y) all losses, costs, damages and expenses payable to FPL under Section 13.6 of the Joint Ownership Agreement, and (f) all other charges or liens (other than Costs of Acquisition and Construction of Initial Facilities or any Additional Facilities) whosoever payable out of Revenues during such month including payment of damages awarded pursuant to judgment of any court; and (ii) in each 12-month period ending September 30, the Renewal and Replacement Requirement for such period.

For a discussion of JEA's payment obligations with respect to the use by the Electric System of the output, capacity, use or service of the Power Park, see "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION" in Appendix E to the Annual Disclosure Report.

The payments from the Electric System in respect of the Power Park are "Contract Debts" payable as a "Cost of Operation and Maintenance" (both terms as defined in the Electric System

Resolution) of the Electric System. Debt service on the Issue Three Bonds is a Contract Debt of the Electric System. Such Contract Debt payments are payable from the revenues of the Electric System prior to any payments from such revenues for indebtedness not constituting a Contract Debt issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds, and are payable on a parity with Contract Debt payments from the Electric System made with respect to the Issue Two Bonds and the BPSS Bonds, any other separate bulk power supply utilities or systems that JEA may establish in the future and any other Contract Debt payments including bulk electric power purchase agreements. See "Contract Debts" below and "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Electric System Contract Debts*" in the Annual Disclosure Report. See also "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in Appendix B to the Annual Disclosure Report.

The lien of the Issue Three Bonds on the Revenues and other funds pledged therefor is prior and superior to all other liens or encumbrances on such Revenues and funds, subject only to the provisions of the Second Power Park Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Second Power Park Resolution.

Debt Service Reserve Account

There is created within the Debt Service Reserve Account in the Debt Service Fund 2d established pursuant to the Second Power Park Resolution a subaccount designated as the "Initial Subaccount" for the benefit of the Series One Bonds, the Series Two Bonds and the Series Three Bonds and other Issue Three Bonds designated to be secured thereby. The resolution supplemental to the Second Power Park Resolution authorizing the Series Three Bonds specifies that the Series Three Bonds shall be additionally secured by amounts on deposit in the Initial Subaccount.

If on any day on which the principal or sinking fund Redemption Price of or interest on the Issue Three Bonds shall be due, the amount on deposit in the Debt Service Account in the Debt Service Fund 2d (exclusive of amounts, if any, set aside in said Account from the proceeds of the Issue Three Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d) for the payment of interest on the Issue Three Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Series (as defined in the Second Power Park Resolution) secured thereby.

Pursuant to the Second Power Park Resolution, JEA is required to maintain on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d an amount equal to the Debt Service Reserve Requirement related thereto. The term "Debt Service Reserve Requirement" is defined in the Second Power Park Resolution to mean, with respect to each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d, unless otherwise specified in the Supplemental Resolution establishing such subaccount, as of any date of calculation, an amount equal to the maximum amount of interest to accrue on the Additionally Secured Series secured thereby during the then current, or any future, Fiscal Year (assuming, for this purpose, that all Additionally Secured Series secured thereby that bear interest at a variable or floating rate shall bear interest during such period at the greater of (i) the actual rate of interest then borne by such Bonds or (ii) the Certified Interest Rate applicable thereto).

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Initial Subaccount Additionally Secured Bonds (including the Series Three Bonds) an irrevocable surety bond, an insurance policy or a letter of credit (referred to herein as a "reserve fund credit instrument") satisfying the requirements set forth below in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sums of moneys or value of Investment Securities on deposit in the Initial Subaccount, if any, upon provision of such reserve fund credit instrument.

(i) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a "municipal bond insurer") may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated in the Highest Rating Category by each Rating Agency.

(ii) A surety bond or insurance policy issued by an entity other than a municipal bond insurer may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount; *provided*, that such entity or its claims paying ability is rated in the Highest Rating Category by each Rating Agency.

(iii) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least the Second Highest Rating Category by each Rating Agency. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(iv) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semi annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in any of clauses (i) through (iii) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(v) The use of any reserve fund credit instrument pursuant to this subsection shall be subject to receipt of an opinion of counsel acceptable to JEA as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to JEA and the Credit Enhancer, if any, for the Initial Subaccount Additionally Secured Bonds and in form and substance satisfactory to JEA and the Credit Enhancer, if any, for the Initial Subaccount Additionally Secured Bonds to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(vi) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Issue Three Bonds. Subject to the second and third succeeding sentences, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be on a parity with the cash replenishment of the Initial Subaccount. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be subordinated to cash replenishment of the Initial Subaccount to an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (a) the issuer of a reserve fund credit instrument becomes insolvent or (b) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (c) the claims-paying ability of the issuer of the insurance policy or surety bond falls below the Highest Rating Category (as rated by any Rating Agency) or (d) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subaccount.

(vii) If (a) the revolving reinstatement feature described in the preceding clause (vi) is suspended or terminated or (b) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below the Highest Rating Category (as rated by any Rating Agency) or (c) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instruments then on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (i) through (iii) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (2) the rating of the issuer of the letter of credit falls below "A" or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve credit instruments on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (i) through (iii) above within six months of such occurrence.

(viii) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (vii).

(ix) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Second Power Park Resolution for purposes of clause (1) of subsection 1 of Section 203 and subsection 1 of Section 710 of the Second Power Park Resolution.

(x) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide timely notice to the issuer of the reserve fund credit instrument in accordance with its terms in order to receive proceeds thereunder prior to each interest payment date for any Initial Subaccount Additionally Secured Bonds.

(xi) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Among other things, the Second Power Park Resolution provides that:

(a) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a "municipal bond insurer") may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated in the "AAA," "Aaa" or "AAA" by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P"); Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch"), respectively; and

(b) if the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a "AAA" by S&P, a "Aaa" by Moody's or a "AAA" by Fitch, JEA shall either (i) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instruments then on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the applicable requirements in the Second Power Park Resolution within six months of such occurrence; and

(c) if the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A," JEA shall either (i) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instruments on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the applicable requirements in the Second Power Park Resolution within six months of such occurrence.

On April 3, 2007, simultaneously with the issuance of JEA's St. Johns River Power Park System Revenue Bonds, Issue Three, Series One, JEA caused Syncora Guarantee Inc., previously known as XL Capital Assurance Inc. ("XL") to issue a debt service reserve policy surety bond (the "XL Debt Service Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account.

Any insurer that provides any surety bond held in the Debt Service Reserve Account is required by the Second Power Park Resolution to be in the highest rating category by Moody's, S&P and Fitch. If the rating of the claims-paying ability of the issuer of the surety bond falls below "A," JEA is required to (i) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instruments on deposit in the Initial Subaccount (without regard to the XL Debt Service Reserve Policy) to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the applicable requirements in the Second Power Park Resolution within six months of such occurrence. Because the current ratings of XL are below the highest rating by Moody's and S&P, JEA has deposited cash in the amount of $6,396,976.26 in the Initial Subaccount, the amount required so that the amount on deposit in the Initial Subaccount equals the Debt Service Reserve Requirement. If XL is once again rated in the highest rating category by Moody's, S&P and Fitch and if the amount on deposit in the Initial Subaccount equals the Debt Service Reserve Requirement, JEA could withdraw from the Initial Subaccount an amount equal to the amount of the XL Debt Service Reserve Policy.

As of the date of this Official Statement, the Debt Service Reserve Requirement for the Initial Subaccount in the Debt Service Reserve Account is $12,172,812.52. As a result of the issuance of the Series Three Bonds, the Debt Service Reserve Requirement for the Initial Subaccount in the Debt Service Reserve Account will be increase by $3,311,975.00, to $15,484,787.52.

JEA may, by resolution supplemental to the Second Power Park Resolution, create within the Debt Service Reserve Account one or more additional subaccounts, for the benefit of such series of Issue Three Bonds as may be specified in, or determined pursuant to, such supplemental resolution. In lieu of maintaining moneys or investments in any such subaccount, JEA at any time may cause to be deposited into such subaccount for the benefit of the Holders of bonds of the Additionally Secured Series secured thereby an irrevocable surety bond, an insurance policy or a letter of credit satisfying the requirements set forth in such supplemental resolution in an amount equal to the difference between the Debt Service Reserve Requirement for such subaccount and the sum of moneys or value of Authorized Investments then on deposit therein, if any. Any such additional subaccount hereafter established will not additionally secure the Series Three Bonds.

No Pledge of Credit or Taxing Power

The Series Three Bonds shall not constitute general obligations of either JEA or the City within the meaning of any constitutional, statutory or charter provision or limitation. The City shall never be required or compelled to levy ad valorem taxes on any property of JEA or property of or in the City to pay the principal or redemption price of, and interest on, the Series Three Bonds, or to make any of the sinking fund, reserve or other payments required under the Second Power Park Resolution. JEA has no power to levy taxes for any purpose. The Series Three Bonds shall not constitute a lien upon any of the property of JEA or the property of or in the City but shall constitute a lien only upon special funds created by the Second Power Park Resolution in the manner provided therein.

Contract Debts

Contract Debts, a component of the Electric System's Cost of Operation and Maintenance, is defined in the Electric System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk electric power purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received, but shall not include (a) payments required to be made in respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each such case, other than (X) the Power Park and (Y) the Bulk Power Supply System Projects (as such term is defined in the Electric System Resolution)) and (b) payments required to be made in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale as may be determined by JEA to be payable on a parity with Subordinated Bonds that may be issued in accordance with the provisions of the Electric System Resolution. All Contract Debt payments are payable on a parity basis. For a further discussion of Contract Debts, see "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Electric System Contract Debts*" in the Annual Disclosure Report. See also "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in Appendix B to the Annual Disclosure Report.

On November 18, 2008, the JEA Board adopted a resolution that readopted and amended and restated the Bulk Power Supply System Resolution (the Bulk Power Supply System Resolution, as so readopted, amended and restated, is referred to herein as the "BPSS Resolution"). Pursuant to the BPSS Resolution, at such time, if any, as any BPSS Bonds shall be issued and outstanding, JEA will be obligated to make the output and capacity of the Scherer 4 Project (and any other projects that may be financed under the BPSS Resolution) available to the Electric System and will be obligated to make payments from the Electric System on a "take-or-pay" basis to provide revenues to pay operating and maintenance expenses of the Scherer 4 Project (and such other projects), debt service on the BPSS Bonds, renewal and replacement costs relating to the Scherer 4 Project (and such other projects) and all other costs relating to the Scherer 4 Project (and such other projects), and such payments will constitute a Contract Debt of the Electric System, payable as a Cost of Operation and Maintenance of the Electric System. As of the date of this Official Statement, $77,945,000 in aggregate principal amount of bonds (the "BPSS Bonds") are outstanding under the BPSS Resolution.

Rate Covenants

Power Park Rate Covenant. For a description of the rate covenant made by JEA in the First Power Park Resolution, see "SUMMARY OF CERTAIN PROVISIONS OF THE FIRST POWER PARK RESOLUTION – Particular Covenants of JEA – *Rate Covenant*" in Appendix D to the Annual Disclosure Report. For a description of the rate covenant made by JEA in the Second Power Park Resolution, see

"SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION – Covenants as to Rates, Fees and Charges" in Appendix E to the Annual Disclosure Report.

Electric System Rate Covenant. For a description of the rate covenant made by JEA in the Electric System Resolution, see "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Rate Covenant" in Appendix B to the Annual Disclosure Report. Pursuant to the Second Power Park Resolution, the rate covenant made by JEA in the Electric System Resolution will remain in force and effect after the payment of all the Electric System Bonds so that the rates established by JEA for the Electric System must remain at a level sufficient to pay the Contract Debts of the Electric System, including JEA's debt service on the Issue Three Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION – Particular Covenants of JEA – Rate Covenant" in Appendix E to the Annual Disclosure Report.

Bulk Power Supply System Rate Covenant. The BPSS Resolution contains a covenant on the part of JEA to collect rates and charges during each bond year for the use or the sale of output, capacity and use of the Scherer 4 Project (and other projects that may be financed thereunder) which shall be at least equal to the greater of (i) 115 percent of the Aggregate Debt Service (as defined in the BPSS Resolution) for such bond year; *provided*, *however*, that any Principal Installment (as defined in the BPSS Resolution) which is a Refundable Principal Installment (as defined in the BPSS Resolution) may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such principal installment from sources other than Revenues (as defined in the BPSS Resolution), and (ii) the amount which, together with other available funds, shall be sufficient for the payment of: (a) the amount to be paid during such bond year into the Debt Service Account in the Debt Service Fund established pursuant to the BPSS Resolution (other than amounts required to be paid into such account out of the proceeds of bonds, subordinated indebtedness or other evidences of indebtedness of JEA); (b) the amount, if any, to be paid during such bond year into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund (other than amounts required to be paid into any such subaccount out of the proceeds of bonds, subordinated indebtedness or other evidences of indebtedness of JEA); (c) the amount, if any, to be paid during such bond year into the Subordinated Indebtedness Fund established pursuant to the BPSS Resolution (other than amounts required to be paid into such fund out of the proceeds of bonds, subordinated indebtedness or other evidences of indebtedness of JEA); (d) the amount, if any, to be paid during such bond year into the Renewal and Replacement Fund established pursuant to the BPSS Resolution (other than amounts required to be paid into such fund out of the proceeds of bonds, subordinated indebtedness or other evidences of indebtedness of JEA); (e) if any decommissioning funds shall have been established pursuant to the BPSS Resolution, the amount, if any, to be paid during such bond year into each decommissioning fund (other than amounts required to be paid into any such fund out of the proceeds of bonds, subordinated indebtedness or other evidences of indebtedness of JEA); and (f) all other charges and liens whatsoever payable out of Revenues (as defined in the BPSS Resolution) during such bond year.

The BPSS Resolution is available for viewing and downloading on JEA's website (http://www.jea.com) by selecting "News," then selecting "JEA Bond Investor" and then selecting "Restated and Amended Bulk Power Supply System Revenue Bond Resolution" under the heading "Bond Resolutions."

Additional Bonds

Additional Issue Three Bonds. JEA may issue one or more issues of additional Issue Three Bonds for the purpose of providing funds to pay for Additional Facilities thereof. JEA may also issue refunding Issue Three Bonds to refund outstanding Issue Three Bonds, Subordinated Indebtedness or bonds issued under the First Power Park Resolution. Any additional Issue Three Bonds or refunding Issue Three Bonds will be entitled to a lien on the Revenues (as defined in the Second Power Park

Resolution) and other funds pledged pursuant to the Second Power Park Resolution equal to the lien of the outstanding Issue Three Bonds. For a description of the provisions of the Second Power Park Resolution relating to the issuance of additional Issue Three Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION" in Appendix E to the Annual Disclosure Report.

Additional Issue Two Bonds. JEA may issue one or more issues of additional Issue Two Bonds for the purpose of providing funds to pay all or a portion of the Cost of Acquisition and Construction of any Additional Facilities. JEA may also issue refunding Issue Two Bonds to refund outstanding Issue Two Bonds. Any additional Issue Two Bonds or refunding Issue Two Bonds will be Contract Debts of the Electric System, entitled to a lien on the Revenues (as defined in the First Power Park Resolution) and other funds pledged pursuant to the First Power Park Resolution equal to the lien of the outstanding Issue Two Bonds. For a description of the provisions of the First Power Park Resolution relating to the issuance of additional Issue Two Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE POWER PARK RESOLUTION - Additional Power Park Bonds" in Appendix C to the Annual Disclosure Report. JEA does not currently anticipate that additional Issue Two Bonds will be required to provide additional funds for JEA's interest in the initial facilities of the Power Park or any Additional Facilities of the Power Park. JEA may issue additional Issue Two Bonds to refund outstanding Issue Two Bonds from time to time as it deems economical or advantageous.

Additional Bulk Power Supply System Bonds. The BPSS Resolution permits JEA to issue one or more series of BPSS Bonds for any lawful purpose of JEA related to the Scherer 4 Project (and any other projects that may be financed thereunder). The BPSS Resolution also permits JEA to issue refunding BPSS Bonds to refund any outstanding BPSS Bonds from time to time as it deems economical or advantageous.

Additional Electric System Bonds. Except for Contract Debts, JEA has covenanted in the Electric System Resolution to issue no obligations payable from the Revenues of the Electric System, nor to create voluntarily or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Electric System Bonds except as provided in the Electric System Resolution. For a description of the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION – Issuance of Additional Electric System Bonds" in Appendix B to the Annual Disclosure Report.

Additional Provisions Relating to the Series Three Bonds

> With respect to the requirements of the Internal Revenue Code of 1986 relating to the Series Three Bonds, JEA has covenanted in the Supplemental Resolution of JEA adopted on April 21, 2009 authorizing the issuance of the Series Three Bonds as follows:
>
> "**Tax Covenants.** (a) JEA covenants that it shall not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series Three Bonds under Section 103 of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the Date of Issuance of the Series Three Bonds concerning certain matters pertaining to the use of proceeds of the Series Three Bonds, including any and all exhibits attached

thereto (the 'Tax Certificate'). This covenant shall survive payment in full or defeasance of the Series Three Bonds.

(b) Notwithstanding any provisions of this Section, if JEA shall obtain an opinion of nationally recognized municipal bond attorneys to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Series Three Bonds, JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(c) Notwithstanding any other provision of the [Second Power Park] Bond Resolution to the contrary, (i) upon JEA's failure to observe or refusal to comply with the above covenants, the holders of the Series Three Bonds shall be entitled to the rights and remedies provided to Bondholders under the [Second Power Park] Bond Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all Series Three Bonds then outstanding, and the interest accrued thereon, to be due and payable and (ii) the holders of any [Second Power Park] Bonds other than the Series Three Bonds shall not be entitled to exercise any right or remedy provided to Bondholders under the [Second Power Park] Bond Resolution based upon JEA's failure to observe, or refusal to comply with, the above covenants."

DESCRIPTION OF THE SERIES THREE BONDS

General

The Series Three Bonds will be dated and bear interest at the rates and mature on the dates and in the amounts set forth on the cover page of this Official Statement. Interest on the Series Three Bonds will be payable commencing on October 1, 2009 and semiannually on each April 1 and October 1 thereafter by U.S. Bank National Association, Bond Registrar and Paying Agent. The Series Three Bonds will be issuable only in fully registered form in the principal amount of $5,000 or any integral multiple thereof. The Series Three Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the Series Three Bonds and the ownership of one or more fully registered Series Three Bonds for each maturity (and, if applicable, each interest rate within a maturity) as set forth on the cover page of this Official Statement, in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

Registration and Transfer

Payment of the semiannual interest on the Series Three Bonds shall be made by check or draft mailed to the person in whose name the Series Three Bond is registered at the person's address as it appears on the registration books maintained by the Bond Registrar on behalf of JEA at the close of business on the 15th day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of such Series Three Bond subsequent to the Record Date and prior to such interest payment date, unless JEA shall default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Series Three Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Bond Registrar on behalf of JEA to the registered owners of the Series Three Bonds not less than 15 calendar days preceding such special record date. Such notice shall be mailed to the persons in whose names the Series Three Bonds are registered at the close of business on the fifth calendar day preceding the date of mailing.

For so long as a book-entry system is used for determining beneficial ownership of the Series Three Bonds, such interest shall be payable to DTC or its nominee. Disbursement of such payments to the Direct Participants (as defined in APPENDIX A hereto) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners (as defined in APPENDIX A hereto) of the Series Three Bonds is the responsibility of the Direct Participants or the Indirect Participants (as defined in APPENDIX A hereto).

The Series Three Bonds may be exchanged or transferred without charge to the owners thereof, except for any tax, fee or other governmental charge imposed in connection with said exchange or transfer.

Redemption

Optional Redemption. The Series Three Bonds maturing prior to October 1, 2015 are not subject to redemption. The Series Three Bonds maturing after October 1, 2014 will be redeemable at the election of JEA on and after October 1, 2014, at any time, as a whole or in part, at the redemption price of 100 percent of the principal amount of the Series Three Bonds so to be redeemed, together with accrued interest to the redemption date.

Mandatory Redemption. The Series Three Bonds maturing on October 1, 2034 and October 1, 2039, as set forth in the tables below, are subject to mandatory redemption by lot prior to maturity on October 1 in the years and amounts shown below at par (plus accrued interest to the redemption date) from Sinking Fund Installments required to be paid in such years and amounts:

Series Three Bonds
Maturing on October 1, 2034

Year	Principal Amount
2030	$2,755,000
2031	2,910,000
2032	3,070,000
2033	3,240,000
2034†	3,415,000

† Final maturity.

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Series Three Bonds
Maturing on October 1, 2039

Year	**Principal Amount**
2035	$3,605,000
2036	3,800,000
2037	4,010,000
2038	4,230,000
2039†	4,465,000

† Final maturity.

Such Sinking Fund Installments shall be applied to the redemption of the applicable Series Three Bonds on October 1 of each of the applicable years set forth above, and may also be so applied on the immediately preceding April 1.

Giving effect solely to the sinking fund schedules set forth above, the average lives of the Series Three Bonds maturing on October 1, 2034 and October 1, 2039, calculated from the date of delivery thereof, are approximately 23.529 years and 28.529 years, respectively.

In determining the amount of Series Three Bonds to be redeemed with any Sinking Fund Installment, there will be deducted the principal amount of any Series Three Bonds which have been purchased, to the extent permitted by the Second Power Park Resolution, with amounts in the Debt Service Account in the Debt Service Fund 2d. In addition, if any Series Three Bonds are (a) purchased or redeemed other than by operation of the Debt Service Account in the Debt Service Fund 2d or (b) defeased as provided in the Second Power Park Resolution, such Series Three Bonds may be credited against any future Sinking Fund Installment with respect to the Series Three Bonds as determined by JEA.

Selection of Series Three Bonds to be Redeemed. For so long as the Series Three Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX A hereto, in the event that less than all of the Series Three Bonds are to be redeemed, the particular Beneficial Owner(s) to receive payment of the redemption price with respect to beneficial ownership interests in such Series Three Bonds shall be selected by DTC and the Direct Participants and/or Indirect Participants. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

Notice of Redemption. The Second Power Park Resolution requires JEA to mail a notice of any redemption of the Series Three Bonds by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date to the Holders of any Series Three Bonds or portions of Series Three Bonds which are to be redeemed, at their last address, if any, appearing upon the registry books but failure to do so will not affect the validity of the proceedings for the redemption of any other Bonds. The notice may provide that it can be revoked in accordance with its terms.

For so long as a book-entry only system of registration is in effect with respect to the Series Three Bonds, JEA will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants, any failure of Direct Participants to convey such notice to any Indirect Participants or any failure of Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency or the validity of the redemption of Series Three Bonds. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

For so long as a book-entry only system of registration is in effect with respect to the Series Three Bonds, JEA will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants, any failure of Direct Participants to convey such notice to any Indirect Participants or any failure of Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency or the validity of the redemption of Series Three Bonds. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

DEBT SERVICE REQUIREMENTS FOR THE ISSUE THREE BONDS

Set forth in APPENDIX B hereto is a table showing the debt service requirements for the Issue Three Bonds after the issuance of the Series Three Bonds.

RECENT DEVELOPMENTS

The following information updates and supplements certain of the information contained in the Annual Disclosure Report included by reference herein:

Debt Relating to Electric Utility Functions

The following information updates the information contained in the second paragraph under the caption "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – Electric System Bonds" in the Annual Disclosure Report and in Note 15 to the financial statements of JEA attached hereto as APPENDIX C:

As of March 31, 2009, no Senior Liquidity Supported Electric Bonds were held by the banks providing such standby bond purchase agreements. However, due to instability in the market for variable rate demand obligations, it is possible that Senior Liquidity Supported Electric Bonds may be purchased by such banks under such standby bond purchase agreements in the future.

The following information updates the information contained in the second paragraph under the caption "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – Subordinated Electric System Bonds" in the Annual Disclosure Report and in Note 15 to the financial statements of JEA attached hereto as APPENDIX C:

As of March 31, 2009, no loans were outstanding under the credit agreements with respect to such Electric System Commercial Paper Notes. However, due to instability in the market for municipal commercial paper notes, it is possible that loans may be made under such credit agreements in the future.

The following information updates the information contained in the third paragraph under the caption "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – Subordinated Electric System Bonds" in the Annual Disclosure Report:

As of March 31, 2009, no Subordinated Liquidity Supported Electric Bonds were held by the banks providing such standby bond purchase agreements. However, due to instability in the market for variable rate demand obligations, it is possible that Subordinated Liquidity Supported Electric Bonds may be purchased under such standby bond purchase agreements in the future.

The information under the caption "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – Subordinated Electric System Bonds" in the Annual Disclosure Report is supplemented by the addition of the following paragraph thereto, to follow the second paragraph thereof:

JEA is preparing to issue a series of additional Subordinated Electric System Bonds in the aggregate principal amount of $65,515,000, the proceeds of which will refund $66,000,000 of JEA's Variable Rate Electric System Subordinated Bonds, 2001 Series B and pay JEA's costs of issuance in connection with such Bonds. It is expected that such Bonds will be issued on April 22, 2009.

FPL-Power Park Sale

The following information updates the information contained in the sixth, seventh and eighth paragraphs contained under the caption "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – Power Park Issue Two Bonds" in the Annual Disclosure Report:

JEA has periodically disclosed the aggregate amount of energy which FPL has taken and has calculated the amount FPL is entitled to take over the remaining term of the FPL-Power Park Sale based upon the terms of the Power Park Joint Ownership Agreement. FPL and JEA had a disagreement as to the aggregate amount of energy to which FPL is entitled over the remaining term of the FPL-Power Park Sale. The parties litigated the dispute, and a Florida court ruled in FPL's favor. That ruling was affirmed by the appellate court on March 5, 2009. As of September 30, 2008, approximately 62.64 percent of the term of the FPL-Power Park Sale had passed. JEA has computed that FPL has received as of September 30, 2008 approximately 72.56 percent (compared to 80.57 percent which JEA had computed using a different method prior to the final court determination) of the capacity and related energy to which it is entitled over the entire term of such sale. Based on JEA's current generation plans, it does not believe the resolution of this dispute with FPL will have a material adverse effect on its finances or operations.

JEA can make no predictions as to the manner in which FPL will schedule its right to receive the capacity and related energy being sold to it pursuant to the FPL-Power Park Sale over the remaining term of such sale. In the event that FPL continues to schedule such capacity and energy in the same manner as it has through September 30, 2008, FPL's right to receive such capacity and energy would be suspended on a date that is earlier than the date on which the term of such sale expires, with the effect that FPL no longer would be entitled to receive such capacity and energy but still would remain obligated to pay its share of the debt service on the bonds issued pursuant to the First Power Park Resolution and the administrative fees and expenses incurred under the First Power Park Resolution.

Electric System Generating Facilities

The following information updates and supersedes the information contained in second paragraph and the table under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Electric System Generating Facilities – General" in the Annual Disclosure Report:

JEA's Northside Unit 3, a steam unit, presently burns oil and natural gas, while seven of JEA's CTs burn diesel fuel. Kennedy CT 7, Kennedy CT 8 and Brandy Branch Units 1, 2 and 3 are dual-fueled CT units, burning natural gas as the primary fuel with diesel as backup. Brandy Branch STM 4 is a combined cycle unit that uses waste heat from Brandy Branch Units 2 and 3. Northside Units 1 and 2 burn petcoke and coal.

The pertinent statistics concerning the generating facilities of the Electric System as of the date of this Official Statement are as follows:

Station	Unit	Type[(1)]	First Placed in Service	Fuel[(2)]	Installed Net Capacity (MW) Summer	Winter
Kennedy[(3)]	7[(4)]	CT	6/00	G/LO	150	191
	8[(4)]	CT	4/09	G/LO	150	191
					300	382
Northside	1	ST	5/02[(5)]	Petcoke/Coal	293	293
	2	ST	2/02[(5)]	Petcoke/Coal	293	293
	3	ST	7/77	HO/G	524	524
	3	CT	2/75	LO	53	62
	4	CT	1/75	LO	53	62
	5	CT	12/74	LO	53	62
	6	CT	12/74	LO	53	62
					1,322	1,358
Brandy Branch	1[(4)]	CT	5/01	G/LO	150	191
	2[(4)]	CT	5/01	G/LO	150	191
	3[(4)]	CT	10/01	G/LO	150	191
	STM 4	ST	1/05	WH	201	223
					651	796
Girvin[(6)]	1	IC	7/97	LG	1	1
System Total[(7)]					2,274	2,537

(1) ST -- Steam Turbine
CT -- Combustion Turbine
IC -- Internal Combustion Engine
(2) HO -- Heavy Oil
LO -- Light Oil
G -- Natural Gas
LG -- Landfill Gas
WH -- Waste Heat
(3) Kennedy CT3 was retired in the third quarter of Fiscal Year 2009. Kennedy CT8 had first megawatts on April 18, 2009, with commercial operation anticipated to be in May 2009.
(4) Net capacity for the summer is based on natural gas and winter is based on diesel.
(5) Northside Unit 1 was originally placed in service in November 1966, and Northside Unit 2 was originally placed in service in March 1972. Both units have been re-powered with CFB boilers and their turbine generators and other ancillary equipment have been refurbished. The dates indicated in the table are the respective dates on which each re-powered unit was synchronized to the grid. Northside Units 1 and 2 each have gross capacities of 310.0 MW.
(6) This facility is a landfill internal combustion generator.
(7) GEC is proposed for production initially with two CTs to which additional capacity will be added with expected aggregate capacity of 491 MW and 562 MW, summer and winter, respectively, when completed in 2013.

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Additional Electric System Generating Capacity

The following information updates and supersedes the information contained in the first two paragraphs under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Electric System Generating Facilities – Planned Additional Capacity" in the Annual Disclosure Report:

To meet projected needs for energy in its service area, based on JEA's Integrated Resource Plans, JEA determined that it had additional capacity needs and is installing two simple cycle GE 7FA dual-fired gas/diesel combustion turbine ("CT") generating units each with a 142 MW, net summer capacity and a 188 MW, net winter capacity at a new station, Greenland Energy center ("GEC"). The GEC CTs are planned to achieve commercial operation by Summer 2011. These two CTs are planned to be converted to combined cycle capability in 2013.

Fuel Mix

The following information updates the information contained in the table under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Fuel Mix" in the Annual Disclosure Report:

FUEL MIX [1]

Fiscal Year Ending September 30,	Oil	Gas	Power Park [2] (Coal)	Power Park [2] (Petcoke)	Northside (Coal/ Pet Coke)[3]	Scherer Unit 4 (Coal)	Southern Coal-Fired Purchases[4]	Economy Purchases From Other Sources	Total MWh Sales[5]
Actual									
2004	8.6	4.6	28.5	5.4	23.7	8.9	12.0	8.3	13,296,073
2005	7.2	8.8	25.7	6.0	25.7	9.5	11.8	5.3	13,660,143
2006	2.8	12.5	23.3	8.8	26.0	8.3	11.9	6.5	14,034,650
2007	2.2	12.3	26.9	6.7	26.0	10.1	11.7	4.2	13,880,020
2008	0.6	16.2	30.1	0.0	25.0	10.2	11.9	6.0	13,690,082
Projected									
2009	0.4	14.4	30.4	0.0	27.4	11.3	11.7	4.4	13,919,961
2010	0.4	18.7	33.1	0.0	27.1	8.7	7.9	4.1	13,917,225
2011	0.7	23.6	33.5	0.0	27.0	11.2	0.0	4.0	14,050,213
2012	0.6	28.8	32.8	0.0	25.4	8.5	0.0	3.9	14,318,849
2013	0.4	29.3	30.8	0.0	24.8	10.8	0.0	3.9	14,592,858

(1) Percentages may not add to 100 percent due to rounding.
(2) The Power Park currently is permitted to burn up to 30 percent petcoke and 70 percent coal.
(3) The current fuel mix for Northside Units 1 and 2 is: 85 percent petcoke/15 percent coal.
(4) Purchases from Southern Company are pursuant to a long-term Unit Power Sales agreement.
(5) Actual MWh sales include non-firm off-system sales which totaled 593,750 MWh in 2006, 649,193 MWh in 2007, and 457,421 MWh in 2008. Projections include aggregate non-firm off-system sales of 3,160,900 MWh during the period 2009-2013.

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Purchased Power Contracts

The following information updates and supersedes the information contained in the third, fourth and fifth paragraphs under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Purchased Power Contracts" in the Annual Disclosure Report:

The JEA Board authorized staff to undertake efforts to acquire 10 percent of JEA's energy requirements from nuclear sources by 2018. As a result of those efforts, JEA has entered into a power purchase agreement (the "Additional Vogtle Units PPA") with MEAG Power for 206 MW of capacity and related energy from MEAG Power's interest in two additional nuclear generating units (the "Additional Vogtle Units") proposed to be constructed at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The 206 MW is projected to represent approximately 10.4 percent of JEA's total energy requirements in the year 2017.

JEA decided to enter into the Additional Vogtle Units PPA in order to provide fuel diversity to JEA's sources of energy with a fuel source (nuclear energy) that has no carbon dioxide emissions. JEA concluded that the engineering, procurement and construction contract for the Additional Vogtle Units is with a reputable contractor (a consortium consisting of Westinghouse Electric Company LLC and Stone & Webster, Inc.), that the contract terms are reasonable and that the Additional Vogtle Units may be in a strong position to have the benefit of certain federal government guaranties and incentives. Additionally, JEA will not be subject to any decommissioning obligation after the term of the Additional Vogtle Units PPA. JEA regards the majority owners of the Additional Vogtle Units (Georgia Power Company ("GPC"), Oglethorpe Power Corporation and MEAG Power) as strong financially and considers Southern Nuclear Operating Company (the operator of the Additional Vogtle Units), an affiliate of GPC, to have strong nuclear operations experience. Further, JEA believes that the Vogtle project is one of the most viable nuclear projects in the Southeast.

The Additional Vogtle Units PPA requires JEA to pay MEAG Power for the capacity and energy at the full cost of production (including debt service on the bonds to be issued by MEAG Power to finance the portion of the capacity to be sold to JEA of its ownership interest in the Additional Vogtle Units) plus a margin beginning at $0.50/MWh and increasing to $3.50/MWh over the term of the Additional Vogtle Units PPA. Under the Additional Vogtle Units PPA, JEA is entitled to 103 MW of capacity and related energy from each of the Additional Vogtle Units for a 20-year term commencing on each unit's commercial operation date (which dates currently are estimated to occur in 2016 and 2017, respectively) and is required to pay for such capacity and energy on a "take-or-pay" basis (that is, whether or not either Additional Vogtle Unit is completed or is operating or operable, and whether or not its output is suspended, reduced or the like or terminated in whole or in part), except that JEA is not obligated to pay the "margin" referred to above during such periods in which the output of either Additional Vogtle Unit is suspended or terminated.

Under the Additional Vogtle Units PPA, MEAG Power is required to allocate the principal of its bonds to be issued to finance the PPA Project (hereinafter defined) to each of the Additional Vogtle Units, and to structure the principal so allocated based upon level debt service over an assumed 40-year period commencing not earlier than 12 months nor later than 36 months following the estimated commercial operation date of the Additional Unit to which such principal relates. Under the Additional Vogtle Units PPA, JEA is obligated to pay all interest on the bonds issued by MEAG Power to finance the PPA Project and allocated to each Additional Vogtle Unit (other than interest capitalized from the proceeds of such bonds) for the first 20 years following the commercial operation date of such Unit, and to pay the first 20 installments of principal on such bonds, based upon such assumed 40-year period. MEAG Power has advised JEA that MEAG Power intends to capitalize all interest accruing on such bonds through the respective estimated commercial operation dates of each Additional Vogtle Unit.

MEAG Power has advised JEA that MEAG Power has created three separate "projects" for the purpose of owning and financing its 22.7 percent undivided ownership interest in the Additional Vogtle Units (representing approximately 500.308 MW of capacity and related energy based upon the nominal rating of the Units), and that MEAG Power's estimated in-service cost, including construction costs, financing costs and contingencies, initial fuel load costs and switchyard and transmission costs, for its entire 22.7 percent undivided ownership interest in the Additional Vogtle Units is approximately $3.596 billion, of which approximately $1.443 billion is allocable to the project (referred to as the "Plant Vogtle Additional Units PPA Project" or the "PPA Project") from which the capacity and energy to be sold to JEA under Additional Vogtle Units PPA will be derived.

MEAG Power has advised JEA that MEAG Power expects to issue the first installment of its debt to finance the PPA Project during April 2009, which debt will be in the form of bond anticipation notes that will be due on or about May 25, 2010 in an estimated principal amount of approximately $200 million (the "2009 PPA Notes").

In order to permit MEAG Power to issue the 2009 PPA Notes, MEAG Power and JEA have agreed to amend the Additional Vogtle Units PPA in certain respects. Under the proposed amendments, in the event that MEAG Power does not have sufficient funds to pay in full the principal of or interest on the 2009 PPA Notes when due (including, without limitation, as a result of MEAG Power's inability, for any reason, to borrow funds in an amount sufficient to refund the 2009 PPA Notes at or prior to their due date), JEA will be obligated to pay to MEAG Power 50 percent of the amount of such shortfall.

In order to provide liquidity support for the 2009 PPA Notes, MEAG Power has agreed to enter into a standby note purchase agreement with the trustee for the Municipal Competitive Trust (as described below) under which such trustee will agree to purchase certain MEAG Power bonds (the "PPA Take-Out Bonds") as an investment of the Municipal Competitive Trust in the event that MEAG Power is not able to borrow (whether through the issuance of other MEAG Power bonds or otherwise) funds in an amount sufficient to pay all amounts due with respect to the 2009 PPA Notes on their maturity date. In that event, the PPA Take-Out Bonds will bear interest at a rate based upon a pre-determined formula and will be payable as to principal in 10 equal semiannual installments, commencing on the first business day of the sixth month following the date of issuance thereof and on the first business day of each sixth month thereafter and, under the proposed amendments to the Additional Vogtle Units PPA, JEA will be obligated to pay to MEAG Power 50 percent of the principal and interest on the PPA Take-Out Bonds when due.

The Municipal Competitive Trust is a trust that was formed by MEAG Power for the benefit of its participants to accumulate and grow through common investment a substantial fund to assist MEAG Power and such participants in maintaining competitive electric rates and in preparing for competition in the electric utility industry. As of November 30, 2008, the net value of investments in the Municipal Competitive Trust was $771.8 million. Amounts on deposit in the Municipal Competitive Trust may be expended for certain permitted purposes prior to the due date of the 2009 PPA Notes, and the standby note purchase agreement will not contain any liquidity covenant. However, MEAG Power expects that there will be liquid investments on deposit in the Trust on the due date of the 2009 PPA Notes that will permit the Trust to purchase the PPA Take-Out Bonds, if required.

Trailridge Landfill

For information that updates and supersedes the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Trailridge Landfill" in the Annual Disclosure Report, see the information under the caption "Commitments and Contingent Liabilities – Clean Power Initiatives" in Note 13 to the financial statements of JEA attached hereto as APPENDIX C.

Customers and Sales

The following information updates the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Customers and Sales" in the Annual Disclosure Report:

In the Fiscal Year ended September 30, 2008, the Electric System served an average of 414,416 customer accounts. The following table sets forth the electric revenues, the sales of the Electric System and the average number of Electric System accounts, all by customer classification, for Fiscal Years 2004 through 2008.

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Electric revenues (000's omitted):					
Residential	$ 538,280	$ 469,735	$ 488,358	$414,166	$370,323
Commercial and industrial	561,171	463,555	464,685	372,348	319,659
Public street lighting	11,665	9,851	9,597	8,364	7,919
Sales for resale	48,380	48,522	43,799	40,189	38,358
FPL saleback	137,910	137,463	117,816	122,256	112,938
TOTAL	$1,297,406	$1,129,126	$1,124,255	$957,323	$849,197
Sales (MWh):					
Residential	5,363,697	5,478,280	5,650,986	5,542,498	5,389,616
Commercial and industrial	7,314,128	7,160,361	7,157,602	6,948,730	6,696,646
Public street lighting	116,966	112,760	110,178	107,757	111,483
Sales for resale:					
Territorial	437,870	479,425	522,134	492,716	468,324
Off-system	457,421	649,193	593,750	568,442	630,007
FPL saleback	2,635,812	3,059,195	2,649,427	2,577,860	2,656,556
TOTAL	16,325,894	16,939,214	16,684,077	16,238,003	15,952,632
Average number of accounts:					
Residential	365,632	364,284	357,232	349,139	341,162
Commercial and industrial	45,207	44,440	41,342	39,151	38,610
Public street lighting	3,576	3,565	3,561	3,539	3,581
Sales for resale[(1)]	3	5	7	2	2
TOTAL	414,418	412,294	402,142	391,831	383,355

(1) Includes FPL but does not include the average number of off-system non-firm sales customers.

Largest Customers

The following information updates the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Largest Customers" in the Annual Disclosure Report:

The ten largest customer accounts served by the Electric System (other than sales to FPL pursuant to the FPL-Power Park Sale) composed 16.8 percent of the total megawatt hour purchases derived from the operation of the Electric System for Fiscal Year 2008. JEA has negotiated intermediate-term or long-term contracts with each of its ten largest customers. The following table sets forth the ten largest Electric System accounts (other than sales to FPL pursuant to the FPL-Power Park Sale) by megawatt hour purchases, during Fiscal Year 2008.

Customer Account	Annual Billed MWh	Percent of MWh
Florida Public Utilities	398,593	2.9%
United States Navy	377,867	2.8
Ameristeel	337,174	2.5
Stone Container	230,778	1.7
City of Jacksonville	228,955	1.7
Duval County School Board	213,185	1.6
Anheuser Busch	174,961	1.3
Winn Dixie Stores	116,914	0.9
Publix Supermarkets	116,154	0.8
Johnson & Johnson Vision	79,777	0.6
Total	2,274,358	16.8%

Electric System Rates

The following information updates the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Rates" in the Annual Disclosure Report:

In May 2008, the JEA Board approved an increase of $15.00 per 1,000 kWh to the fuel and purchased power rate effective July 1, 2008. In August 2008, the JEA Board unanimously affirmed that rate level to continue for Fiscal Year 2009.

Electric System Capital Programs

The following information updates the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Capital Programs" in the Annual Disclosure Report:

The Electric System's capital programs consist of (a) capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process, (b) capital requirements for additional generating capacity and (c) JEA's remaining capital requirements for transmission and distribution facilities and other capital items. The total capital requirements for the five-year period ending September 30, 2013 are shown in the following table.

Electric System Capital Requirements
(000's omitted)

Fiscal Year Ending September 30,	Amount
2009	$ 205,000
2010	426,000
2011	399,000
2012	412,000
2013	268,000
Total	$1,710,000

The total capital requirements for the five-year period ending September 30, 2013 are estimated to be approximately $1,710 million. It is expected that approximately $985 million will be provided from the proceeds of bonds and that the balance of the requirements (approximately $725 million) will be provided from revenues and available funds of the Electric System.

Power Park Operations

The following information updates the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – Operation" in the Annual Disclosure Report:

The following table shows the capacity factors for the Power Park since 2004. The capacity factor is a measure of the actual output as a percentage of the theoretic maximum output of a generating plant, or an individual unit, as the case may be.

Fiscal Year Ended September 30,	Power Park Capacity Factor Unit 1 (%)	Unit 2 (%)	Total (%)
2004(1)	93.1	71.1	82.1
2005(2)	76.2	83.3	79.8
2006(3)	88.0	76.5	82.3
2007(4)	90.1	87.7	88.9
2008(5)	80.2	75.3	77.8

(1) During this period, Unit 2 underwent an eight-week planned outage.
(2) During this period, Unit 1 underwent a nine-week planned outage.
(3) During this period, Unit 2 underwent a six-week planned outage.
(4) During this period, Unit 1 underwent a two-week planned outage.
(5) During this period, Unit 2 underwent a seven-week planned outage.

Power Park Capital Improvements

The following information updates the information contained under the caption "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions - Power Park Issue Two Bonds" and "ELECTRIC UTILITY FUNCTIONS - St. Johns River Power Park - Capital Improvements" in the Annual Disclosure Report:

JEA's share of the Power Park's capital improvements projected for the five-year period ending Fiscal Year 2013 is summarized below.

Power Park Capital Improvements
(000's omitted)

Fiscal Year Ending September 30,	Amount
2009	$ 51,000
2010	30,000
2011	29,000
2012	18,000
2013	13,000
Total......................	$141,000

It is expected that approximately all of JEA's $141 million share of the total capital improvements for the five-year period will be provided from the proceeds of the Issue Three Bonds (including approximately $50 million from the proceeds of the Series Three Bonds) and the balance, if any, of the improvements will be provided from revenues and available funds of the Power Park.

Power Park Fuel Supply and Transportation

The following information updates and supersedes the information contained in the first two paragraphs under the caption "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – Fuel Supply and Transportation" in the Annual Disclosure Report:

The Power Park was designed with boilers and air quality control systems that permit the use of coal from a wide range of domestic and foreign sources. JEA currently has a long-term coal supply contract with Coal Marketing Company (representing the El Cerrejon project in Colombia), for 3,100,000 tons per year in both 2009 and 2010. JEA will be soliciting offers in early 2010 for the 2011 and beyond fuel requirements as well as negotiating with the existing supplier for a possible contract extension through 2016.

The Power Park is permitted to burn a blend of up to 30 percent petcoke and 70 percent coal. As described in "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – *Capital Improvements*" in the Annual Disclosure Report, selective catalytic reduction ("SCR") technology is being installed at the Power Park and will be placed in service in 2009. As a result, it was decided to not burn petcoke at the Power Park in 2009, in order to minimize potential concerns during the start-up of the SCR equipment.

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Scherer 4 Project Operations

The following information updates the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – The Scherer 4 Project – Operation" in the Annual Disclosure Report:

The following table shows the availability factors and capacity factors for Scherer Unit 4 since 2004.

	Scherer Unit 4	
Calendar Year	Availability Factor (%)	Capacity Factor (%)
2004[1]	87.4	79.6
2005	98.0	75.0
2006[1]	88.4	76.9
2007	95.8	89.8
2008[1][2]	88.3	87.4

(1) During this period, Scherer Unit 4 underwent a six-week planned outage.
(2) Through November 30, 2008.

Scherer 4 Project Environmental Matters

The following information updates and supersedes the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – The Scherer 4 Project – Environmental Matters" in the Annual Disclosure Report:

Scherer Unit 4 was not affected by Phase I (which became effective on January 1, 1995) of the 1990 Amendments to the Federal Clean Air Act. Scherer Unit 4 is not currently equipped with desulfurization equipment and burns low sulfur coal in order to meet its SO_2 emission limitations. Advanced low nitrogen oxide ("ALNB") technology was installed at Scherer Unit 4 in 2002. See "Factors Affecting the Electric Utility Industry – *Environmental*" below for a discussion of Phase II (which became effective on January 1, 2000) of the 1990 Amendments and certain other environmental requirements.

In November 1999, EPA initiated enforcement action against certain investor-owned utilities and the Tennessee Valley Authority ("TVA") alleging violations of the "new source review" ("NSR") provision of the Clean Air Act. While JEA has not been named in the litigations, GPC has been cited for NSR violations at Plant Scherer for activities during the late 1970's (prior to the time JEA acquired its interests in Scherer Unit 4). EPA allegations focus on the permitting and construction activities of Scherer Units 3 and 4 and do not involve any operations since JEA's purchase of its interests in Scherer Unit 4 in the early 1990's. The action against GPC was stayed in the spring of 2001 during the appeal of a similar NSR enforcement action against TVA before the United States Court of Appeals for the Eleventh Circuit (the "Court of Appeals"). In June 2003, the Court of Appeals issued its ruling in the TVA case, dismissing the appeal for reasons unrelated to the issues in the case pending against GPC. In May 2004, the United States Supreme Court denied the EPA's petition for review of the TVA case. At this time, no party to the case against GPC has sought to reopen the case, which remains administratively closed in the United States District Court for the Northern District of Georgia. It is possible that the ultimate resolution of this matter could require GPC to make substantial capital expenditures for modifications to Plant Scherer (including Scherer Unit 4), and JEA would be responsible for its share of the cost of any such modifications, and any associated increases in operating or maintenance expenses as a result thereof. While JEA is unable at this time to estimate the magnitude of any such costs or expenses at Scherer Unit 4, a capital program is underway to install emission control equipment required by the Georgia Multipollutant Rule discussed in the following paragraph. Compliance with that Rule will result in Scherer Unit 4 having deployed the best available control technology (BACT) with respect to environmental rules.

During 2007, the Georgia Environmental Protection Division ("EPD") promulgated several rules impacting fossil-fueled generating plants operating in Georgia, intended to be Georgia's implementation of EPA's Clean Air Interstate Rule ("CAIR") and Clean Air Mercury Rule ("CAMR"). The rules were the Clean Air Interstate Rule, NOx Annual Trading Program, Clean Air Mercury Rule, SO_2 Annual Trading Program, the Clean Air Mercury Annual Trading Program and the Multipollutant Control Rule for Electric Utility Steam Generating Units ("Multipollutant Rule"). The NOx, SO_2 and mercury trading rules provided for firm, state-level emission limits to be met by allocating emission allowances to regulated entities and allowing the entities to trade those allowances. The Multipollutant Rule established dates and timetables for the installation of certain control technologies by the covered generating units, including Scherer Unit 4. The Multipollutant Rule was to also help assure Georgia's progress towards attainment of National Ambient Air Quality Standards ("NAAQS") for ozone and particulate matter and required the installation of sorbent injection and baghouses or a comparable technology at Scherer Unit 4 by 2010. The rule also required the installation of Selective Catalytic Reduction and Fluidized Gas Desulphurization at Scherer Unit 4 by 2014.

In February 2008, the U.S. Court of Appeals for the District of Columbia Circuit vacated CAMR, which had the effect of vacating Georgia's Clean Air Mercury Annual Trading Program. In July 2008, the same Court vacated CAIR and then in December 2008, remanded CAIR back to the EPA for revision without vacatur (*i.e.*, the Court rescinded its earlier vacation of CAIR, but ordered that CAIR be modified in a manner consistent with the Court's July 2008 opinion), which had the effect of allowing CAIR to remain in effect pending such modification. Requirements of the Multipollutant Rule were not impacted by the D.C. Circuit Court's decisions. Consequently, JEA has anticipated approximately $125 million of capital improvements in Scherer Unit 4's capital improvement program by 2013. Additional financial, operational and other impacts of the D.C. Circuit Court's decisions and EPA's subsequent rulemakings pertaining to these issues are uncertain at this time.

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System Load

The following information updates (a) the information contained in the second table under the caption "ELECTRIC UTILITY FUNCTIONS – Resource Requirements – System Load" in the Annual Disclosure Report and (b) notes (4) and (8) to the table under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – Electric System Generating Facilities" in the Annual Disclosure Report:

PROJECTED AVAILABLE CAPACITY AND REQUIREMENTS
(Megawatts)

Fiscal Year	Firm Winter Peak Demand (1)	Required Reserves	Capacity Required (2)	Electric System Capacity (3)	Firm Power Purchases (4)	Power Park (5)	Scherer Unit 4	Installed Capacity and Net Firm Power Purchases (2)	Available Capacity Surplus/ (Deficit)(2)
2009	2,918	438	3,356	2,406	367	638	194	3,605	249
2010	2,901	435	3,336	2,535	367	638	194	3,734	398
2011	2,937	441	3,378	2,535	10	638	194	3,377	(1)
2012	3,017	453	3,470	2,904	10	638	194	3,746	276
2013	3,001	450	3,451	2,904	10	638	194	3,746	295

Fiscal Year	Firm Summer Peak Demand (1)	Required Reserves	Capacity Required (2)	Electric System Capacity (3)	Firm Power Purchases (4)	Power Park(5)	Scherer Unit 4	Installed Capacity and Net Firm Power Purchases (2)	Available Capacity Surplus/ (Deficit)(2)
2009	2,750	413	3,163	2,274	217	626	194	3,311	148
2010	2,787	418	3,205	2,274	110	626	194	3,204	(1)
2011	2,806	421	3,227	2,558	10	626	194	3,388	161
2012	2,880	432	3,312	2,551	10	626	194	3,381	69
2013	2,942	441	3,383	2,758	10	626	194	3,588	205

(1) Peak demand:
(a) does not include expected interruptible/curtailable loads.
(b) includes Demand-Side Management.

(2) Totals may not add due to rounding.

(3) Figures include the following capacity additions or retirements:
(a) Kennedy CT3 was retired in the third quarter of Fiscal Year 2009.
(b) Kennedy CT8 had first megawatts on April 18, 2009, with commercial operation anticipated to be in May 2009.
(c) Two Greenland Energy Center CT units added in Summer 2011.
(d) 2x1 Combined Cycle conversion at Greenland Energy Center in Summer 2013.
(e) Diesel capacity rating in winter, gas capacity rating in summer for 7FA CTs.

(4) Firm Power Purchases include:
(a) Constellation Winter Purchases of 75 MW, 150 MW and 150 MW during 2008, 2009 and 2010, respectively.
(b) 9.6 MW of Clean Power Purchase starting Winter 2008/09.
(c) Planned Summer purchases of 100 MW in 2010.
(d) Southern UPS Purchase of 207 MW which expires 05/31/10.

(5) JEA's 50 percent entitlement of the Power Park.

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Environmental Matters Affecting the Electric Utility Industry

The following information updates and supersedes the information contained sixth and eighth paragraphs under the caption "ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – Environmental – Air Pollution Generally" in the Annual Disclosure Report:

The Power Park units are meeting the Phase I NOx limits. ALNB technology has been installed on Unit 1 at a cost of approximately $4,500,000. Over-fire air NOx reduction technology and ALNB technology were installed on Unit 2 in spring of 2004 at a cost of $7,000,000. This significantly reduced NOx emissions and will assist in meeting the reductions to be required under the EPA's Clean Air Interstate Rule ("CAIR"). (See, however, "Scherer 4 Project Environmental Matters" above and the final subsection under this caption "Environmental Matters Affecting the Electric Utility Industry" for a discussion of certain recent federal court decisions affecting the CAIR.) The NOx emission rate for Scherer Unit 4 while burning western coal is significantly below emission rates currently effective for Phase II limits by EPA. Therefore, JEA expects that Phase II compliance costs associated with NOx emissions resulting from the burning of western coal at Scherer Unit 4 will be minimal, if any. As discussed under "The Scherer 4 Project – *Environmental Matters*" above, ALNB technology was installed at Scherer Unit 4 in 2002.

On March 27, 2008, EPA published in the Federal Register its final rule, tightening the primary and secondary national ambient air quality standards for ground level ozone to be 0.075 parts per million (ppm) or less, to be in attainment. EPA has estimated that the new standard will result in several new counties being designated as being in "nonattainment," including Duval County. By March 2009, states are required to make recommendations for areas to be designated attainment and nonattainment, with EPA making final designation of attainment and nonattainment areas by March 2010. The states' recommendations are to be based upon monitoring results for the three-year period 2006-08. The monitoring results for that specified period established Duval County's level of ozone in ambient air to be 0.075 ppm. Consequently, the State of Florida will not recommend designation of Duval County as an area of nonattainment at this time. However, the State of Florida will continue to observe monitoring results over the next year and, if the situation warrants, will seek to modify its recommendations before the final designations are made by EPA in March 2010. For areas of nonattainment, states will be required to develop SIPs, outlining how they will reduce pollution to meet the standards. SIPs will be due to EPA in 2013. Although it currently is uncertain whether a Florida Ozone SIP will impose additional emission reductions on JEA, JEA believes that the new emission controls required by CAIR will achieve sufficient emissions reductions such that no additional controls or reductions will be indicated for JEA in a Florida Ozone SIP. However, as discussed in "– Scherer 4 Project Environmental Matters" above and the following paragraphs under this caption "– Environmental Matters Affecting the Electric Utility Industry," JEA cannot predict what action the EPA will take, nor when EPA may act, in response to certain recent federal court decisions affecting CAIR.

The following information updates and supersedes the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – Environmental – Proposed Clean Air Act Amendment" in the Annual Disclosure Report:

On January 24, 2005, the Clear Skies Act of 2005 was introduced in the Senate. This legislation, the latest version of President Bush's Clear Skies proposal, would reduce power plant emissions of SO_2, NOx and mercury by 70 percent by 2018. On March 9, 2005, the Clear Skies Act did not garner enough support to move out of the Senate Environment and Public Works Committee for a floor vote. With the end of the 110th Congress and the Bush Administration, the Clear Skies Act probably will not be reintroduced. JEA, however, cannot predict if or when legislators might introduce and pass similar legislation.

On July 11, 2005, the CAIR became effective. The CAIR would permanently cap emissions of SO_2 and NOx in the eastern United States.

On July 18, 2005, the CAMR became effective. The CAMR is the first federal rule to permanently cap and reduce mercury emissions from coal-fired power plants.

On February 8, 2008, a three judge panel of the U.S. Court of Appeals for the District of Columbia Circuit in *New Jersey et al. v. Environmental Protection Agency*, 517 F.3d 574, unanimously vacated EPA's CAMR. Without a successful appeal of the ruling or a delisting, EPA will now have to regulate mercury emissions under Clean Air Act section 112(d), by setting MACT standards. JEA cannot predict what action the EPA will take, nor when EPA may act.

On July 11, 2008, a three judge panel of the U.S. Court of Appeals for the District of Columbia Circuit in *North Carolina v. Environmental Protection Agency*, 531 F.3d 896 ("*North Carolina v. EPA*"), unanimously vacated EPA's CAIR. On December 23, 2008, the D.C. Circuit Court remanded the CAIR case to EPA to revise CAIR consistent with its July 11, 2008 decision in *North Carolina v. EPA*. The D.C. Circuit Court's decision leaves CAIR in place pending further rulemaking by EPA. JEA cannot predict what action the EPA will take, nor when EPA may act.

JEA already was constructing SCR technology at the Power Park to meet the requirements of the CAIR before the D.C. Circuit Court ruling in July 2008 to vacate the CAIR. JEA continued with construction of SCR technology as the decision was challenged. JEA will need to consider the Power Park SCR operational strategy in light of this ruling and pursuit to its permit.

FERC Transmission Initiatives

The following information updates and supersedes the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – FERC Transmission Initiatives" in the Annual Disclosure Report:

On April 24, 1996, FERC issued two final rules to address and implement the transmission access provisions of the 1992 Energy Policy Act. The final rules effected significant changes in the regulation of transmission services provided by public utilities (as defined in the Federal Power Act) that own, operate or control interstate transmission facilities and which are subject to FERC's jurisdiction over tariffs ("jurisdictional utilities"). Municipally-owned electric utilities (including JEA) are not subject to FERC jurisdiction under these orders but may be denied reciprocal transmission services from a FERC-jurisdictional utility if they do not offer comparable transmission services.

One of the final rules, Order No. 888, (i) required the provision of open access transmission services on a non-discriminatory basis by all jurisdictional utilities by requiring all such utilities to file tariffs that offer other entities seeking to effect wholesale power transactions the same transmission services they provide themselves, under comparable terms and conditions and (ii) required nonjurisdictional utilities (including municipal and consumer-owned utilities) that purchase transmission service from FERC-jurisdictional utilities under open access tariffs and that own or control transmission facilities to, in turn, provide open access service to the transmitting utility under terms that are comparable to the service that the non-jurisdictional utility provides itself. Order No. 888 also included provisions which, in effect, would permit utilities to recover so-called "stranded costs" for generating and other facilities from wholesale customers of a utility who opt to purchase from other power suppliers.

JEA has developed a transmission rate which has been approved by the JEA Board. The form and structure of the transmission tariff conform to Order No. 888 requirements.

The other final rule, Order No. 889, (i) implemented standards of conduct for utilities that offer open access transmission services to ensure that transmission owners and their affiliates do not have an unfair competitive advantage in using transmission to sell power and (ii) required those utilities to establish an electronic "Open Access Same-time Information System" ("OASIS") to post available capacity information and transmission rates on the internet. JEA is conforming to such standards of conduct and is posting availability information on the Florida OASIS.

Energy Policy Act of 2005

The following information updates and supersedes the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – Energy Policy Act of 2005" in the Annual Disclosure Report:

On August 8, 2005, President Bush signed into law comprehensive energy legislation entitled the "Energy Policy Act of 2005" (the "2005 Energy Policy Act"). Among other things, the 2005 Energy Policy Act authorizes FERC to require "unregulated transmitting utilities" that formerly were exempt from regulation under Sections 205 and 206 of the Federal Power Act (including JEA) to provide open access to their transmission systems and to comply with certain rate change provisions of Section 205 of the Federal Power Act. The 2005 Energy Policy Act also authorizes FERC to order refunds for certain short-term wholesale sales made by state and municipal power entities (including JEA) if such sales violate FERC-approved tariffs or FERC rules; allows load serving entities holding certain firm transmission rights to continue to use those rights to serve their customers; provides that an "electric reliability organization" ("ERO") shall develop reliability standards for operation of the transmission grid subject to FERC approval, that compliance with such standards will be mandatory and enforceable by the ERO and FERC, and that the ERO may delegate its authority to regional entities subject to FERC approval; authorizes FERC to issue construction permits for transmission projects located in "national interest electric transmission corridors" (to be designated by the Department of Energy) in circumstances where the applicable state or regional siting agency does not timely authorize a project or imposes unreasonable conditions; and requires state utility regulatory commissions and "nonregulated electric utilities" (including JEA) to consider adopting certain standards on net metering, fuel diversity, fossil fuel plant diversity, certain metering and time-based rate schedules and demand response, and interconnection with distributed generation facilities. JEA is actively involved in FERC rulemaking proceedings necessary to implement the 2005 Energy Policy Act, and has completed consideration of the standards listed above. The nature and extent of the impact of the Energy Policy Act of 2005 on JEA cannot yet be predicted.

Energy Independence and Security Act of 2007

A new subsection captioned "Energy Independence and Security Act of 2007" is hereby added to the Annual Disclosure Report, to follow the subsection captioned "ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – Energy Policy Act of 2005" therein:

Energy Independence and Security Act of 2007

In December 2007, the "Energy Independence and Security Act of 2007" was signed into law. This law established three additional standards for consideration by nonregulated utilities: Integrated

Resource Planning, Rate Design Modifications to Promote Energy Efficiency Investments and Smart Grid Information. JEA is considering these standards.

Future Legislation

The following information updates and supersedes the information contained under the caption "ELECTRIC UTILITY FUNCTIONS – Factors Affecting the Electric Utility Industry – Future Legislation" in the Annual Disclosure Report:

Soon after entering office in January 2007, Florida Governor Charlie Crist effectively stopped all work on proposed coal-fired generating plants in Florida, due to his concern over the impact of CO_2 emissions on climate change. In July 2007, Governor Crist issued three Executive Orders focused on reducing emissions of CO_2 and other greenhouse gases in Florida. The Executive Orders established nonbinding goals to reduce greenhouse gas emissions to year 2000 levels by 2017, to year 1990 levels by 2025 and to 80 percent below 1990 levels by 2050. The Executive Orders also directed the FDEP to implement rules requiring electric utilities and others to meet these goals. On April 30, 2008, the Florida Legislature passed new energy legislation which gives legislative authority to some of Governor Crist's Executive Orders. The legislation directs the PSC to develop rules requiring electric utilities to increase the use of renewable fuels and allows the FDEP to develop a Florida-specific cap and trade program to reduce greenhouse gas emissions from electric utilities. The PSC must bring these rules to the Florida Legislature for ratification in 2009. The FDEP must bring any such program to the Florida Legislature for ratification no sooner than 2010. The Florida Legislature did not set numerical goals for reducing greenhouse gas emissions. JEA is actively engaged in the rulemaking activities of both the PSC and the FDEP.

From time to time, additional federal or state legislation or regulations affecting the electric utility industry may be enacted. The impact of any new legislation, changes to existing legislation or regulations could affect JEA's operations. JEA cannot predict whether any additional legislation or regulations will be enacted which will affect JEA's operations, and if such laws are enacted, what the costs to JEA might be in the future because of such action.

Financial Information

The following information updates the information contained under the caption "FINANCIAL INFORMATION – General" in the Annual Disclosure Report and in Appendix A to the Annual Disclosure Report:

Set forth in APPENDIX C hereto are (a) the financial statements of JEA for its Fiscal Years 2008 and 2007 (which consist of balance sheets of JEA as of September 30, 2008 and 2007 and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2008 Financial Statements"), together with the report of Ernst & Young LLP, independent certified public accountants, on such financial statements, (b) certain supplemental data as of September 30, 2008 and 2007 and for the years then ended (which consist of combining balance sheets, combining statements of revenues, expenses, and changes in net assets and combining statements of cash flows) and (c) certain statements of bond compliance information (which consist of schedules of debt service coverage for the years ended September 30, 2008 and 2007 for the Electric System, JEA's interest in the Power Park and the Water and Sewer System), together with the reports of Ernst & Young LLP, independent certified public accountants, on such schedules. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2008 Financial Statements, which are an integral part of the financial statements. JEA's 2008 Financial Statements supersede the financial statements of JEA set forth in

Appendix A to the Annual Disclosure Report. Accordingly, all references in the Annual Disclosure Report to the financial statements of JEA set forth in Appendix A thereto shall be deemed to refer to JEA's 2008 Financial Statements, except that references to Note 12 to the financial statements of JEA set forth in Appendix A to the Annual Disclosure Report shall be deemed to refer to Note 13 to JEA's 2008 Financial Statements.

Except as described under the caption "INTRODUCTION – General" in the Annual Disclosure Report, for financing purposes, the debt of JEA relating to its Electric Utility Functions, the debt of JEA relating to the Water and Sewer System and the debt of JEA relating to the District Energy System are payable from and secured by separate revenue sources (*i.e.*, (a) the debt of JEA relating to its Electric Utility Functions is payable from and secured by the revenues derived by the Electric System from the sale of electricity and related services; (b) the debt of JEA relating to the Water and Sewer System is payable from and secured by the revenues derived by the Water and Sewer System from the sale of water and the provision of wastewater treatment and related services; and (c) except as described under the caption "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Electric System Obligations Supporting the District Energy System*" in the Annual Disclosure Report, the debt of JEA relating to the District Energy System is payable from and secured by the revenues derived by the District Energy System from the sale of chilled water and related services). **Accordingly, potential purchasers of the Series Three Bonds are advised that the information in JEA's 2008 Financial Statements relating to the Water and Sewer System and the District Energy System is not relevant to a decision to purchase Series Three Bonds and should not be taken into account with respect thereto.**

Electric System Financial Information

The following information updates the information contained under the caption "FINANCIAL INFORMATION – Financial Information Relating to Electric Utility Functions" in the Annual Disclosure Report:

Electric System Schedules of Debt Service Coverage for the Fiscal Years Ended September 30, 2008 and 2007 and the Six-Month Periods Ended March 31, 2009 and 2008

The following table sets forth schedules of debt service coverage for the Electric System for the Fiscal Years ended September 30, 2008 and September 30, 2007, respectively, and the six-month periods ended March 31, 2009 and March 31, 2008, respectively. Such information with respect to the Fiscal Years ended September 30, 2008 and September 30, 2007 was derived from supplemental information included in JEA's 2008 Financial Statements and certain other information available to JEA. Such information with respect to the six-month periods ended March 31, 2009 and March 31, 2008 is unaudited. The information set forth in the following table should be read in conjunction with JEA's 2008 Financial Statements and the notes thereto.

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JEA Electric System Schedules of Debt Service Coverage [1]
(000's omitted)

	Fiscal Year Ended September 30,		Six Months Ended March 31,	
	2008	2007	2009 (unaudited)	2008 (unaudited)
Revenues:				
Electric	$1,205,197	$1,036,125	$640,584	$523,331
Investment income [2]	3,207	4,275	859	1,613
Earnings from The Energy Authority	22,374	20,192	2,922	9,151
Other, net	41,034	38,379	20,806	19,921
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund	(50,182)	(48,616)	(64,509)	(22,838)
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	62,174	63,057	14,567	25,114
Total revenues	1,283,804	1,113,412	615,229	556,292
Operating expenses [3]:				
Fuel	331,670	281,346	145,917	137,493
Purchased power [4]	409,142	366,497	187,825	180,533
Other operation and maintenance	160,272	146,968	71,331	77,948
Utility and franchise taxes	44,353	25,336	31,595	13,029
Total operating expenses	945,437	820,147	436,668	409,003
Net revenues	$338,367	$293,265	$178,561	$ 147,289
Debt service on Electric System Bonds [5]	$ 77,152	$ 64,446	$ 40,666	$ 41,440
Less: investment income on sinking fund	(673)	(738)	(611)	(277)
Debt service requirement on Electric System Bonds	$ 76,479	$ 63,708	$ 40,055	$ 41,163
Debt service coverage on Electric System Bonds [6]	4.42x	4.60x	4.46x	3.58x
Net revenues (from above)	$338,367	$293,265	$178,561	$ 147,289
Debt service requirement on Electric System Bonds (from above)	76,479	63,708	40,055	41,163
Plus: aggregate subordinated debt service on Subordinated Electric System Bonds [5]	64,274	59,970	22,254	35,138
Debt service requirement on Electric System Bonds and Subordinated Electric System Bonds	$140,753	$123,678	$ 62,309	$ 76,301
Debt service coverage on Electric System Bonds and Subordinated Electric System Bonds [7]	2.40x	2.37x	2.87x	1.93x

(1) Calculated in conformity with the Electric System Resolution and the Subordinated Electric System Resolution.
(2) Excludes investment income on sinking funds.
(3) Excludes depreciation.
(4) In accordance with the requirements of the Electric System Resolution, all Contract Debt payments from the Electric System to the Power Park and the Scherer 4 Project with respect to the use by the Electric System of the capacity and output of the Power Park and the Scherer 4 Project are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the Power Park, except that the purchased power expense is net of interest income on funds maintained under the First Power Park Resolution and the Second Power Park Resolution.
(5) Debt service on Electric System Bonds and aggregate subordinated debt service on Subordinated Electric System Bonds include accruals of principal and interest on such Bonds outstanding during the respective periods, but do not include amortization of original issue discount or costs of issuance.
(6) Net revenues divided by debt service requirement on Electric System Bonds. Minimum annual coverage required under the Electric System Resolution is 1.20x.
(7) Net revenues divided by debt service requirement on Electric System Bonds and Subordinated Electric System Bonds. Minimum annual coverage required under the Subordinated Electric System Resolution is 1.15x.

Management's Discussion of Operations — JEA Electric System Schedules of Debt Service Coverage for the Fiscal Years Ended September 30, 2008 and 2007

Revenues. Total revenues increased $170.4 million, or 15.3 percent, for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007. Electric revenues increased $169.1 million, or 16.3 percent, for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007, primarily related to an increase in the fuel and base rates effective October 1, 2007 and an increase of $15.00 per 1,000 kWh to the variable fuel rate effective July 1, 2008, as described above under the caption "RECENT DEVELOPMENTS – Electric System Rates." In addition, the Council enacted a three percent franchise fee, payable to the City from designated revenues of the JEA, commencing April 1, 2008. The ordinance enacting the franchise fee authorizes JEA to pass through this fee to its customers. Electric revenues increased 1.2 percent for the twelve months ended September 30, 2008 due to the inclusion of franchise fee in operating revenues.

Territorial sales increased 0.01 percent to 13,232,661 MWh for the twelve months ended September 30, 2008 from 13,230,826 MWh for the twelve months ended September 30, 2007. Off-system sales decreased 29.5 percent to 457,421 MWh for the twelve months ended September 30, 2008 from 649,193 MWh for the twelve months ended September 30, 2007. Total MWh sales decreased 1.4 percent for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007, to 13,690,082 MWh from 13,880,019 MWh.

Investment income decreased $1.1 million, or 25.0 percent, for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007, primarily related to the effect of a redemption fee on the withdrawal of funds from the Florida State Board of Administration Local Government Surplus Funds Trust Fund (see "FINANCIAL INFORMATION – Investment Policies" in the Annual Disclosure Report) and a lower weighted average annual yield on invested funds.

Earnings from The Energy Authority increased $2.2 million, or 10.8 percent, for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007 due to higher margins on purchases and sales transactions by TEA and increased kWh purchases by JEA in the current year.

Commencing on April 1, 2005, JEA began depositing funds, including a fuel recovery charge, into the Rate Stabilization Fund established under the Electric System Resolution. The amounts paid from the Rate Stabilization Fund into the Revenue Fund established under the Electric System Resolution in the twelve-month periods ended September 30, 2008 and September 30, 2007 reflect withdrawals to offset annual fuel costs, to fund Electric System capital projects and to pay for a portion of the Electric System's debt service.

Operating Expenses. Total operating expenses increased $125.3 million, or 15.3 percent, for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007. Total fuel and purchased power expenses increased $93.0 million, or 14.4 percent, for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007, primarily related to a 17.7 percent increase in total cost per MWh produced and purchased.

The prices of oil, gas, solid fuels and purchased power have fluctuated over this period, and, from year to year, the components of fuel and purchased power expenses have shifted as JEA has taken advantage of the most economical sources of power. Energy produced from JEA's generating units was 5,964,325 MWh for the twelve months ended September 30, 2008, an increase of 1.6 percent from 5,871,455 MWh for the twelve months ended September 30, 2007. Energy purchased was 8,319,334 MWh for the twelve months ended September 30, 2008, a decrease of 3.7 percent from 8,637,508 MWh for the twelve months ended September 30, 2007.

Other operation and maintenance expenses increased $13.3 million, or 9.1 percent, for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007, primarily related to an increase in salaries and related benefits.

Utility taxes and franchise fees increased $19.0 million, or 75.1 percent, for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007, primarily related to the inclusion of the three percent franchise fee.

Net Revenues. Net revenues available for debt service increased $45.1 million, or 15.4 percent, to $338.4 million for the twelve months ended September 30, 2008 from $293.3 million for the twelve months ended September 30, 2007. Total revenues increased $170.4 million, or 15.3 percent, and total operating expenses increased $125.3 million, or 15.3 percent, for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007, as described above.

Debt Service on Electric System Bonds. Debt service on Electric System Bonds increased 20.0 percent for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007, primarily due to higher principal amortization in the twelve months ended September 30, 2008 and the timing of the issuance of the bonds noted below.

During Fiscal Year 2008, JEA issued Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2007 Series C	Capital Program	October 2007	$26,515,000	
2008 Series A	Capital Program	January 2008	100,000,000	
2008 Series B	Capital Program/Refunding	March 2008	261,490,000	$259,250,000
2008 Series C	Capital Program/Refunding	March 2008	273,605,000	263,400,000
2008 Series D	Capital Program/Refunding	May 2008	260,000,000	246,720,000
2008 Series E	Capital Program/Refunding	September 2008	54,050,000	48,835,000

During Fiscal Year 2007, JEA issued Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2007 Series A	Capital Program/Refunding	January 2007	$123,480,000	$28,055,000
2007 Series B	Capital Program/Refunding	July 2007	123,240,000	92,830,000

Debt Service Coverage Ratio on Electric System Bonds. The debt service coverage ratio on Electric System Bonds decreased to 4.42 times for the twelve months ended September 30, 2008 as compared to the debt service coverage ratio of 4.60 times for the twelve months ended September 30, 2007 due to the 15.4 percent increase in net revenues available for debt service being less proportionately than the 20.1 percent increase in debt service on Electric System Bonds between such periods.

Aggregate Subordinated Debt Service on Subordinated Electric System Bonds. Aggregate subordinated debt service on Subordinated Electric System Bonds increased 7.2 percent for the twelve months ended September 30, 2008 as compared to the twelve months ended September 30, 2007, primarily due to higher principal amortization in the twelve months ended September 30, 2008 and the timing of the issuance of the bonds noted below.

During Fiscal Year 2008, JEA issued Subordinated Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2007 Series A	Capital Program	October 2007	$82,800,000	
2008 Series A	Capital Program	April 2008	56,410,000	
2008 Series B	Capital Program/Refunding	March 2008	104,955,000	$100,000,000
2008 Series C	Capital Program/Refunding	March 2008	79,255,000	75,100,000
2008 Series D	Capital Program/Refunding	March 2008	70,605,000	70,325,000
2008 Series E	Capital Program/Refunding	September 2008	18,645,000	18,180,000

Debt Service Coverage Ratio on Electric System Bonds and Subordinated Electric System Bonds. The debt service coverage ratio on Electric System Bonds and Subordinated Electric System Bonds increased to 2.40 times for the twelve months ended September 30, 2008 as compared to the debt service coverage ratio of 2.37 times for the twelve months ended September 30, 2007 due to the 15.4 percent increase in net revenues available for debt service being greater than the 13.8 percent increase in the debt service on Electric System Bonds and Subordinated Electric System Bonds between such periods.

Management's Discussion of Operations — JEA Electric System Schedules of Debt Service Coverage for the Six-Month Periods Ended March 31, 2009 and 2008

Revenues. Total revenues increased $58.9 million, or 10.6 percent, for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008. Electric revenues increased $117.3 million, or 22.4 percent, for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008, primarily related to an increase in base rates effective October 1, 2008 and an increase of $15.00 per 1,000 kWh to the variable fuel rate effective July 1, 2008, as described above under the caption "RECENT DEVELOPMENTS – Electric System Rates." In addition, the Council enacted a three percent franchise fee, payable to the City from designated revenues of the JEA, commencing April 1, 2008. The ordinance enacting the franchise fee authorizes JEA to pass through this fee to its customers.

Territorial sales decreased 4.1 percent to 5,839,186 MWh for the six months ended March 31, 2009 from 6,085,592 MWh for the six months ended March 31, 2008. Off-system sales decreased 0.19 percent to 299,438 MWh for the six months ended March 31, 2009 from 300,012 MWh for the six months ended March 31, 2008. Total MWh sales decreased 3.9 percent for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008, to 6,138,624 MWh from 6,385,604 MWh.

Investment income decreased $0.8 million, or 46.8 percent, for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008, primarily related to a lower weighted average annual yield on invested funds.

Earnings from The Energy Authority decreased $6.2 million, or 68.1 percent, for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008 due to lower margins on purchases and sales transactions by TEA and decreased kWh purchases by JEA in the current year.

Commencing with the April 1, 2005 fuel and purchased power rate restructuring (see "ELECTRIC UTILITY FUNCTIONS – Electric System – *Rates*" in the Annual Disclosure Report), JEA began depositing funds, including a fuel recovery charge, into the Rate Stabilization Fund established under the Electric System Resolution. The amounts paid from the Rate Stabilization Fund into the Revenue Fund established under the Electric System Resolution in the six-month periods ended March

31, 2009 and March 31, 2008 reflect withdrawals to offset fuel costs, to fund Electric System capital projects and to pay for a portion of the Electric System's debt service.

Operating Expenses. Total operating expenses increased $27.7 million, or 6.8 percent, for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008. Total fuel and purchased power expenses increased $15.7 million, or 4.9 percent, for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008, primarily related to a 12.8 percent increase in total cost per MWh produced and purchased.

The prices of oil, gas, solid fuels and purchased power have fluctuated over this period, and, from year to year, the components of fuel and purchased power expenses have shifted as JEA has taken advantage of the most economical sources of power. Energy produced from JEA's generating units was 2,489,477 MWh for the six months ended March 31, 2009, a decrease of 12.6 percent from 2,849,603 MWh for the six months ended March 31, 2008. Energy purchased was 3,916,457 MWh for the six months ended March 31, 2009, an increase of 3.8 percent from 3,773,678 MWh for the six months ended March 31, 2008.

Other operation and maintenance expenses decreased $6.6 million, or 8.5 percent, for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008, primarily related to scheduled maintenance outages at Northside during the Fall of 2007, capitalization of Plant Scherer Unit 4 capital projects, a decrease in salaries and related benefits, a decrease in supplies and materials and a decrease in supplemental workforce.

Utility taxes and franchise fees increased $18.6 million, or 142.5 percent, for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008, primarily related to the inclusion of the three percent franchise fee and the utility tax increase as a result of the rate increases discussed above.

Net Revenues. Net revenues available for debt service increased $31.3 million, or 21.2 percent, to $178.6 million for the six months ended March 31, 2009 from $147.3 million for the six months ended March 31, 2008. Total revenues increased $58.9 million, or 10.6 percent, and total operating expenses increased $27.7 million, or 6.8 percent, for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008, as described above.

Debt Service on Electric System Bonds. Debt service on Electric System Bonds decreased 2.7 percent for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008, primarily due to lower average variable interest rates in the six months ended March 31, 2009.

During Fiscal Year 2009, JEA issued Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2009 Series A	Capital Program/Refunding	March 2009	$96,685,000	$93,885,000

[remainder of page intentionally left blank]

During Fiscal Year 2008, JEA issued Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2007 Series C	Capital Program	October 2007	$26,515,000	
2008 Series A	Capital Program	January 2008	100,000,000	
2008 Series B	Capital Program/Refunding	March 2008	261,490,000	$259,250,000
2008 Series C	Capital Program/Refunding	March 2008	273,605,000	263,400,000
2008 Series D	Capital Program/Refunding	May 2008	260,000,000	246,720,000
2008 Series E	Capital Program/Refunding	September 2008	54,050,000	48,835,000

Debt Service Coverage Ratio on Electric System Bonds. The debt service coverage ratio on Electric System Bonds increased to 4.46 times for the six months ended March 31, 2009 as compared to the debt service coverage ratio of 3.58 times for the six months ended March 31, 2008 due to the 21.2 percent increase in net revenues available for debt service and the 2.7 percent decrease in debt service on Electric System Bonds between such periods.

Aggregate Subordinated Electric System Bonds. Aggregate subordinated debt service on Subordinated Electric System Bonds decreased 36.7 percent for the six months ended March 31, 2009 as compared to the six months ended March 31, 2008, primarily due to lower average variable interest rates and decreased principal amortization.

During Fiscal Year 2009, JEA issued Subordinated Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2009 Series A	Capital Program	January 2009	$122,585,000	
2009 Series B	Capital Program/Refunding	March 2009	117,075,000	$123,135,000

During Fiscal Year 2008, JEA issued Subordinated Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2007 Series A	Capital Program	October 2007	$82,800,000	
2008 Series A	Capital Program	April 2008	56,410,000	
2008 Series B	Capital Program/Refunding	March 2008	104,955,000	$100,000,000
2008 Series C	Capital Program/Refunding	March 2008	79,255,000	75,100,000
2008 Series D	Capital Program/Refunding	March 2008	70,605,000	70,325,000
2008 Series E	Capital Program/Refunding	September 2008	18,645,000	18,180,000

Debt Service Coverage Ratio on Electric System Bonds and Subordinated Electric System Bonds. The debt service coverage ratio on Electric System Bonds and Subordinated Electric System Bonds increased to 2.87 times for the six months ended March 31, 2009 as compared to the debt service coverage ratio of 1.93 times for the six months ended March 31, 2008 due to the 21.2 percent increase in net revenues available for debt service and the 18.3 percent decrease in the debt service on Electric System Bonds and Subordinated Electric System Bonds between such periods.

Investment Policies

The following information updates the information contained in the second paragraph under the caption "FINANCIAL INFORMATION – Investment Policies" in the Annual Disclosure Report:

JEA invests its funds pursuant to Section 218.415, Florida Statutes, its various bond resolutions and its JEA Board-approved investment policy. As of September 30, 2008, 28 percent of JEA's total investment portfolio (including funds held under the Electric System Resolution, the Subordinated Electric System Resolution, the First Power Park Resolution, the Second Power Park Resolution, the Water and Sewer System Resolution, the Subordinated Water and Sewer System Resolution and the District Energy System Resolution) was invested in securities issued by the U.S. Government, federal agencies or state and local government entities having a weighted average maturity of approximately 6.6 years. As of September 30, 2008, the remaining 72 percent of such investment portfolio was invested in commercial paper rated at least A-1 and P-1 by S&P and Moody's, respectively, having a weighted average maturity of less than 30 days, in the Florida State Board of Administration Local Government Surplus Funds Trust Fund (the "State Pool"), in money market mutual funds and in demand deposit bank accounts. JEA's funds that are invested in commercial paper, in the State Pool, in money market mutual funds and in bank accounts are used primarily for operating expenses. During the month of November 2007 it became apparent that the State Pool was encountering difficulty in meeting increased cash withdrawals from various investors due to a portion of its investments being held in downgraded securities. As of April 21, 2009, JEA had approximately $2.429 million of Electric System funds, approximately $0.416 million of Water and Sewer System funds, approximately $0.857 million of Power Park funds and approximately $0.100 million of District Energy funds in accounts at the State Pool which are not available at this time for withdrawal and are secured by the downgraded and other "distressed" securities held in the State Pool. JEA does not expect these investments to adversely affect its liquidity position.

The following information updates the information contained in the fourth paragraph under the caption "FINANCIAL INFORMATION – Investment Policies" in the Annual Disclosure Report:

JEA previously implemented a strategy to lengthen synthetically the investment maturity of its short-term revolving funds by entering into 100 percent asset-matched interest rate swap transactions. Through the use of this strategy, JEA may lock-in a fixed rate of return for up to five years on those funds, such as debt service sinking funds, that it is permitted to invest only in short-term investment securities. As of September 30, 2008, JEA had no outstanding interest rate swap transactions for this purpose, although it may enter into interest rate swap transactions for this purpose in the future. For further information regarding this interest rate swap program, see Note 3 to JEA's 2008 Financial Statements set forth in APPENDIX C attached hereto.

Debt Management Policy

The following information supplements the information contained in the final three paragraphs under the caption "FINANCIAL INFORMATION – Debt Management Policy" in the Annual Disclosure Report with respect to the Electric System:

In connection with the issuance of certain of the Electric System Bonds and the Subordinated Electric System Bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Electric System. These swap transactions are entered into with various providers and are otherwise described in the table below.

Related Bonds	Counterparty	Initial Notional Amount	Notional Amount as of March 31, 2009	Fixed Rate of Interest	Variable Rate Index[1]	Termination Date[2]
Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 and 2008C-2	Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")	$174,000,000	$163,600,000	3.717%	68% of 1 month LIBOR	9/16/2033
Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, 2008B-2, 2008B-3 and 2008B-4	GSMMDP	27,400,000	27,200,000	4.044	BMA Municipal Swap Index	10/1/2026
	Morgan Stanley Capital Services Inc. ("MSCS")	117,825,000	116,275,000	4.351	BMA Municipal Swap Index	10/1/2039
	JPMorgan Chase Bank, N.A. ("JPMorgan")	116,425,000	114,525,000	3.661	68% of 1 month LIBOR	10/1/2035
Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D	JPMorgan	29,900,000	29,450,000	3.608	BMA Municipal Swap Index	10/1/2016
	JPMorgan	40,875,000	40,650,000	3.716	68% of 1 month LIBOR	10/1/2037
Variable Rate Electric System Revenue Bonds, Series Three 2008D-1	MSCS	98,375,000	96,635,000	3.907	SIFMA Municipal Swap Index	10/1/2031
Variable Rate Electric System Revenue Bonds, Series Three 2008D-2	Citigroup Financial Products Inc.	95,240,000	95,005,000	3.918	SIFMA Municipal Swap Index	10/1/2036
Variable Rate Electric System Revenue Bonds, Series Three 2008A	GSMMDP	100,000,000	100,000,000	3.836	BMA Municipal Swap Index	10/1/2036
Variable Rate Electric System Revenue Bonds[3]	Merrill Lynch Derivative Products AG	100,000,000	100,000,000	4.031	BMA Municipal Swap Index	10/1/2038

(1) The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.
(2) Unless earlier terminated.
(3) Expected to be issued on January 27, 2011. The swap transaction is effective on this date, whether or not such bonds are issued.

For further information regarding such interest rate swap transactions, including a detailed description of the fair value thereof as of September 30, 2008, see Note 7 to JEA's 2008 Financial Statements set forth in APPENDIX C attached hereto.

LITIGATION

The Office of General Counsel of the City is not aware of any pending or threatened litigation contesting the validity of the Series Three Bonds or the right of JEA to issue the Series Three Bonds. In the opinion of the Office of General Counsel of the City, except as described in the next sentence, there is no pending litigation or proceedings that would have any material effect upon the financial condition of JEA or otherwise be of any significance involving JEA. For a discussion of certain pending proceedings relating to environmental matters, see "ELECTRIC UTILITY FUNCTIONS – Electric System – *Environmental Matters*" in the Annual Disclosure Report.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Series Three Bonds and certain other legal matters are subject to the approving opinion of Rogers Towers, P.A., Jacksonville, Florida, Bond Counsel to JEA ("Bond Counsel"). The proposed form of Bond Counsel opinion is contained in APPENDIX E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for JEA by the Office of General Counsel of the City, attorneys for JEA. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, New York, New York, Counsel to the Underwriters.

TAX MATTERS

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series Three Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Series Three Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and is not included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

The amount by which the respective issue prices of the Series Three Bonds maturing on October 1, 2016 through October 1, 2022, inclusive and on and after October 1, 2024 (collectively, the "Discount Bonds") is less than the amount to be paid at maturity of such Discount Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Discount Bonds) constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Discount Bonds which is excluded from gross income for federal income tax purposes.

For this purpose, the issue price of the Discount Bonds of each series and maturity is the first price at which a substantial amount of the Bonds of such maturity is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to the Discount Bonds accrues daily over the term to maturity of such Discount Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Discount Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Discount Bonds. Beneficial Owners of the Discount Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the Discount Bonds, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds of the same series and maturity is sold to the public.

The Series Three Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series Three Bonds. JEA will make representations and will covenant to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series Three Bonds will not be included in federal gross income (see "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE BONDS – Additional Provisions Relating to the Series Three Bonds" herein). Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series Three Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series Three Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series Three Bonds may adversely affect the value of, or the tax status of interest on, the Series Three Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series Three Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series Three Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Series Three Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series Three Bonds. Prospective purchasers of the Series Three Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series Three Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of JEA, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. JEA will covenant, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series Three Bonds ends with the issuance of the Series Three Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend JEA or the Beneficial Owners regarding the tax-exempt status of the Series Three Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than JEA and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which JEA legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series Three Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series Three Bonds, and may cause JEA or the Beneficial Owners to incur significant expense.

RATINGS

The Series Three Bonds have been rated "AA-", "Aa2" and "AA-" by Fitch Ratings, Moody's and S&P, respectively. An explanation of the significance of any ratings may be obtained only from the rating agency furnishing the same at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Standard & Poor's, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will be in effect for any given period of time or that such ratings will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings may have an adverse effect on the market price of the Series Three Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY LAW

Section 517.051(1), Florida Statutes, requires that JEA make full and fair disclosure of any of its bonds or other debt obligations that have been in default as to payment of principal or interest at any time after December 31, 1975. JEA has not been, since December 31, 1975, in default as to payment of principal or interest on any of its bonds or other debt obligations.

UNDERWRITING

The Underwriters have agreed, subject to certain customary conditions to closing, to purchase the Series Three Bonds from JEA at an aggregate underwriting discount of $476,728.79 from the initial public offering prices of the Series Three Bonds. The Underwriters will be obligated to purchase all the Series Three Bonds if any such Series Three Bonds are purchased. The public offering prices may be changed, from time to time, by the Underwriters.

J.P. Morgan Securities Inc. has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings, including the Series Three Bonds, at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Series Three Bonds with UBS Financial Services Inc.

MISCELLANEOUS

Legal Investments

The Series Three Bonds are legal investments for savings banks, trust companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency or instrumentality of the State of Florida, or of any county, municipality, or other political subdivisions of the State of Florida. The Series Three Bonds are also eligible as security for deposits of state, county, municipal and other public funds.

References to Documents

The summaries of or references to the Second Power Park Resolution and the Electric System Resolution and certain statutes and other ordinances and documents included in this Official Statement or in the document included by specific reference herein do not purport to be comprehensive or definitive, and such summaries and references are qualified in their entirety by references to each such resolution, statute, ordinance, law and document. Copies of all such documents may be obtained from JEA, provided that a reasonable charge may be imposed for the cost of reproduction.

Authorization of Official Statement

The dissemination and use of this Official Statement have been duly authorized by the JEA Board.

JEA

By: /s/ Cynthia B. Austin
Chair

By: /s/ James A. Dickenson
Managing Director and Chief Executive Officer

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BOOK-ENTRY ONLY SYSTEM

The Series Three Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the Series Three Bonds. The Series Three Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered bond certificates will be issued for the Series Three Bonds of each maturity (and, if applicable, each interest rate within a maturity), in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series Three Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Bonds on DTC's records. The ownership interest of each actual purchaser of each Series Three Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series Three Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series Three Bonds, except in the event that use of the book-entry system for the Series Three Bonds is discontinued.

SO LONG AS CEDE & CO. (OR ANY OTHER NOMINEE REQUESTED BY DTC) IS THE REGISTERED OWNER OF THE SERIES THREE BONDS AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OR OWNERS OF THE SERIES THREE BONDS SHALL MEAN CEDE & CO. (OR SUCH OTHER NOMINEE), AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

To facilitate subsequent transfers, all Series Three Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series Three Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Three Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

JEA, the Registrar and Paying Agent for the Series Three Bonds may treat DTC (or its nominee) as the sole and exclusive owner of the Series Three Bonds registered in its name for the purpose of: payment of the principal or redemption price of or interest on the Series Three Bonds selecting Series Three Bonds and portions thereof to be redeemed; giving any notice permitted or required to be given to Holders under the Second Power Park Resolution including any notice of redemption; registering the transfer of Series Three Bonds; obtaining any consent or other action to be taken by Holders; and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. JEA, the Registrar and Paying Agent for the Series Three Bonds and the Underwriters (other than in their capacity, if any, as Direct Participants or Indirect Participants) shall not have any responsibility or obligation to any Direct Participant, any person claiming a beneficial ownership interest in the Series Three Bonds under or through DTC or any Direct Participant, or any other person which is not shown on the registration books of JEA (kept by the Registrar) as being a Holder, with respect to: the accuracy of any records maintained by DTC or any Direct or Indirect Participant regarding ownership interests in the Series Three Bonds; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal or redemption price of or interest on the Series Three Bonds; the delivery to any Direct or Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to Holders under the Second Power Park Resolution, including any notice of redemption; the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the Series Three Bonds; or any consent given or other action taken by DTC as a Holder of the Series Three Bonds.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series Three Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the "record date." The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts securities, such as the Series Three Bonds, are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Except as described below, neither DTC nor Cede & Co. nor any other nominee of DTC will take any action to enforce covenants with respect to any security registered in the name of Cede & Co. or any other nominee of DTC. Under its current procedures, on the written instructions of a Direct Participant given in accordance with DTC's Procedures, DTC will cause Cede & Co. to sign a demand to exercise certain bondholder rights. In accordance with DTC's current procedures, Cede & Co. will sign such document only as record holder of the quantity of securities referred to therein (which is to be specified in the Direct Participant's request to DTC for such document) and not as record holder of all the securities of that issue registered in the name of Cede & Co. Also, in accordance with DTC's current procedures, all factual representations to the issuer, the trustee or any other party to be made by Cede & Co. in such document must be made to DTC and Cede & Co. by the Direct Participant in its request to DTC.

For so long as the Series Three Bonds, are issued in book-entry form through the facilities of DTC, any Beneficial Owner desiring to cause JEA to comply with any of its obligations with respect to the Series Three Bonds, must make arrangements with the Direct Participant or Indirect Participant through whom such Beneficial Owner's ownership interest in the Series Three Bonds, is recorded in order for the Direct Participant in whose DTC account such ownership interest is recorded to make the request of DTC described above.

NEITHER JEA NOR THE REGISTRAR AND PAYING AGENT FOR THE SERIES THREE BONDS NOR THE UNDERWRITERS (OTHER THAN IN THEIR CAPACITY, IF ANY, AS DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS) WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND THE PERSONS FOR WHOM THEY ACT RELATING TO THE MAKING OF ANY DEMAND BY CEDE & CO. AS THE REGISTERED OWNER OF THE SERIES THREE BONDS THE ADHERENCE TO SUCH PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

Principal or redemption price of and interest on the Series Three Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from JEA or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, JEA or the Paying Agent for the Series Three Bonds, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent for the Series Three Bonds, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

As long as the book-entry system is used for the Series Three Bonds, JEA, will give or cause to be given any notice of redemption or any other notices required to be given to Holders of Series Three Bonds, only to DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant, or of any Direct or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series Three Bonds, called for such redemption, or of any other action premised on such notice.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series Three Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series Three Bonds such as redemptions, tenders, defaults, and proposed amendments to the Second Power Park Resolution. For example, Beneficial Owners of Series Three Bonds may wish to ascertain that the nominee holding the Series Three Bonds, for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

NEITHER JEA NOR THE REGISTRAR AND PAYING AGENT FOR THE SERIES THREE BONDS NOR THE UNDERWRITERS (OTHER THAN IN THEIR CAPACITY, IF ANY, AS DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS) WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

For every transfer and exchange of a beneficial ownership interest in the Series Three Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Discontinuation of the Book-Entry-Only System. DTC may discontinue providing its services as depository with respect to the Series Three Bonds at any time by giving reasonable notice to JEA or the Registrar and Paying Agent for the Series Three Bonds. In addition, if JEA determines that (i) DTC is unable to discharge its responsibilities with respect to the Series Three Bonds or (ii) continuation of the system of book-entry-only transfers through DTC is not in the best interests of the Beneficial Owners of the Series Three Bonds or of JEA, JEA may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to the Series Three Bonds. Upon the resignation of DTC or determination by JEA that DTC is unable to discharge its responsibilities, JEA may, within 90 days, appoint a successor depository. If no such successor is appointed or JEA determines to discontinue the book-entry-only system, Series Three Bond certificates will be printed and delivered. Transfers and exchanges of Series Three Bonds shall thereafter be made as provided in the Second Power Park Resolution.

If the book-entry only system is discontinued with respect to the Series Three Bonds, the persons to whom Series Three Bonds are delivered will be treated as "Bondholders" for all purposes of the Second Power Park Resolution, including without limitation the payment of principal, premium, if any, and interest on Series Three Bonds, the redemption of Series Three Bonds, and the giving to JEA, the Registrar or Paying Agent for the Series Three Bonds, of any notice, consent, request or demand pursuant to the Second Power Park Resolution, for any purpose whatsoever. In such event, interest on the Series Three Bonds will be payable by check or draft of the Paying Agent therefor mailed to such Bondholders at the addresses shown on the registration books maintained on behalf of JEA, and the principal and redemption price of all Series Three Bonds will be payable at the principal corporate trust office of the Paying Agent for the Series Three Bonds as described under the heading "DESCRIPTION OF THE SERIES THREE BONDS – Registration and Transfer" in the Official Statement to which this APPENDIX A is attached.

Portions of the foregoing concerning DTC and DTC's book-entry system are based on information furnished by DTC to JEA. No representation is made herein by JEA or the Underwriters as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date of the Official Statement to which this APPENDIX A is attached.

APPENDIX B

DEBT SERVICE REQUIREMENTS FOR THE ISSUE THREE BONDS [1]

Fiscal Year	Debt Service on Outstanding Issue Three Bonds	Plus: Debt Service on Series Three Bonds Principal	Interest	Total	Total Debt Service on Issue Three Bonds after issuance of Series Three Bonds
10/1/2009	$ 12,172,812.52		$ 1,398,389.44	$ 1,398,389.44	$ 13,571,201.96
10/1/2010	17,572,812.52		3,311,975.00	3,311,975.00	20,884,787.52
10/1/2011	17,534,872.52		3,311,975.00	3,311,975.00	20,846,847.52
10/1/2012	17,520,872.52		3,311,975.00	3,311,975.00	20,832,847.52
10/1/2013	17,794,966.26	$ 730,000.00	3,311,975.00	4,041,975.00	21,836,941.26
10/1/2014	17,782,741.26	735,000.00	3,290,075.00	4,025,075.00	21,807,816.26
10/1/2015	17,691,053.76	735,000.00	3,266,187.50	4,001,187.50	21,692,241.26
10/1/2016	17,795,553.76	1,465,000.00	3,242,667.50	4,707,667.50	22,503,221.26
10/1/2017	17,694,328.76	805,000.00	3,191,392.50	3,996,392.50	21,690,721.26
10/1/2018	17,676,328.76	1,770,000.00	3,161,205.00	4,931,205.00	22,607,533.76
10/1/2019	17,672,528.76	1,840,000.00	3,090,405.00	4,930,405.00	22,602,933.76
10/1/2020	17,659,288.76	1,910,000.00	3,012,205.00	4,922,205.00	22,581,493.76
10/1/2021	17,657,553.76	1,215,000.00	2,926,255.00	4,141,255.00	21,798,808.76
10/1/2022	17,646,542.50	1,840,000.00	2,870,061.26	4,710,061.26	22,356,603.76
10/1/2023	17,637,311.26	1,925,000.00	2,782,661.26	4,707,661.26	22,344,972.52
10/1/2024	17,615,111.26	2,025,000.00	2,686,411.26	4,711,411.26	22,326,522.52
10/1/2025	17,603,061.26	2,125,000.00	2,585,161.26	4,710,161.26	22,313,222.52
10/1/2026	17,530,648.76	2,235,000.00	2,474,661.26	4,709,661.26	22,240,310.02
10/1/2027	17,462,398.76	2,355,000.00	2,356,206.26	4,711,206.26	22,173,605.02
10/1/2028	17,384,668.76	2,480,000.00	2,229,625.00	4,709,625.00	22,094,293.76
10/1/2029	17,343,287.50	2,615,000.00	2,096,325.00	4,711,325.00	22,054,612.50
10/1/2030	17,293,562.50	2,755,000.00	1,952,500.00	4,707,500.00	22,001,062.50
10/1/2031	17,246,450.00	2,910,000.00	1,800,975.00	4,710,975.00	21,957,425.00
10/1/2032	17,190,800.00	3,070,000.00	1,640,925.00	4,710,925.00	21,901,725.00
10/1/2033	17,135,937.50	3,240,000.00	1,472,075.00	4,712,075.00	21,848,012.50
10/1/2034	17,080,700.00	3,415,000.00	1,293,875.00	4,708,875.00	21,789,575.00
10/1/2035	17,006,625.00	3,605,000.00	1,106,050.00	4,711,050.00	21,717,675.00
10/1/2036	16,924,175.00	3,800,000.00	907,775.00	4,707,775.00	21,631,950.00
10/1/2037	16,842,450.00	4,010,000.00	698,775.00	4,708,775.00	21,551,225.00
10/1/2038		4,230,000.00	478,225.00	4,708,225.00	4,708,225.00
10/1/2039		4,465,000.00	245,575.00	4,710,575.00	4,710,575.00
Total	$501,169,443.98	$64,305,000.00	$71,504,544.50	$135,809,544.50	$636,978,988.48

[1] In addition to the Issue Three Bonds, JEA also has issued, and as of the date of the Official Statement to which this Appendix B is attached there are outstanding, $942,069,225.65 aggregate principal amount of Issue Two Bonds. Payments with respect to JEA's share of the debt service on the Issue Two Bonds constitute Contract Debts, payable as a Cost of Operation and Maintenance of the Electric System and are payable prior to the payment of debt service on the Electric System Bonds and the Subordinated Electric System Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES THREE BONDS – Source of Payment" and "– Contract Debts" in the Official Statement to which this Appendix B is attached and "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Power Park Issue Two Bonds*" and "– *Electric System Contract Debts*" in the Annual Disclosure Report. For further information on the indebtedness of JEA relating to its Electric Utility Functions, see Note 7 to the financial statements of JEA set forth in Appendix C attached hereto.

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APPENDIX C

FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION AND BOND COMPLIANCE INFORMATION
SEPTEMBER 30, 2008 AND 2007
(WITH INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT THEREON)

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Financial Statements, Supplementary Information, and Bond Compliance Information

JEA
Years Ended September 30, 2008 and 2007
With Report of Independent Certified Public Accountants

0808-0970726

JEA

Financial Statements, Supplementary Information, and Bond Compliance Information

Years Ended September 30, 2008 and 2007

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Report of Independent Certified Public Accountants

The Governing Board of JEA
Jacksonville, Florida

We have audited the accompanying balance sheets of JEA, a component unit of the City of Jacksonville, Florida, as of September 30, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of JEA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of JEA's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JEA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JEA as of September 30, 2008 and 2007, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2008 on our consideration of JEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As discussed in note 1(r) to the financial statements, JEA has adopted Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and has applied the statement retroactively for all years presented in the financial statements. As discussed in note 12 to the financial statements, JEA has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary combining financial statements as of and for the years ended September 30, 2008 and 2007 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

November 24, 2008

Management's Discussion and Analysis

JEA is a municipal utility operating in Jacksonville, Florida (Duval County), and parts of three adjacent counties. The operation is comprised of three enterprise funds – the Electric Enterprise Fund, the Water and Sewer Fund and the District Energy System (DES). The Electric Enterprise Fund is comprised of the JEA Electric System, Bulk Power Supply System (Scherer), and St. Johns River Power Park System (SJRPP). The Electric Enterprise Fund, Water and Sewer Fund and DES are presented on a combined basis in the balance sheets, statements of revenues, expenses and changes in net assets, and statements of cash flows.

This section of JEA's annual financial report presents management's discussion and analysis of JEA's financial performance for the years ended September 30, 2008 and 2007. Please read it in conjunction with the audited Financial Statements and Notes to the Financial Statements, which follows this section.

The following tables summarize the financial condition and operations of JEA for the 2008, 2007, and 2006 fiscal years:

Condensed Balance Sheets

	2008	**Restated 2007**	**2006**
		(In Millions)	
Assets			
Current assets	**$ 540**	$ 465	$ 470
Other noncurrent assets	**996**	867	965
Capital assets, net	**6,601**	6,275	5,984
	$ 8,137	$ 7,607	$ 7,419
Liabilities and net assets			
Current liabilities	**$ 183**	$ 183	$ 166
Liabilities payable from restricted assets	**439**	351	338
Noncurrent liabilities	**123**	121	130
Long-term debt	**5,910**	5,444	5,345
Net assets invested in capital assets, net of related debt	**727**	868	881
Net assets, restricted	**427**	381	290
Net assets, unrestricted	**328**	259	269
	$ 8,137	$ 7,607	$ 7,419

Condensed Statements of Revenues, Expenses, and Changes in Net Assets

	2008	Restated 2007	2006
		(In Millions)	
Operating revenues	**$ 1,633**	$ 1,456	$ 1,429
Operating expenses	**(1,423)**	(1,281)	(1,238)
Operating income	**210**	175	191
Nonoperating expenses	**(191)**	(167)	(158)
Contributions	**(44)**	57	24
Decrease (increase) in net assets	**$ (25)**	$ 65	$ 57

Financial Analysis of JEA for fiscal years 2008 and 2007

Operating Revenues

2008 compared to 2007:

Total Electric Enterprise Fund operating revenues for the fiscal year 2008 increased $173.2 million (14.3%) compared to fiscal year 2007. Electric Enterprise Fund operating revenues increased $169.5 million (14.4%) and other operating revenues increased $3.7 million. The increase was mainly attributable to rate increases; however, it was partially offset by a decrease in consumption. Electric Enterprise Fund operating revenues include an approximate 10% base and fuel rate increase that went into effect on October 1, 2007, and a $15.00 per 1,000 KWh fuel rate increase that became effective July 1, 2008. In addition, the City Council of Jacksonville enacted a 3% franchise fee to the City of Jacksonville, Florida, from designated revenues of the JEA Electric and Water and Sewer Systems, commencing April 1, 2008. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer utility customers. Total consumption decreased 3.6% as compared to the prior year. Territorial sales decreased from 16,290 GWh to 15,868 GWh, a decrease of 2.6% and off-system sales decreased from 649 GWh to 457 GWh, a decrease of 29.5%. The decrease was due to reduced territorial sales and a reduction in revenue relating to the sales of electricity to Florida Power and Light (FPL) from SJRPP. There was a slight increase in customer growth of 0.5%. Other operating revenues increased $3.7 million, mainly due to increased transmission revenues.

Total Water and Sewer Fund operating revenues increased $8.6 million, a 3.5% increase. Water and Sewer Fund operating revenues increased $9.8 million and other revenues decreased $1.2 million. The operating revenue increase was due to an increase in water and sewer rates and the City's enactment of the franchise fee. The increase was offset by decreased consumption. The volume of water and sewer sales decreased 6.6%. There was a 26.4% increase in rainfall as compared to the prior year, which was a contributing factor in the decrease in consumption. Customer growth increased slightly by 0.4%. Other operating revenues decreased due to reduced carrying charges for inventory from the Electric System.

Total DES revenues decreased $1.6 million for fiscal year 2008 compared to fiscal year 2007. The decrease in revenues was primarily due to a settlement received in fiscal year 2007.

2007 compared to 2006:

Total Electric Enterprise Fund operating revenues for the fiscal year 2007 increased $3.2 million compared to fiscal year 2006. Electric Enterprise Fund operating revenues increased $5.3 million and other operating revenues decreased $2.1 million. Electric Enterprise Fund operating revenues reflect a $14.3 million (1.4%) decrease, which was primarily due to a 1.1% percent decrease in total GWh sales and a decrease of approximately $0.82 per KWH in the fuel rate effective October 1, 2006. The decrease in total GWh sales was mainly attributable to milder temperatures, which is measured in degree days. The degree days decreased 6.2% as compared to fiscal year 2006. The decrease in Electric Enterprise Fund revenues was offset by a $19.6 million increase in revenues relating to sales of electricity to FPL from SJRPP. Other operating revenues decreased $2.1 million, due to the absence of certain nonrecurring revenue transactions that were recorded in fiscal year 2006.

Total Water and Sewer Fund operating revenues increased $20.5 million, a 9% increase. Water and Sewer Fund operating revenues increased $23.4 million and other revenues decreased $2.9 million. The operating revenue increase was due to an increase in water and sewer rates and increased volumes of water and sewer sales. The Water and Sewer Fund rate increase became effective in October 2006. The volume of water and sewer sales increased 4.3%. The volume increase was primarily driven by lack of rainfall and customer growth. The number of water and sewer customers increased approximately 3.5%. Other operating revenues decreased $2.9 million, a 21.3% decrease. The decrease was mainly due to above normal applications for service related to the new line extension capacity fees that occurred in fiscal year 2006.

Total DES revenues increased $4.7 million for fiscal year 2007 compared to fiscal year 2006. The increase in revenues was due to an increase in customer growth as a result of the addition of a new plant placed in service and increased loads at other plants.

Operating Expenses

2008 compared to 2007:

Total Electric Enterprise Fund operating expenses for fiscal year 2008, excluding depreciation and recognition of deferred costs, increased $108.6 million or 12.9% compared to fiscal year 2007. The increase was mainly due to an increase in fuel and purchased power expense of $93.8 million, as discussed below; the 3% franchise fees of $15.0 million and $3.8 million of increased utility taxes based on the rate increases discussed above. Total other Electric Enterprise Fund operating and maintenance expenses were $4.1 million lower, a 1.9% decrease in fiscal year 2008 compared to the same period in 2007. Major factors impacting other operating and maintenance expenses were decreased debt service requirements for SJRPP and increased salaries and related benefits, including other post employment retirement benefits.

Fuel expense increased $49.8 million and purchased power increased $44.0 million. The increase in fuel and purchased power expense for the year was primarily driven by the product mix and increased commodity costs. There was a 1.6% decrease in megawatts produced and purchased. During fiscal year 2008, JEA's power supply mix for fiscal year 2008 was 51% coal (from JEA units), 19% petroleum coke, 14% natural gas, 10% coal-fired purchases, 5% other power purchases, and 1% oil.

Total operating expenses for the Water and Sewer Fund increased $15.1 million, excluding depreciation expense, an increase of 14.9%. The major factors impacting the increase in operating and maintenance expenses were: increased intercompany billings; increased salaries and benefits, including other post employment retirement benefits; and increased professional and industrial services expenses.

The operating expenses for DES, excluding depreciation increased $0.3 million. The increase was due primarily to increased electric rates from the Electric System.

2007 compared to 2006:

Total Electric Enterprise Fund operating expenses for fiscal year 2007, excluding depreciation and recognition of deferred costs, increased $19.7 million or 2.4% compared to fiscal year 2006. The increase was primarily due to increases in other operating and maintenance expenses. Total other Electric Enterprise Fund operating and maintenance expenses were $19.4 million higher, a 10% increase in fiscal year 2007 compared to the same period in 2006. Major factors impacting other operating and maintenance expenses were: increased debt service requirements for SJRPP; increased salaries and benefits; and decreased SJRPP outage expenses. The scheduled spring SJRPP outage was 10 days in 2007 as compared with 6 weeks in 2006.

Total fuel and purchased power costs increased $0.8 million. Fuel expense increased $30.9 million and purchased power decreased $30.1 million. The increases were mainly driven by fluctuating fuel prices and a 0.28% decrease in megawatts produced and purchased. During fiscal year 2007, JEA's power supply mix for fiscal year 2007 was 51% coal (from JEA units), 24% petroleum coke, 10% natural gas, 9% coal-fired purchases, 4% other power purchases, and 2% oil.

Total operating expenses for the Water and Sewer Fund increased $13.8 million, excluding depreciation expense, an increase of 15.8%. The major factors impacting the increase in operating and maintenance expenses were: increased intercompany billings; reduced capital overhead; increased industrial services associated with the sewer treatment plants; increased odor control chemical costs associated with a increased number of lift stations; and increased salaries and benefits.

The operating expenses for DES, excluding depreciation increased $0.7 million. The increase was due primarily to the addition of a new plant and increased loads at existing plants.

Nonoperating Revenues and Expenses

2008 compared to 2007:

The net change in nonoperating revenues and expenses was $24.1 million in fiscal year 2008. The Energy Authority (TEA) earnings, a municipal power marketing joint venture in which JEA is a member increased $2.1 million due to increased purchases by JEA. Investment income decreased $20.1 million in fiscal 2008 due to unfavorable noncash fair market value adjustments and decreased rates on investment returns. The average rate during fiscal 2008 was 2.9% as compared with 5.2% in fiscal 2007. Interest expense increased $2.8 million as a result of $12.2 million increase in debt management expenses and $9.8 million reduction in interest expenses. See note 7 for further discussion on debt management strategy.

2007 compared to 2006:

The net change in nonoperating revenues and expenses was $9.6 million in fiscal year 2007. Investment income increased $7.3 million in fiscal 2007 due to an increase in the noncash fair value adjustments in investments, additional availability of funds for investment and increased return on the investments. Interest expense increased $6.7 million as a result of an increase in interest expense due to the issuance of bonds. Earnings from TEA decreased $1.7 million due to lower margins on purchases and sales transactions by TEA and decreased KWh purchases by JEA in the current year. Allowance for funds used during construction (AFUDC) decreased $3.6 million due to lower construction work-in-process. In July 2007, The Taylor Energy Center announced plans to suspend permitting activities to build an 800 megawatt power plant in Taylor County. JEA was one of four municipal utilities participating in this project. As a result of suspending permitting activities, JEA recorded a $4.7 million impairment loss during fiscal year 2007.

Capital Assets and Debt Administration for Fiscal Years 2008 and 2007

Capital Assets

During fiscal year 2008, capital assets (excluding accumulated depreciation) increased $639 million, a 7.1% increase. This included $431.4 million, a 7.9% increase, in electric plant; $207.9 million increase in water and sewer plant, an increase of 5.9%; and $0.2 million investment in DES plant, an increase of 0.4%. During fiscal year 2007 capital assets (excluding accumulated depreciation) increased $415.7 million, a 4.8% increase. This included $150.0 million, a 2.8% increase, in electric plant; $263.6 million increase in water and sewer plant, an increase of 8.0%; and $2.1 million investment in DES plant, an increase of 4.2%. More detailed information about JEA's capital asset activity is presented in note 4 to the financial statements.

JEA has ongoing capital improvement programs for the Electric Enterprise Fund and the Water and Sewer Fund. The capital programs consist of: (a) the Electric Enterprise Fund capital requirements for additional generating facilities, as well as improvements to existing generating facilities, that are determined to be necessary as a result of JEA's annual resource planning process; (b) the Electric Enterprise Fund's remaining capital requirements for transmission and distribution facilities and other capital items; and (c) the Water and Sewer Fund capital requirements that are determined to be necessary as a result of the annual resource planning process. The cost of the capital improvement program will be provided from revenues generated from operations, issuance of revenue bonds, Commercial Paper notes, and other short-term obligations as determined by JEA.

The projected total capital expenditures for fiscal year 2009 are as follows:

	In Millions
Electric Enterprise Fund – Generation, Transmission, Distribution, and Other	$310
Water and Sewer Fund	115
DES	.320

SJRPP and Plant Scherer are subject to joint ownership agreements. The estimated capital expenditures relating to these plants, including costs to comply with certain environmental regulations are described in note 13 to the financial statements.

Debt Administration

Debt outstanding at September 30, 2008, was $6.2 billion, an increase of $500 million from the prior fiscal year. The amount was used in conjunction with capital investment programs.

Debt outstanding at September 30, 2007, was $5.7 billion, an increase of $100 million from the fiscal year 2006. The amount was used in conjunction with capital investment programs. More detailed information about JEA's long-term debt is presented in note 7 to the financial statements.

JEA's debt ratings on its long-term debt as of September 2008 and 2007 were as follows:

	2008			**2007**		
	Electric System	**SJRPP**	**Water and Sewer System**	**Electric System**	**SJRPP**	**Water and Sewer System**
Senior debt:						
Fitch	**AA-**	**AA-**	**AA**	AA-	AA-	AA
Standard & Poor's	**AA-**	**AA-**	**AA-**	AA-	AA-	AA-
Moody's Investors Service	**Aa2**	**Aa2**	**Aa3**	Aa2	Aa2	Aa3
Subordinated debt:						
Fitch	**AA-**	**–**	**AA**	AA-	–	AA
Standard & Poor's	**A+**	**–**	**AA-**	A+	–	AA-
Moody's Investors Service	**Aa3**	**–**	**Aa3**	Aa3	–	Aa3

Also, at September 30, 2008 and 2007, the ratings on JEA's DES bonds were AA- from Fitch Ratings and Aa1 from Moody's Investors Service. These ratings reflect the direct pay letter of credit provided by State Street Bank and Trust Company.

Economic Factors and Rates

Due to the current uncertainty in the financial markets, JEA has experienced higher interest costs on certain of its variable rate debt. In response to the situation, JEA is in the process of reassessing the timing of its future capital programs in light of interest rates, access to the capital markets, and overall local economic activity. Specifically, JEA has reduced its capital budget from $700 million to $425 million for fiscal year 2009.

On June 19, 2007, following a rate hearing as required by the Charter, the Board of Directors (Board) approved rate increases, which became effective October 1, 2007, and for the next three-year period that increased electric retail base rate revenues for residential and small commercial customers approximately 5.50%, 5.25%, and 3.00% for the fiscal years beginning October 1, 2008, 2009, and 2010, respectively. Electric retail base rates for large commercial and industrial rate classes were designed to increase base rate revenues 7.0%, 6.8% and 3.0% for the same respective fiscal years.

Effective July 1, 2008, with the approval of the Board, the fuel rate increased by $15 per 1,000 KWh.

Since environmental regulations and the cost of environmental compliance are anticipated to increase in the future, the Board enacted an environmental charge of $0.62 per 1,000 KWh, which was applied to all rate classes as of October 1, 2007.

In order to fund JEA's comprehensive conservation and demand reduction programs (that are designed to reduce electric consumption and, at the same time, reduce the need for acquiring or constructing additional generating capacity), the Board enacted a conservation charge, which was applied to residential electric accounts as of October 1, 2007, in the amount of $0.01 per KWh for usage above 2,750 KWh in a single month.

Effective October 1, 2008, the JEA Board approved an increase of 4.1% for both the service availability and consumption rates related to water and sewer services.

The consumption rate for chilled water related to the DES increased from 9.68 cents per ton hour to 11.68 cents per ton hour. The consumption rate is variable and will be modified similarly to the electric fuel charge. The rate schedules are effective October 1, 2008.

Requests for Information

The financial report is designed to provide a general overview of JEA's finances for all those with an interest in JEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Accounting Services, JEA, 21 West Church Street, Jacksonville, Florida, 32202.

Financial Statements

JEA

Balance Sheets

(In Thousands)

	September 30	
	2008	**2007**
		(Restated)
Assets		
Current assets:		
Cash and cash equivalents	**$ 167,289**	$ 131,118
Investments	**93**	–
Accounts and interest receivable, less allowance for doubtful accounts of $2,553 for 2008 and $1,897 for 2007	**237,989**	205,121
Inventories:		
Fuel	**61,402**	54,439
Materials and supplies	**73,615**	74,486
Total current assets	**540,388**	465,164
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	**533,155**	394,158
Investments	**191,649**	187,840
Accounts and interest receivable	**4,067**	6,320
Total restricted assets	**728,871**	588,318
Deferred costs	**87,687**	52,039
Investment in The Energy Authority	**7,610**	7,423
Costs to be recovered from future revenues	**171,784**	219,007
Total noncurrent assets	**995,952**	866,787
Capital assets:		
Land and easements	**96,080**	86,225
Plant in service	**8,931,386**	8,326,513
Less accumulated depreciation	**(3,094,811)**	(2,781,773)
Plant in service, net	**5,932,655**	5,630,965
Construction in progress	**668,686**	643,894
Net capital assets	**6,601,341**	6,274,859
Total assets	**$ 8,137,681**	$ 7,606,810

See accompanying notes.

JEA

Balance Sheets (continued)

(In Thousands)

	September 30	
	2008	**2007**
		(Restated)
Liabilities and net assets		
Current liabilities:		
Accounts and accrued expenses payable	**$ 144,389**	$ 147,146
Customer deposits	**38,560**	35,450
Total current liabilities	**182,949**	182,596
Current liabilities payable from restricted assets:		
Debt due within one year	**200,780**	125,295
Interest payable	**94,967**	87,724
Construction contracts and accounts payable	**53,645**	48,528
Renewal and replacement reserve	**90,000**	90,000
Total current liabilities payable from restricted assets	**439,392**	351,547
Noncurrent liabilities:		
Deferred credits and other liabilities	**46,814**	40,568
Revenues to be used for future costs	**76,339**	80,217
Total noncurrent liabilities	**123,153**	120,785
Long-term debt:		
Bonds and commercial paper payable, less current portion	**6,003,100**	5,564,724
Unamortized premium (discount), net	**12,179**	15,758
Unamortized deferred losses on refundings	**(141,745)**	(138,276)
Fair value of debt management strategy instruments	**36,118**	2,006
Total long-term debt	**5,909,652**	5,444,212
Net assets:		
Invested in capital assets, net of related debt	**727,495**	868,048
Restricted	**427,510**	381,095
Unrestricted	**327,530**	258,527
Total net assets	**1,482,535**	1,507,670
Total liabilities	**6,655,146**	6,099,140
Total liabilities and net assets	**$ 8,137,681**	$ 7,606,810

JEA

Statements of Revenues, Expenses, and Changes in Net Assets

(In Thousands)

	Year Ended September 30 2008	2007 (Restated)
Operating revenues:		
Electric	**$ 1,330,280**	$ 1,164,747
Water and sewer	**248,115**	238,256
District Energy System	**6,162**	5,748
Other	**48,863**	47,176
Total operating revenues	**1,633,420**	1,455,927
Operating expenses:		
Operations:		
Fuel	**536,813**	487,010
Purchased power	**157,194**	113,160
Other	**213,251**	224,788
Maintenance	**97,820**	81,100
Depreciation	**326,301**	302,374
State utility and franchise taxes	**48,551**	26,399
Recognition of deferred costs and revenues, net	**43,345**	45,952
Total operating expenses	**1,423,275**	1,280,783
Operating income	**210,145**	175,144
Nonoperating revenues (expenses):		
Earnings from The Energy Authority	**22,374**	20,192
Investment income	**17,307**	38,112
Interest on debt	**(249,622)**	(246,787)
Other interest	**(451)**	(1,877)
Allowance for funds used during construction	**19,448**	28,425
Water and Sewer Expansion Authority	**(1,216)**	(1,601)
Gain (loss) on asset disposition	**740**	(3,762)
Total nonoperating revenues (expenses)	**(191,420)**	(167,298)
Income before contributions	**18,725**	7,846
Contributions (to) from:		
General fund, City of Jacksonville	**(94,188)**	(91,437)
Developers and other	**47,471**	119,525
City of Jacksonville Better Jacksonville Plan	**2,857**	29,091
Total contributions	**(43,860)**	57,179
Change in net assets	**(25,135)**	65,025
Net assets, beginning of year	**1,507,670**	1,440,241
Effect of change in accounting	**–**	2,404
Net assets, beginning of year, as restated	**1,507,670**	1,442,645
Net assets, end of year	**$ 1,482,535**	$ 1,507,670

See accompanying notes.

JEA

Statements of Cash Flows

(In Thousands)

	Year Ended September 30 2008	2007 (Restated)
Operating activities		
Receipts from customers	**$ 1,549,947**	$ 1,406,741
Other receipts	**51,876**	47,447
Payments to suppliers	**(855,942)**	(726,418)
Payments to employees	**(199,463)**	(176,779)
Net cash provided by operating activities	**546,418**	550,991
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	**(101,578)**	(90,979)
Contribution to Water & Sewer Expansion Authority - operating	**(1,216)**	(1,601)
Net cash used in noncapital financing activities	**(102,794)**	(92,580)
Capital and related financing activities		
Acquisition and construction of capital assets	**(587,020)**	(479,994)
Proceeds from issuance of debt, net	**2,088,264**	972,001
Gain (Loss) on disposal of capital assets	**740**	(3,762)
Defeasance of debt	**(1,457,236)**	(742,085)
Repayment of debt principal	**(129,193)**	(123,031)
Interest paid on debt	**(243,483)**	(247,324)
Developer and other contributions	**20,246**	24,966
City of Jacksonville Better Jacksonville Plan contributions	**2,857**	29,091
Proceeds from sale of property	**982**	10,186
Net cash used in capital and related financing activities	**(303,843)**	(559,952)
Investing activities		
Purchases of investments	**(3,036,491)**	(284,583)
Proceeds from sales and maturities of investments	**3,030,106**	413,930
Distributions from The Energy Authority	**22,187**	20,004
Investment income	**19,585**	27,211
Net cash provided by investing activities	**35,387**	176,562
Net change in cash and cash equivalents	**175,168**	75,021
Cash and cash equivalents at beginning of year	**525,276**	450,255
Cash and cash equivalents at end of year	**$ 700,444**	$ 525,276

Continued on next page.

JEA

Statements of Cash Flows (continued)

(In Thousands)

	Year Ended September 30 2008	2007 (Restated)
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 210,145**	$ 175,144
Adjustments to reconcile operating income to net cash provided by		
Depreciation and amortization	**326,909**	302,928
Recognition of deferred costs and revenues, net	**43,345**	45,952
Changes in noncash assets and noncash liabilities:		
Accounts and interest receivable, restricted	**3,013**	222
Accounts and interest receivable	**(32,145)**	(4,775)
Inventories	**(6,089)**	7,818
Other	**(1,241)**	(408)
Accounts and accrued expenses payable	**8,806**	14,731
Liabilities payable from restricted assets	**(8,874)**	15,104
Deferred credits and other liabilities	**2,549**	(5,725)
Net cash provided by operating activities	**$ 546,418**	$ 550,991
Noncash activity:		
Contribution of capital assets from developers	**$ 27,225**	$ 94,559

See accompanying notes.

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices

(a) Reporting Entity

JEA (formerly known as the Jacksonville Electric Authority) is currently organized into three enterprise funds – the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System (DES). The Electric Enterprise Fund is comprised of the Electric System, the Bulk Power Supply System, which consists of Scherer Unit 4, a coal-fired, 846-megawatt generating unit operated by Georgia Power Company and owned by JEA (23.64% ownership interest) and Florida Power & Light Company (FPL) (76.36% ownership interest); St. Johns River Power Park System (SJRPP), which has two coal-fired generating units (638 net megawatts each) jointly owned and operated by JEA (80% ownership interest) and FPL (20% ownership interest). The Water and Sewer Fund consists of Water and Sewer System activities. The DES consists of chilled water activities. These financial statements include JEA's ownership interests in the Bulk Power Supply System and SJRPP. Separate accounting records are currently maintained for each system. The following information relates to JEA's ownership of the respective plants as of September 30, 2008 and 2007:

	2008	2007
Bulk Power Supply System:		
Capital assets, net	**$ 87,502**	$ 80,217
Inventory	**7,668**	5,352
Revenues to be used for future costs	**76,339**	80,217
SJRPP:		
Capital assets, net	**792,817**	687,537
Current assets	**124,135**	96,385
Restricted assets	**388,616**	427,232
Other noncurrent assets	**180,402**	227,506
Long-term debt	**1,195,206**	1,162,512
Other liabilities	**273,521**	275,467

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

The Electric Enterprise Fund, Water and Sewer Fund and the DES are governed by the Board Members of JEA (Board). The Board is responsible for setting rates based on operating and maintenance expenses and debt service of the respective operations. The operations of the Bulk Power Supply System and SJRPP are subject to joint ownership agreements and rates are established on a cost of service basis, including operating and maintenance expenses and debt service. See note 1 (q).

(b) Basis of Accounting

JEA consists of the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System. The Electric Enterprise Fund includes the operations of the Electric System, the Bulk Power Supply System, and SJRPP. JEA is presenting financial statements combined for the three funds. JEA uses the accrual basis of accounting for its operations and has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission for the Electric Enterprise Fund and the National Association of Regulatory Utility Commissioners for the Water and Sewer Fund. The investments in The Energy Authority (TEA) and Colectric Partners, Inc. (Colectric) are recorded on the equity method.

The financial statements have been prepared in conformity with the pronouncements of the Governmental Accounting Standards Board (GASB), including GASB Statement No. 14, *The Financial Reporting Entity*, which defines JEA as a component unit of the City of Jacksonville, Florida (the City). Accordingly, the financial statements of JEA are included in the Comprehensive Annual Financial Report of the City. JEA has elected to apply all Financial Accounting Standards Board (FASB) statements and interpretations except for those that conflict with GASB pronouncements in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Both SJRPP and the Bulk Power Supply System follow Statement of Financial Accounting Standards (SFAS) No. 71, *Accounting For the Effects of Certain Types of Regulation*, as amended. This standard allows utilities to capitalize or defer certain costs or revenues based on management's ongoing assessment that it is probable these items will be recovered through the rate making process.

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

If JEA no longer applied SFAS No. 71 due to competition, regulatory changes, or other reasons, JEA would make certain adjustments that would include the write-off of all or a portion of its regulatory assets and liabilities, the evaluation of utility plant, recognition of losses, if necessary, to reflect market conditions. Management believes that JEA currently meets the criteria for continued application of SFAS No. 71 with respect to SJRPP and the Bulk Power Supply System, but will continue to evaluate significant changes in the regulatory and competitive environment to assess the ability to apply SFAS No. 71.

JEA presents its financial statements in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended. GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities that includes a statement of net assets or balance sheet, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt, restricted, and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets and increased/reduced by costs to be recovered from future revenues or revenues to be used for future costs.

- Restricted – consists of assets that have constraints placed upon their use through external constraints imposed either by creditors (such as through debt covenants) or through laws, regulations, or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.

- Unrestricted – consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

JEA's bond resolutions specify the flow of funds from revenues and specify the requirements for the use of certain restricted and unrestricted assets.

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(c) Revenues

Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method.

Operating revenues reported in the statements of revenues, expenses and changes in net assets are shown net of discounts and estimated allowances for bad debts. Discounts and allowances totaled $38,243 in fiscal year 2008 and $31,124 in fiscal year 2007. Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. JEA earned 10.3% of its electric revenue from electricity sold to FPL in fiscal year 2008 and 11.7% in fiscal year 2007. Operating revenues include amounts estimated for unbilled services provided during the reporting period of $79,524 in 2008 and $64,154 in 2007.

(d) Capital Assets

Utility plant represents four classes of capital assets – real property, tangible property, tangible personal property equal to or greater than $1,000 each, and intangible property. All capital assets are recorded at historical cost and must have a useful life greater than one year. The costs of capital asset additions and replacements are capitalized. The costs of capital projects include direct labor and benefits of JEA employees working on capital projects and an allocation of overhead from certain JEA departments. Maintenance and replacements of minor items are charged to operating expenses. The cost of depreciable plant retired is removed from the capital asset accounts, and such cost plus removal expense less salvage value is charged to accumulated depreciation.

SJRPP is required by its bond resolution to deposit certain amounts in a renewal and replacement fund. These amounts are then required to be expended on capital expenditures to maintain and improve the system. The Electric Enterprise Fund records the amounts deposited in the fund as a purchased power expense when deposited. The purchase of capital assets funded from the renewal and replacement fund are not capitalized by SJRPP.

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(e) Allowance for Funds Used During Construction

An allowance for funds used during construction (AFUDC) is included in construction work-in-progress and as a reduction of interest expense. JEA capitalizes interest on construction projects financed with revenue bonds, commercial paper, and renewal and replacement funds in accordance with SFAS No. 34 and SFAS No. 62. The average AFUDC rate for the Electric Enterprise Fund fixed and variable rate debt was 3.8% for fiscal year 2008 and 3.9% for fiscal year 2007. The average AFUDC rate for the Water and Sewer Fund fixed and variable rate debt was 4.0% for fiscal year 2008 and 4.2% for fiscal year 2007. The average AFUDC rate for the DES variable rate debt was 3.2% for fiscal year 2008 and 3.7% for fiscal year 2007. The amount capitalized is the interest cost of the debt less any interest earned on investment of debt proceeds from the date of the borrowing until the assets are placed in service. Total interest incurred was $250,073 for fiscal year 2008 and $248,664 for fiscal year 2007. Interest expense of $19,448 and investment income on bond proceeds of $4,005 was capitalized in accordance with SFAS No. 34 and SFAS No. 62 during fiscal year 2008. Interest expense of $28,425 and investment income on bond proceeds of $1,607 was capitalized in accordance with SFAS No. 34 and SFAS No. 62 during fiscal year 2007.

(f) Depreciation

Depreciation of capital assets, all of which is charged to operations, is computed on a straight-line basis at rates based upon the estimated service lives of the various property classes. The effective rate of depreciation based upon average depreciable plant in service balance is 3.8% for fiscal years 2008 and 2007. The average depreciable life of the depreciable capital assets for the Electric System is 23.4 years as of September 30, 2008, and 23.1 years as of September 30, 2007. The average depreciable life of the depreciable capital assets for the Water and Sewer Fund is 28 years as of September 30, 2008, and 28.5 years as of September 30, 2007. The average depreciable life of the depreciable capital assets for the DES is 25.4 years as of September 30, 2008, and 25.1 years as of September 30, 2007.

(g) Amortization

Amortization of debt issue costs and bond discounts and premiums is computed on a straight-line basis, which approximates the effective interest method over the remaining term of the outstanding bonds.

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(h) Losses on Refundings

Losses on refundings of JEA revenue bonds are deferred and amortized as a component of interest on debt using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter. Unamortized deferred losses on refundings are reported as a reduction of long-term debt on the balance sheets. Whereas JEA has incurred accounting losses on refundings, calculated as the difference between the net carrying value of the refunded and the refunding bonds, JEA has over time realized economic gains calculated as the present value difference in the future debt service on the refunded and refunding bonds.

(i) Investments

Investments in U.S. Treasury, government agency, and state and local government securities are recorded at fair value, as determined by quoted market prices. Investments in overnight repurchase agreements and commercial paper are recorded at cost, which approximates fair value.

(j) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, overnight repurchase agreements, and short-term liquid investments purchased with an original maturity of 90 days or less.

(k) Interest Rate Swap Agreements

JEA's risk management policies allow for the use of interest rate swaps to manage financial exposures, but prohibit the use of these instruments for speculative or trading purposes. JEA utilizes interest rate swaps to manage the interest rate risk associated with various assets and liabilities. Interest rate swaps are used in the area of investment management to increase the yield on revolving short-term investments. Interest rate swaps are also used in the area of debt management to take advantage of favorable market interest rates.

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

JEA has early adopted GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments* (note 1 (r)) and applies hedge accounting where applicable for effective hedging instruments. For effective hedging instruments, the changes in fair value are recorded as deferred outflows and inflows and are included on the balance sheet in noncurrent assets and liabilities. For ineffective hedging instruments or investment derivatives, the changes in fair value are recorded on the income statement as an adjustment to investment income.

Under JEA's interest rate swap programs, JEA either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specified period of time (unless earlier terminated), or JEA pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded either as an adjustment to investment income (asset management) or interest on debt (debt management) in the statements of revenues, expenses, and changes in net assets. No money is initially exchanged when JEA enters into a new interest rate swap transaction. See note 3 for more information on JEA's asset management interest rate swap program and note 7 for more information on JEA's debt management interest rate swap program.

(l) Inventory

Inventories are maintained for fuel and materials and supplies. Fuel inventories are maintained at levels sufficient to meet customer demands. Inventories are valued at average cost, net of an estimated allowance for obsolescence for the materials and supplies inventories.

(m) Fuel Management Program

In connection with the purchase of oil and natural gas, JEA has developed and implemented a fuel management program intended to manage the risk of changes in the market prices of oil and natural gas. Pursuant to this program, JEA may execute fixed price and options contracts from time to time to help manage fluctuations in the market prices of oil and natural gas. In addition, JEA has executed an Operating Agreement with

1. Summary of Significant Accounting Policies and Practices (continued)

TEA whereby TEA may be tasked with developing and implementing a Fuel Price Insurance program on behalf of JEA. The fair value of such contracts, executed either by JEA or TEA on behalf of JEA, are recorded at fair value on the balance sheet as they have been determined to qualify for hedge accounting under GASB No. 53 (See note 1 (r)). Such amounts are included in noncurrent assets and liabilities. Any associated margin deposits are recorded in noncurrent assets. The net amounts received or paid under the expired or closed fuel contracts are recorded as an adjustment to fuel expense. See note 10.

(n) Capital Contributions

Capital contributions for the Water and Sewer Fund represent contributions of cash and capital assets from the City, developers, customers, and other third parties. Capital contributions are recorded in the statement of revenues, expenses, and changes in net assets at fair value at the time of receipt. Depreciation is recorded on contributed capital assets on a straight-line basis.

(o) Deferred Credits and Other Liabilities

Deferred credits and other liabilities include long-term compensated absences, accrued environmental, and other post employment benefit liabilities, deferred inflows from hedging activities as required by GASB No. 53, and the long-term obligation to the City for its Excise Tax Revenue Bonds. See note 12, note 1(r), and note 8.

(p) Environmental Costs

JEA expenses, on a current basis, certain known costs incurred in complying with environmental regulations and conducting remediation activities. JEA also accrues liabilities in accordance with SFAS No. 5 for certain potential future costs required for site restoration for which JEA may be liable whenever, by diligent legal and technical investigation, the scope or extent of damage has been determined, remedial measures have been specifically identified as practical and viable, and the cost of remediation and JEA’s proportionate share can be reasonably estimated. Generally, the timing of these accruals coincides with completion of a remedial investigation and feasibility study or JEA’s commitment to a formal plan of action.

1. Summary of Significant Accounting Policies and Practices (continued)

(q) Costs to be Recovered From Future Revenues/Revenues to be Used for Future Costs

Cost-based Regulation – Due to the application of SFAS No. 71, the Bulk Power Supply System and SJRPP record certain assets and liabilities that result from the effects of the rate-making process that would not be recorded under generally accepted accounting principles for nonregulated entities. Currently, the electric utility industry is predominantly regulated on a basis designed to recover the cost of providing electric power to its customers. If cost-based regulation were to be discontinued in the electric industry for any reason, market prices for electricity could be reduced or increased, and utilities might be required to reduce their balance sheet amounts to reflect market conditions. Discontinuance of cost-based regulation could also require affected utilities to write off their associated regulatory assets and liabilities. Management cannot predict the potential impact, if any, of the change in the regulatory environment on JEA's future financial position and results of operations.

The rates for SJRPP and the Bulk Power Supply System are established on a cost of service basis, which is based upon debt service, if any, and operating fund requirements. Straight-line depreciation is not considered in the cost of service calculation used to design rates.

Costs to be Recovered From Future Revenues – The deferred debt-related costs of $171,784 at September 30, 2008, and $219,007 at September 30, 2007, are the result of differences between expenses in determining rates and those used in financial reporting and are shown under other noncurrent assets on the balance sheet. SJRPP has a contract with the JEA Electric System and FPL to recover these costs from future revenue that will coincide with retirement of long-term debt of SJRPP. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation and results in recognition of deferred costs on the statement of revenues, expenses, and changes in net assets. SJRPP recognized $47,223 in fiscal year 2008 and $49,830 in fiscal year 2007, in deferred costs. The costs to be recovered from future revenues will be recovered over a period extending through 2020.

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

Revenues to be Used for Future Costs – Early debt principal retirements of the Bulk Power Supply System in excess of straight-line depreciation of $76,339 at September 30, 2008, and $80,217 at September 30, 2007, are included in noncurrent liabilities on the balance sheets. As no Bulk Power Supply System bonds remain outstanding, recognition of deferred revenues on the statement of revenues, expenses, and changes in net assets in the future will coincide with future costs for straight-line depreciation. The Bulk Power Supply System recognized revenue of $3,878 for both fiscal years 2008 and 2007. The revenues to be used for future costs will be amortized until the capital assets are fully depreciated in 2028.

	2008	2007
Summary:		
Recognition of deferred costs from SJRPP	**$ 47,223**	$ 49,830
Recognized revenues from Bulk Power Supply System	**(3,878)**	(3,878)
Recognition of deferred costs and revenues, net	**$ 43,345**	$ 45,952

(r) Change in Accounting

JEA has elected early implementation of GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments.* The annual changes in the fair value of effective hedging derivative instruments are required to be deferred – reported as deferred inflows and deferred outflows and included in noncurrent assets and liabilities on the balance sheet. Deferral of changes in fair value generally last until the transaction involving the hedged item ends. JEA currently has two types of hedges, both have been associated with an item that is eligible to be hedged and determined to be effective. As such, JEA has restated its 2007 financial statements to reflect the adoption. The effect of the early adoption was to increase 2007 beginning net assets by $2,404. At September 30, 2008, a deferred cost of $40,672 has been recorded. See note 7 and note 10 for further information.

(Dollars In Thousands)

1. Summary of Significant Accounting Policies and Practices (continued)

(s) Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(t) Reclassifications

Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

(u) Recent Accounting Pronouncements

The GASB has issued the following statements that will be implemented; management is currently assessing the impact of these statements, however they are not expected to have a material effect on JEA's financial statements:

- Statement of Governmental Accounting Standards No. 49, *Pollution Remediation Obligations,* issued November 30, 2006

- Statement of Governmental Accounting Standards No. 50, *Pension Disclosure,* issued May 31, 2007

- Statement of Governmental Accounting Standards No. 51, *Accounting and Financial Reporting for Intangible Assets,* issued July 10, 2007

(Dollars In Thousands)

2. Restricted Assets

Restricted assets were held in the following funds at September 30, 2008 and 2007:

	2008	2007
Electric System:		
Sinking Fund	**$ 70,655**	$ 42,406
Debt Service Reserve Fund	**33,727**	–
Construction Fund	**69,455**	10,498
Renewal and Replacement Fund	**17,448**	7,794
Adjustment to fair value of investments	**(632)**	(338)
Total Electric System	**190,653**	60,360
SJRPP System:		
Sinking Fund	**125,819**	125,910
Debt Service Reserve Fund	**142,463**	145,160
Construction Fund	**20,150**	35,449
Renewal and Replacement Fund	**90,000**	90,000
Revenue Fund	**13,149**	32,238
Adjustment to fair value of investments	**(2,965)**	(1,525)
Total SJRPP System	**388,616**	427,232
Water and Sewer System:		
Sinking Fund	**57,826**	50,268
Debt Service Reserve Fund	**20,879**	23
Construction Fund	**47,671**	6,511
Renewal and Replacement Fund	**21,457**	41,697
Adjustment to fair value of investments	**(730)**	–
Total Water and Sewer System	**147,103**	98,499
DES:		
Sinking Fund	**143**	148
Construction Fund	**244**	3
Renewal and Replacement Fund	**2,112**	2,076
Total DES	**2,499**	2,227
Total restricted assets	**$ 728,871**	$ 588,318

(Dollars In Thousands)

2. Restricted Assets (continued)

The Electric System, SJRPP System, Water and Sewer System and the DES are permitted to invest restricted funds in specified types of investments in accordance with their bond resolutions and the investment policy.

The requirements of the respective bond resolutions for contributions to the respective systems' renewal and replacement funds are as follows:

Electric System:	An amount equal to the greater of 10% of the prior year defined net revenues or 5% of the prior year defined gross revenues.
SJRPP System:	An amount equal to 12.5% of aggregate debt service, as defined.
Water and Sewer System:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues.
DES:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined revenues.

3. Cash and Investments

JEA maintains cash and investment pools that are utilized by all funds except for the bond funds. Included in the JEA cash balances are amounts on deposit with JEA's commercial bank, as well as amounts held in various money market funds as authorized in the JEA Investment Policy. The commercial bank balances are covered by federal depository insurance or collateralized subject to the Florida Security for Public Deposits Act of Chapter 280, *Florida Statutes*. Amounts subject to Chapter 280, *Florida Statutes*, are collateralized by securities deposited by JEA's commercial bank under certain pledging formulas with the State Treasurer or other qualified custodians. On October 3, 2008, it was announced that JEA's commercial bank, Wachovia Bank, N.A., will merge with Wells Fargo Bank, N.A. As a result of the merger, Wells Fargo Bank N.A. will become a qualified public depositor under Chapter 280, *Florida Statutes*, assuming all collateral requirements and contingent liabilities of Wachovia Bank, N.A are met as required by the State of Florida.

(Dollars In Thousands)

3. Cash and Investments (continued)

JEA follows GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying value of investments to fair value to be presented as a component of investment income. Investments are presented at fair value, which is based on available or equivalent market values. The Local Government Surplus Funds Trust Fund Investment Pool (the Pool), created by Section 218.405, *Florida Statutes*, is operated by the Florida State Board of Administration and is a "2a-7 like" pool in accordance with GASB No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value. A 2a-7 like pool is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. The Local Government Surplus Funds Trust Fund is administered by the State Board of Administration, under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code. The money market mutual funds are 2a-7 funds registered with the SEC.

During November 2007 it became apparent that the Pool was encountering difficulty in meeting increased cash withdrawals from various investors due to a portion of its investments being held in downgraded securities. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately 86% of Pool assets. Pool B consisted of assets that had actual or perceived credit or liquidity risk, which was approximately 14% of Pool assets. At the time of the restructuring, all pool participants had their existing balances proportionately allocated into Pool A and Pool B. As of September 30, 2008, JEA had $0 in Pool A and $3,512 invested in Pool B. Currently, Pool B participants are prohibited from withdrawing any amount from Pool B. As payments are received from the assets in Pool B, cash is transferred periodically to Pool A and participants may withdraw such distributions. Therefore, as Pool B is no longer operating as a 2a-7 like pool, JEA has classified the $3,512 as an investment for balance sheet purposes at fair market value.

(Dollars In Thousands)

3. Cash and Investments (continued)

At September 30, 2008 and 2007, the fair value of all securities, regardless of balance sheet classification as cash equivalent or investment, was as follows:

	2008	2007
Securities:		
U.S. Treasury and government agency securities	**$ 137,084**	$ 127,882
State and local government securities	**117,476**	48,860
Commercial paper	**122,983**	35,545
Local government investment pool	**3,512**	211,611
Investment in money market mutual funds	**448,343**	50,187
	829,398	474,085
Fair value of interest rate swaps	**–**	(338)
Total securities, at fair value	**$ 829,398**	$ 473,747

These securities are held in the following accounts:

	2008	2007
Restricted assets:		
Cash and cash equivalents	**$ 533,155**	$ 394,158
Investments	**191,649**	187,840
Current assets:		
Cash and cash equivalents	**167,289**	131,118
Investments	**93**	–
Total cash and investments	**892,186**	713,116
Plus interest due on securities	**2,385**	1,198
Less cash on deposit	**(65,173)**	(240,567)
Total securities, at fair value	**$ 829,398**	$ 473,747

JEA is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2008, JEA's investments in securities and their maturities are categorized below in accordance with GASB No. 40, *Deposit and Investment Risk Disclosures*. It is assumed that callable investments will not be called. Putable securities are presented as investments with a maturity of less than one year.

(Dollars In Thousands)

3. Cash and Investments (continued)

Investment Maturity Distribution

Type of Investments	Less than One Year	One to Five Years	Five to Ten Years	Ten to Twenty-five Years	Total
U.S. Treasury and government agency securities	$68,986	$5,594	$25,884	$36,620	$137,084
State and local government securities	45,442	–	16,781	55,253	117,476
Commercial paper	122,983	–	–	–	122,983
Local government investment pool	–	3,512	–	–	3,512
Investment in money market mutual funds	448,343	–	–	–	448,343
Total securities, at fair value	$685,754	$9,106	$42,665	$91,873	829,398

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, JEA's investment policy requires the investment portfolio to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolution relating to those bond issues. JEA's investment policy also limits investments in commercial paper to maturities of less than nine months.

Credit Risk. JEA's investment policy is consistent with the requirements for investments of state and local governments contained in the *Florida Statutes* and its objectives are to seek reasonable income, preserve capital, and avoid speculative investments. Consistent with JEA's investment policy and bond resolutions: (1) all of the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency of the United States of America and at the time of their purchase were rated AAA by

(Dollars In Thousands)

3. Cash and Investments (continued)

Standard & Poor's and Aaa by Moody's Investors Services; and (2) the state and local government securities were rated at least AA- by Standard & Poor's and Aa3 by Moody's Investors Services at the time of their purchase; and (3) the money market mutual funds are rated AAA by Standard & Poor's Investors Services or Aaa by Moody's Investors Services. Pool B of the Local Government Surplus Funds Trust Fund is unrated. JEA's investment policy limits investments in commercial paper to the highest whole rating category issued by at least two nationally recognized rating agencies, and the issuer must be a Fortune 500 company or Fortune Global 500 company and the ratings outlook must be positive or stable at the time of the investment. As of September 30, 2008, JEA's investments in commercial paper were rated at least A-1 by Standard & Poor's and P-1 by Moody's Investors Services. Also, JEA's investment policy limits the commercial paper investment in any one issuer to $12,500. Additionally, JEA's investment policy limits investments in commercial paper to 20% of the total investment portfolio regardless of balance sheet classification as cash equivalent or investment. As of September 30, 2008, JEA had 14.8% of its investments in commercial paper.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, JEA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of JEA's investments are held by JEA or by an agent in JEA's name. Repurchase agreements must be collateralized by U.S. Treasury or U.S. government agency securities, or cash, and the market value of the securities must be at least 103% of the agreement amount in the case of the First SJRPP Bond Resolution and 102% for the Electric System, Water and Sewer System, or the Second SJRPP Bond Resolution.

Concentration of Credit Risk. As of September 30, 2008, investments in any one issuer representing 5% or more of JEA's investments included $64,391 (7.8%) invested in issues of the Federal Home Loan Bank. JEA's investment policy limits the maximum holding of any one U.S. government agency issuer to 35% of total investments regardless of balance sheet classification as cash equivalent or investment. Other than investments in U.S. Treasury securities or U.S. Treasury money market funds, JEA's investment policy limits the percentage of the total investment portfolio (regardless of balance sheet classification as cash equivalent or investment) that may be held in various security types. As of September 30, 2008, investments in all security types were within the allowable policy limits.

(Dollars In Thousands)

3. Cash and Investments (continued)

Asset Management Interest Rate Swaps

For asset management purposes, JEA had entered into an interest rate swap agreement with a total notional amount of $25,000 for the Electric System that expired during fiscal year 2008. The notional amount of the interest rate swap is not reflected in the financial statements; however, the fair value of the asset management interest rate swaps was included in investments on the balance sheets. JEA has adopted GASB No.53 (See note 1(r) which classifies JEA's asset management interest rate swaps as investments derivative instruments for financial reporting purposes where the related swap earnings, losses, and related fair market value adjustments are recorded to investment income in the statements of revenues, expenses, and changes in net assets.

The below table includes information related to the Electric System asset management swap agreement for the years ending September 30, 2008 and 2007:

	2008	2007
LIBOR Index:		
Notional amount outstanding	$ -	$ 25,000
Variable rate paid (weighted average)	4.2%	5.4%
Fixed rate received (weighted average)	3.1%	3.1%
Net swap earnings/(loss)(1)	$ 108	$ (82)
Fair value(2)	$ -	$ (338)
Change in Fair Value	$ 338	$ 511

(1) Includes related fair market value adjustments.
(2) Fair value amounts were calculated using market rates as of September 30, 2008 and 2007, and standard cash flow present valuing techniques.

There were no asset management interest rate swap agreements outstanding for Water and Sewer System at September 30, 2008 and 2007.

(Dollars In Thousands)

4. Capital Assets

Capital asset activity for the year ended September 30, 2008, is as follows:

	Balance September 30, 2007	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2008
Electric Enterprise Fund:					
Generation assets	$ 2,829,773	**$ 55,731**	**$ 44,239**	**$ (3,977)**	**$ 2,925,766**
Transmission assets	412,005	**18,729**	**(2,414)**	**–**	**428,320**
Distribution assets	1,334,137	**175,009**	**(32,687)**	**(64)**	**1,476,395**
Other assets	460,713	**53,187**	**(11,196)**	**–**	**502,704**
Total capital assets	5,036,628	**302,656**	**(2,058)**	**(4,041)**	**5,333,185**
Less: accumulated depreciation and amortization	(1,945,207)	**(202,726)**	**10,623**	**(969)**	**(2,138,279)**
Land	57,477	**2,639**	**–**	**–**	**60,116**
Construction work-in-process	363,595	**132,199**	**–**	**–**	**495,794**
Net capital assets	3,512,493	**234,768**	**8,565**	**(5,010)**	**3,750,816**
Water and Sewer Fund:					
Pumping assets	361,733	**6,227**	**(900)**	**–**	**367,060**
Treatment assets	462,618	**38,602**	**(252)**	**–**	**500,968**
Transmission and distribution assets	841,873	**116,523**	**(1,444)**	**–**	**956,952**
Collection assets	1,146,190	**116,428**	**(1,065)**	**–**	**1,261,553**
Reclaimed water assets	51,076	**17,388**	**–**	**–**	**68,464**
General and other assets	374,939	**16,658**	**(283)**	**–**	**391,314**
Total capital assets	3,238,429	**311,826**	**(3,944)**	**–**	**3,546,311**
Less: accumulated depreciation	(833,440)	**(121,867)**	**3,944**	**–**	**(951,363)**
Land	28,508	**7,216**	**–**	**–**	**35,724**
Construction work-in-process	279,764	**(107,166)**	**–**	**–**	**172,598**
Net capital assets	2,713,261	**90,009**	**–**	**–**	**2,803,270**

(Dollars In Thousands)

4. Capital Assets (continued)

	Balance September 30, 2007	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2008
DES:					
Chilled water plant assets	$ 51,456	**$ 434**	**$ –**	**$ –**	**$ 51,890**
Total capital assets	51,456	**434**	**–**	**–**	**51,890**
Less: accumulated depreciation	(3,126)	**(2,043)**	**–**	**–**	**(5,169)**
Land	240	**–**	**–**	**–**	**240**
Construction work-in-process	535	**(241)**	**–**	**–**	**294**
Net capital assets	49,105	**(1,850)**	**–**	**–**	**47,255**
Total Electric Enterprise Fund, Water and Sewer Fund, and DES	$ 6,274,859	**$ 322,927**	**$ 8,565**	**$ (5,010)**	**$ 6,601,341**

Capital asset activity for the year ended September 30, 2007, is as follows:

	Balance September 30, 2006	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2007
Electric Enterprise Fund:					
Generation assets	$ 2,807,339	$ 97,860	$ (98,612)	$ 23,186	$ 2,829,773
Transmission assets	361,912	54,116	(3,390)	(633)	412,005
Distribution assets	1,190,545	151,815	(8,225)	2	1,334,137
Other assets	481,332	32,006	(52,625)	–	460,713
Total capital assets	4,841,128	335,797	(162,852)	22,555	5,036,628
Less: accumulated depreciation and amortization	(1,916,017)	(201,358)	161,192	10,976	(1,945,207)
Land	58,735	–	(1,256)	(2)	57,477
Construction work-in-process	407,876	(10,752)	–	(33,529)	363,595
Net capital assets	3,391,722	123,687	(2,916)	–	3,512,493

(Dollars In Thousands)

4. Capital Assets (continued)

	Balance September 30, 2006	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2007
Water and Sewer Fund:					
Pumping assets	$ 319,364	$ 42,375	$ (740)	$ 734	$ 361,733
Treatment assets	429,007	35,044	(1,206)	(227)	462,618
Water transmission and distribution assets	724,091	118,403	(669)	48	841,873
Collection assets	1,027,485	121,192	(1,563)	(924)	1,146,190
Reclaimed water assets	34,464	16,253	(10)	369	51,076
General and other assets	342,041	42,161	(9,263)	–	374,939
Total capital assets	2,876,452	375,428	(13,451)	–	3,238,429
Less: accumulated depreciation	(738,614)	(108,718)	13,892	–	(833,440)
Land	25,173	3,776	(441)	–	28,508
Construction work-in-process	381,488	(101,724)	–	–	279,764
Net capital assets	2,544,499	168,762	–	–	2,713,261
DES:					
Chilled water plant assets	29,702	21,754	–	–	51,456
Total capital assets	29,702	21,754	–	–	51,456
Less: accumulated depreciation	(2,104)	(1,022)	–	–	(3,126)
Land	–	240	–	–	240
Construction work-in-process	20,405	(19,870)	–	–	535
Net capital assets	48,003	1,102	–	–	49,105
Total Electric Enterprise Fund, Water and Sewer Fund, and DES	$ 5,984,224	$ 293,551	$ (2,916)	$ –	$ 6,274,859

5. Investment in The Energy Authority

JEA is a member of TEA, a municipal power marketing and risk management joint venture, headquartered in Jacksonville, Florida. TEA currently has six members and JEA's ownership in TEA is 21.4%. TEA provides wholesale power marketing and resource management services to members and nonmembers and allocates transaction savings and operating expenses pursuant to a settlement agreement. TEA also assists JEA with natural gas procurement and related gas

(Dollars In Thousands)

5. Investment in The Energy Authority (continued)

hedging activities. JEA's earnings from TEA were $22,374 in fiscal year 2008 and $20,192 in fiscal year 2007 for all power marketing activities. The investment in TEA of $7,610 at September 30, 2008, and $7,423 at September 30, 2007, is included in noncurrent assets on the balance sheets.

The following is a summary of the unaudited financial information of TEA for the nine months ending September 30, 2008.

	Unaudited	
	2008	**2007**
Condensed balance sheet:		
Current assets	**$ 169,877**	$ 185,384
Noncurrent assets	**12,907**	12,533
Total assets	**$ 182,784**	$ 197,917
Current liabilities	**$ 144,639**	$ 163,218
Noncurrent liabilities	**2,447**	419
Members' capital	**35,698**	34,280
Total liabilities and members' capital	**$ 182,784**	$ 197,917
Condensed statement of operations:		
Operating revenues	**$ 1,339,982**	$1,297,713
Operating expenses	**1,210,304**	1,196,115
Operating income	**$ 129,678**	$ 101,598
Net income	**$ 129,661**	$ 103,529

As of September 30, 2008, JEA is obligated to guaranty, directly or indirectly, TEA's electric trading activities in an amount up to $28,929 and TEA's natural gas procurement and trading activities up to $40,600; in either case, plus attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA.

5. Investment in The Energy Authority (continued)

JEA has approved up to $50,000 (plus attorney fees) for TEA's natural gas procurement and trading activities. Generally, JEA's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity, or transmission that was delivered or made available, or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract. Generally, JEA's guaranty obligations for natural gas procurement and trading would arise if TEA did not make the contractually required payment for natural gas or transportation that was delivered or purchased or if TEA failed to deliver natural gas or transportation as required under a contract.

Upon JEA's making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's equity ownership interest in TEA. Upon JEA's making any payments under its natural gas guaranty, it has certain contribution rights with the other members of TEA in order that payments under the TEA member guaranties would be equalized ratably in proportion to their respective amounts of guaranties, as adjusted by the actual natural gas member volumes and prices for the calendar year. After such contributions have been effected, JEA would only have recourse against TEA to recover amounts paid under the guaranty.

JEA has elected to provide a guaranty for the use by TEA solely for the purpose of facilitating trading (including financial transactions) or transportation activities involving electricity, natural gas, or any other commodity for, and as approved by, JEA. The amount of this guaranty is $50,000 plus reasonable attorney fees that any party claiming and prevailing under such guaranty might incur. This guaranty is intended to be used by TEA for long-term transactions or hedging transactions, solely for the account of JEA. JEA's guaranty obligations hereunder would generally arise if TEA did not make the contractually required payment or failed to deliver the commodity as required under the contract. JEA has no contribution rights with other members of TEA under this guaranty. JEA only has recourse against TEA to recover amounts paid under this guaranty.

The term of these guaranties is generally indefinite, but JEA has the ability to terminate its guaranty obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guaranty obligations only applies to TEA transactions not yet entered into at the time the termination takes effect.

TEA issues separate audited financial statements on a calendar-year basis.

(Dollars In Thousands)

6. Investment in Colectric Partners, Inc.

JEA, along with six other public power utilities, is a member of Colectric, a Georgia nonprofit corporation. JEA's ownership interest is 25%. The purpose of Colectric is to secure cost savings through the implementation of standardized practices in the development, engineering, procurement, construction, and start-up of generation facilities. Cost savings are also envisioned by joint measures for training and spare parts. The long-term goal of Colectric is to provide its members with services in other aspects of the energy supply chain. At September 30, 2008 and 2007, $237 and $264, are included in noncurrent assets in the balance sheets.

The following is a summary of the unaudited information of Colectric for the nine months ending September 30, 2008:

	Unaudited	
	2008	**2007**
Condensed balance sheet:		
Current assets	**$ 1,714**	$ 1,837
Noncurrent assets	**35**	31
Total assets	**$ 1,749**	$ 1,868
Current liabilities	**$ 784**	$ 755
Members' capital	**965**	1,113
Total liabilities and members' capital	**$ 1,749**	$ 1,868
Condensed statement of operations:		
Operating revenues	**$ 1,775**	$ 1,780
Operating expenses	**1,416**	1,392
Operating income	**$ 359**	$ 388
Net income	**$ 369**	$ 432

Colectric issues separate audited financial statements on a calendar-year basis.

(Dollars In Thousands)

7. Long-Term Debt

The Electric System, Bulk Power Supply System, SJRPP System, Water and Sewer System and DES revenue bonds (JEA Revenue Bonds) are each governed by one or more bond resolutions. The Electric System bonds are governed by both a senior and a subordinated bond resolution; the Bulk Power Supply System bonds are governed by a single bond resolution; the Water and Sewer System bonds are governed by both a senior and a subordinated bond resolution; the SJRPP System bonds are governed by the First and Second Power Park Resolutions; and the DES bonds are governed by a single bond resolution. In accordance with the bond resolutions of each system, principal and interest on the bonds are payable from and secured by a pledge of the Net Revenues of the respective system. In general, the bond resolutions require JEA to make monthly deposits into the separate debt service sinking funds for each System in an amount equal to approximately one-twelfth of the aggregate amount of principal and interest due and payable on the bonds within the bond year. Interest on the fixed rate bonds, other than the SJRPP capital appreciation bonds, is payable semiannually on April 1 and October 1 and principal is payable on October 1.

In accordance with the requirements of the SJRPP First Power Park Resolution and the Agreement for Joint Ownership and Construction and Operation of SJRPP Coal Units #1 and #2 between JEA and FPL, FPL is responsible for paying its share of the debt service on bonds issued under the First Power Park Resolution. The various bond resolutions provide for certain other covenants, the most significant of which (1) requires JEA to establish rates for each system such that net revenues with respect to that system are sufficient to exceed (by a certain percentage) the debt service for that system during the fiscal year and any additional amount required to make all reserve or other payments required to be made in such fiscal year by the resolution of that system and (2) restricts JEA from issuing additional parity bonds unless certain conditions are met.

(Dollars In Thousands)

7. Long-Term Debt (continued)

Schedule of Outstanding Indebtedness

Long-term Debt	Interest Rates (1)	Payment Dates	September 30 2008	2007
Electric System Senior Revenue Bonds:				
Series Three, 1998A	5.00%	2008–2009	**$ 4,825**	$ 10,830
Series Three, 2002B	3.250–4.600%	2008–2017	**77,855**	105,395
Series Three, 2003A	2.500–4.625%	2008–2039	**92,345**	92,345
Series Three, 2003B-1 (6)	Variable	n/a	**–**	84,900
Series Three, 2003B-2 (6)	Variable	n/a	**–**	84,900
Series Three, 2003C-1 (6)	Variable	n/a	**–**	48,800
Series Three, 2003C-2 (6)	Variable	n/a	**–**	48,800
Series Three, 2004A	3.125–5.000%	2009–2039	**86,890**	94,390
Series Three, 2005A	3.450–4.750%	2012–2039	**90,000**	90,000
Series Three, 2005B	3.000–5.000%	2008–2033	**92,005**	92,905
Series Three, 2005C-1 (6)	Variable	n/a	**–**	72,675
Series Three, 2005C-2 (6)	Variable	n/a	**–**	72,000
Series Three, 2005C-3 (6)	Variable	n/a	**–**	58,025
Series Three, 2005C-4 (6)	Variable	n/a	**–**	57,800
Series Three, 2005D	3.000–4.500%	2008-2035	**35,225**	36,440
Series Three, 2006A	3.300–5.000%	2008-2041	**92,000**	94,000
Series Three, 2007A (5)	Variable	n/a	**–**	123,480
Series Three, 2007B (5)	Variable	n/a	**–**	123,240
Series Three, 2007C	4.000–5.250%	2009–2042	**26,515**	–
Series Three, 2008A(2)	Variable	2009–2036	**100,000**	–
Series Three, 2008B-1(2)	Variable	2008–2040	**73,070**	–
Series Three, 2008B-2(2)	Variable	2008–2040	**72,435**	–
Series Three, 2008B-3(2)	Variable	2008–2036	**58,275**	–
Series Three, 2008B-4(2)	Variable	2008–2036	**57,710**	–
Series Three, 2008C-1(2)	Variable	2008–2034	**85,245**	–
Series Three, 2008C-2(2)	Variable	2008–2034	**85,000**	–
Series Three, 2008C-3(2)	Variable	2008–2038	**53,615**	–
Series Three, 2008C-4(2)	Variable	2008–2038	**49,745**	–
Series Three, 2008D-1(2)	Variable	2008–2036	**130,000**	–
Series Three, 2008D-2(2)	Variable	2008–2037	**130,000**	–
Series Three, 2008E	3.000 – 5.000%	2009–2028	**54,050**	–
Total System Fund Senior Revenue Bonds			**1,546,805**	1,390,925
Electric System Subordinated Revenue Bonds:				
Series B Commercial Paper Notes	Variable	n/a	**6,045**	6,950
Series C Commercial Paper Notes	Variable	n/a	**102,289**	107,882
2000 Series A (2)	Variable	2008–2035	**79,700**	81,000
2000 Series B (2)	Variable	2008–2035	**79,700**	81,000
2000 Series E	4.625%	2008	**3,015**	3,015
2000 Series F (2)	Variable	2017–2030	**125,000**	125,000
2001 Series A	3.900–4.500%	2008–2012	**19,905**	22,405
2001 Series B (2)	Variable	2017–2030	**66,000**	66,000
2001 Series C (2)	Variable	2017–2030	**66,000**	66,000
2001 Series D (6)	Variable	n/a	**–**	175,100
2001 Series E	3.500–4.200%	2008–2013	**19,460**	22,310
2002 Series A	3.850–4.400%	2008–2011	**2,950**	10,740
2002 Series B	3.250%	2008	**4,380**	4,380
2002 Series C	3.500–3.875%	2009–2011	**54,530**	72,710
2002 Series D	4.000–4.875%	2014–2035	**116,275**	116,275
2003 Series A	4.500–4.625%	2023–2033	**30,755**	30,755
2004 Series A	4.200–5.000%	2014–2024	**25,000**	25,000

(continued on next page)

(Dollars In Thousands)

7. Long-Term Debt (continued)

Schedule of Outstanding Indebtedness

Long-term Debt	Interest Rates (1)	Payment Dates	September 30 2008	2007
2005 Series A	3.000–4.750%	2008–2029	**24,450**	24,450
2005 Series B (6)	Variable	n/a	**–**	70,550
2005 Series C	3.000–4.375%	2008–2035	**24,235**	25,040
2006 Series A	3.750–4.300%	2015–2024	**25,000**	25,000
2007 Series A	4.000–5.250%	2009–2037	**82,800**	–
2008 Series A	3.625–5.125%	2011–2037	**56,410**	–
2008 Series B (2)	Variable	2011–2031	**104,955**	–
2008 Series C	3.600–5.000%	2010–2020	**79,255**	–
2008 Series D (2)	Variable	2008–2038	**70,605**	–
2008 Series E	3.000–4.750%	2009–2028	**18,645**	–
Total Electric System Subordinated Revenue Bonds			**1,287,359**	1,161,562
Electric System Other Subordinated Debt:				
Line of Credit Draws	3.440%	2008	**25,680**	3,300
Total Electric System Other Subordinated Debt			**25,680**	3,300
Bulk Power Supply System Other Subordinated Debt:				
Line of Credit Draws	2.390–2.610%	2008	**15,000**	–
Total Bulk Power Supply System Other Subordinated Debt			**15,000**	–
SJRPP System Revenue Bonds:				
Issue 2, Series 7	6.200%	2010–2011	**14,994**	14,994
Issue 2, Series 10	5.500%	2013	**50**	50
Issue 2, Series 13		n/a	**–**	1,735
Issue 2, Series 14		n/a	**–**	615
Issue 2, Series 15		n/a	**–**	23,775
Issue 2, Series 17	4.700–5.250%	2008–2019	**408,985**	442,880
Issue 2, Series 18	3.500–5.000%	2008–2018	**147,070**	149,780
Issue 2, Series 19	3.300–4.600%	2008–2017	**52,995**	60,125
Issue 2, Series 20	3.625–4.500%	2011–2021	**96,500**	96,500
Issue 2, Series 21	4.000–5.000%	2008–2021	**211,640**	225,180
Issue 2, Series 22	3.750–4.000%	2008–2019	**105,335**	108,350
Issue 3, Series 1(4)	3.600–5.000%	2010–2037	**150,000**	150,000
Issue 3, Series 2(4)	3.500–5.000%	2013–2037	**125,000**	–
Total SJRPP System Revenue Bonds:			**1,312,569**	1,273,984
Water and Sewer System Senior Revenue Bonds:				
1997 Series B	4.800%	2008	**425**	4,615
1999 Series A	4.700–5.000%	2010–2014	**9,200**	9,200
2001 Series B	4.000–5.250%	2008–2039	**43,175**	43,305
2001 Series C	3.500–4.375%	2008–2013	**32,475**	32,475
2002 Series B	3.000–5.250%	2008–2017	**59,960**	63,420
2002 Series C	4.625–4.875%	2018–2041	**95,295**	95,295
2003 Series A	3.125–4.750%	2011–2043	**50,720**	50,720
2003 Series B	4.375–4.750%	2021–2037	**56,640**	56,640
2004 Series A	2.000–5.250%	2008–2039	**201,155**	204,895
2004 Series B	2.500–4.500%	2008–2039	**124,030**	124,030
2004 Series C	2.800–5.000%	2009–2039	**29,785**	29,785

(continued on next page)

(Dollars In Thousands)

7. Long-Term Debt (continued)

Schedule of Outstanding Indebtedness

Long-term Debt	Interest Rates (1)	Payment Dates	September 30 2008	2007
2005 Series A	3.250–5.000%	2008–2041	**142,770**	143,870
2005 Series B	3.250–5.000%	2008–2041	**129,955**	129,955
2005 Series C	3.500–5.000%	2014–2037	**116,830**	116,830
2006 Series A	4.500–4.750%	2019–2041	**35,000**	35,000
2006 Series B	3.500–4.500%	2008–2029	**37,405**	37,760
2006 Series B (3)	Variable	2016–2022	**38,730**	38,730
2007 Series A	3.750–4.500%	2010–2041	**96,850**	96,850
2007 Series B (5)	Variable	n/a	**–**	85,290
2007 Series C	4.000–4.750%	2008–2037	**41,610**	41,610
2008 Series A-1 (2)	Variable	2009–2036	**75,000**	–
2008 Series A-2 (2)	Variable	2010–2042	**75,000**	–
2008 Series B (2)	Variable	2023–2041	**85,290**	–
Total Water and Sewer System Senior Revenue Bonds:			**1,577,300**	1,440,275
Water and Sewer System Subordinated Revenue Bonds:				
Subordinated 2003 Series A -1 (6)	Variable	n/a	**–**	61,950
Subordinated 2003 Series A -2 (6)	Variable	n/a	**–**	61,600
Subordinated 2003 Series B (5)	Variable	n/a	**–**	94,165
Subordinated 2003 Series C	3.125–4.750%	2011–2043	**40,400**	40,400
Subordinated 2004 Series A	2.000–4.375%	2008–2034	**38,810**	39,695
Subordinated 2004 Series B	4.000– 4.750%	2015–2025	**20,000**	20,000
Subordinated 2005 Series A	3.500%	2009–2013	**865**	865
Subordinated 2006 Series A	4.000–4.750%	2008–2036	**15,000**	15,000
Subordinated 2007 Series A	4.500%	2034–2043	**10,330**	10,330
Subordinated 2008 Series A-1 (2)	Variable	2008–2038	**66,875**	–
Subordinated 2008 Series A-2 (2)	Variable	2008–2038	**66,525**	–
Subordinated 2008 Series B-1 (2)	Variable	2008–2036	**101,365**	–
Total Water and Sewer System Subordinated Revenue Bonds			**360,170**	344,005
Water and Sewer System Other Subordinated Debt:				
State Revolving Fund Loan	2.630%	2009–2029	**1,751**	401
Total Water and Sewer System Other Subordinated Revenue Bonds			**1,751**	401
DES:				
2004 Series A	Variable	2010-2034	**47,800**	47,800
Line of Credit Draws	2.850%	2009	**4,285**	4,985
Total DES			**52,085**	52,785
Total Debt Principal Outstanding			**6,178,719**	5,667,237
Plus Accretion of SJRPP Issue 2 Series 7 Capital Appreciation Bonds			**25,161**	22,782
Sub-total			**6,203,880**	5,690,019
Less: Debt Due Within One Year (7)			**(200,780)**	(125,295)
Total Long-term Debt			**$ 6,003,100**	$ 5,564,724

(continued on next page)

7. Long-Term Debt (continued)

Schedule of Outstanding Indebtedness

(1) The interest rates on the variable rate debt outstanding at September 30, 2008, ranged from 1.55% to 7.95%.
At September 30, 2008, interest on the outstanding variable rate debt is based on various methods including daily mode, weekly mode and commercial paper mode which resets in time increments ranging from one day to 270 days. In addition, JEA has executed fixed-payer weekly mode, interest rate swaps to effectively fix a portion of its net payments relative to certain variable rate bonds. The terms of the interest rate swaps are approximately equal to that of the fixed-payer bonds. See the Debt Management Strategy section of this note for more information related to the interest rate swap agreements outstanding at September 30, 2008.
(2) Variable rate demand obligations.
(3) Indexed variable rate bonds indexed to the Consumer Price Index.
(4) SJRPP System Issue 3 Bonds were issued under the Second Power Park Resolution whereby JEA is responsible for 100% of the related debt service payments.
(5) Insured variable rate demand obligations that were refunded during fiscal year 2008 with uninsured variable rate demand obligations. See debt issued table in this note for further information.
(6) Auction rate bonds that were refunded during fiscal year 2008 with uninsured variable rate demand obligations and fixed rate debt. See debt issued table in this note for further information.
(7) September 30, 2008, debt due within one year includes $25,680 of Electric System line of credit draws scheduled to be repaid in October 2008 and $15,000 of Bulk Power System line of credit draws schedule to be repaid with permanent financing in November 2008 – see note 15 for more information.

For the variable rate demand obligations (VRDO) appearing in the above schedule of outstanding indebtedness (such obligations are either in the daily, weekly, or commercial paper mode), liquidity support is provided in connection with tenders for purchase with separate liquidity providers pursuant to standby bond purchase agreements (the SBPA) relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA. The current stated termination dates of the SBPA range from January 29, 2009 to December 31, 2015. Each of the SBPA termination dates may be extended. Due to certain VRDO's being tendered and unable to be remarketed, the Electric System had outstanding draws under the SBPA's of $99,490 at September 30, 2008. Such draws are included in the amount of outstanding debt in the schedule of outstanding indebtedness above and have interest rates ranging from prime of 5.0% to a maximum rate of 12.0%. See note 15 for more information related to the outstanding draws. In the event of the expiration or termination of the SBPA that results in a mandatory tender of the VRDO's and the purchase of the obligations by the bank, then beginning on April 1st or October 1st, whichever date is at least 6 months subsequent to the purchase of the obligations, JEA shall begin to make equal semi-annual installments over the ensuing five year period.

For the commercial paper notes appearing in the above schedule of outstanding indebtedness (to provide liquidity support for each series of commercial paper notes), JEA has entered into two separate revolving credit agreements with a single commercial bank. If moneys are not available to pay the principal of any maturing commercial paper notes during the term of the credit agreements, JEA is entitled to make a borrowing under the applicable credit agreement.

(Dollars In Thousands)

7. Long-Term Debt (continued)

Each of the credit agreements conversion dates may be extended. The current conversion dates of the credit agreements are December 5, 2008, which may be extended. Due to certain commercial paper notes being tendered and unable to be remarketed, the Electric Enterprise Fund had outstanding draws on the revolving credit agreement of $6,045 at September 30, 2008. Such draws are included in the amount of outstanding debt in the schedule of outstanding indebtedness and have interest rates ranging from 4.5% to 5.0%. See note 15 for more information related to the outstanding draws. In the event of the expiration or termination of the conversion date and such expiration or termination results in a draw in an amount up to the amount of the outstanding commitment, then upon 6 months thereafter, JEA shall begin to make equal semi-annual installments over the ensuing six year period in the amount of such draw.

For the variable rate DES 2004 Series A bonds appearing in the schedule of outstanding indebtedness, in connection with the issuance thereof, JEA entered into a letter of agreement with a bank to provide credit and liquidity enhancement for the bonds. The letter of credit permits the bank to draw under the agreement for the payments when due of the principal or interest on the 2004 Series A bonds and will permit the tender agent, to draw under the agreement for the purchase price of the 2004 Series A bonds tendered or deemed tendered for purchase pursuant to the tender provisions of the 2004 Series A bonds. To evidence its obligation to reimburse the bank for amounts advanced under the letter of credit, the DES Revenue Bond 2004 Series Reimbursement Obligation was issued. As long as JEA is obligated to make deposits to the Series 2004 Reimbursement Obligation Sub-account in the Debt Service Reserve Fund, Section 710 (Rates, Fees, and Charges) and Section 203(1)(1) (Issuance of Bonds Other than Refunding Bonds and Reimbursement Obligations) of the DES Bond Resolution shall not apply to the 2004 Series A bonds or the 2004 Series Reimbursement Obligation. The current expiration date of the letter of credit is October 7, 2011, which may be extended.

(Dollars In Thousands)

7. Long-Term Debt (continued)

Long-term debt activity for the year ended September 30, 2008, was as follows:

System	Bonds Payable September 30, 2007	Par Amount of Bonds Issued	Par Amount of Bonds Refunded or Defeased	Principal Payments	Accretion of SJRPP Issue 2 Series 7 Capital Appreciation Bonds	Bonds Payable September 30, 2008	Current Portion September 30, 2008
Electric	**$ 2,555,787**	**$ 1,414,010**	**$(1,085,110)**	**$ (24,843)**	**$ –**	**$ 2,859,844**	**$ 67,080**(1)
Bulk Power Supply	**–**	**15,000**	**–**	**–**	**–**	**15,000**	**15,000**(2)
SJRPP	**1,296,766**	**165,000**	**(40,000)**	**(86,415)**	**2,379**	**1,337,730**	**95,500**
Water and Sewer	**1,784,681**	**501,435**	**(329,660)**	**(17,235)**	**–**	**1,939,221**	**23,200**
DES	**52,785**	**–**	**–**	**(700)**	**–**	**52,085**	**–**
Total	**$ 5,690,019**	**$ 2,095,445**	**$(1,454,770)**	**$(129,193)**	**$ 2,379**	**$ 6,203,880**	**$ 200,780**

(1) Includes $25,680 line of credit draw due on October 20, 2008 – see Short-Term Bank Borrowing in this note and note 15 for more information.
(2) Includes $15,000 line of credit draws due on November 25, 2008, and expected to be paid – see Short-Term Bank Borrowing section of this note and note 15 for more information.

Long-term debt activity for the year ended September 30, 2007, was as follows:

System	Bonds Payable September 30, 2006	Par Amount of Bonds Issued	Par Amount of Bonds Refunded or Defeased	Principal Payments	Accretion of SJRPP Issue 2 Series 7 Capital Appreciation Bonds	Bonds Payable September 30, 2007	Current Portion September 30, 2007
Electric	$ 2,460,178	$ 334,020	$ (213,225)	$ (25,186)	$ –	$ 2,555,787	$ 21,645
SJRPP	1,225,339	293,070	(140,320)	(83,560)	2,237	1,296,766	86,415
Water and Sewer	1,831,025	483,926	(516,450)	(13,820)	–	1,784,681	17,235
District Energy	51,800	1,450	–	(465)	–	52,785	–
Total	$ 5,568,342	$ 1,112,466	$ (869,995)	$ (123,031)	$ 2,237	$ 5,690,019	$ 125,295

(Dollars In Thousands)

7. Long-Term Debt (continued)

The debt service to maturity on the outstanding bonds, as of September 30, 2008, is summarized in the two tables below:

Bond Year Ending October 1,	Electric System Principal	Electric System Interest (1)	Bulk Power Principal	Bulk Power Interest	SJRPP Principal	SJRPP Interest
2008	$ 41,400	$ 29,890	$ –	$ 20	$ 95,500	$ 29,860
2009	130,338	104,650	15,000	80	100,205	55,910
2010	110,634	100,930	–	–	99,823	65,190
2011	133,556	97,020	–	–	101,121	64,550
2012	82,318	91,690	–	–	122,995	42,650
2013–2017	406,976	412,220	–	–	419,095	133,780
2018–2022	450,894	334,490	–	–	189,855	63,910
2023–2027	487,093	249,130	–	–	49,450	38,400
2028–2032	485,870	163,150	–	–	60,360	26,100
2033–2037	417,235	75,590	–	–	74,165	10,830
2038–2042	113,530	9,920	–	–	–	–
2043–2047	–	–	–	–	–	–
Totals	$2,859,844	$1,668,680	$ 15,000	$ 100	$1,312,569	$ 531,180

(Dollars In Thousands)

7. Long-Term Debt (continued)

Bond Year Ending October 1	Water and Sewer Principal	Water and Sewer Interest	DES Principal	DES Interest	Total Debt Service (2)
2008	$ 23,200	$ 34,630	$ –	$ 140	$ 254,640
2009	27,498	82,430	4,285	1,850	522,246
2010	37,244	81,450	1,310	1,730	498,311
2011	41,071	79,960	1,350	1,680	520,308
2012	43,748	78,340	1,390	1,640	464,771
2013-2017	244,595	363,840	7,610	7,390	1,995,506
2018-2022	299,220	307,520	8,820	5,930	1,660,639
2023-2027	304,573	240,840	10,215	4,230	1,383,931
2028-2032	296,647	175,790	11,850	2,270	1,222,037
2033-2037	341,130	108,960	5,255	290	1,033,455
2038-2042	274,760	32,450	–	–	430,660
2043-2047	5,535	260	–	–	5,795
Totals	$ 1,939,221	$ 1,586,470	$ 52,085	$ 27,150	$ 9,992,299

(1) Includes amortization of commercial paper notes that is based upon JEA's current commercial paper payment plans and excludes payments made during fiscal year 2008.
(2) Interest requirement for the variable rate debt was determined by using the interest rates that were in effect at the financial statement date of September 30, 2008. The table excludes payments made during fiscal year 2008.

The estimated fair values of JEA's outstanding fixed-rate debt were $3,963,677 at September 30, 2008, and $3,824,770 at September 30, 2007. The estimated fair values of the fixed rate debt were determined through a nationally recognized third-party financial information service. The estimated fair values of JEA's outstanding variable rate debt and bank loans were $2,196,939 at September 30, 2008, and $1,951,922 at September 30, 2007. The estimated fair values of the variable rate debt and bank loans were determined to be the par amount outstanding.

(Dollars In Thousands)

7. Long-Term Debt (continued)

JEA, at its option, may redeem specific outstanding fixed rate JEA Revenue Bonds prior to maturity, as discussed in the official statements covering their issuance. A summary of the redemption provisions is as follows:

	Electric System	SJRPP System	Water and Sewer System
Earliest year for redemption	2008	2008	2008
Redemption price ranges	101%–100%	101%–100%	101%–100%

JEA debt issued in fiscal year 2008 is summarized in the following table:

System	Debt Issued	Purpose	Priority of Lien	Month of Issue	Par Amount Issued	Par Amount Refunded	Accounting Gain (Loss)	Economic Gain
Electric	Series Three 2007C	New Money	Senior	Oct-07	$ 26,515	$ –	$ –	$ –
Electric	2007 Series A	New Money	Subordinated	Oct-07	82,800	–	–	–
Electric	Series Three 2008A	New Money	Senior	Jan-08	100,000	–	–	–
Electric	Series Three 2008B	Refunding	Senior	Mar-08	261,490	259,250	(3,748)	n/a(1)
Electric	2008 Series B	Refunding	Subordinated	Mar-08	104,955	100,000	(182)	n/a(1)
Electric	Series Three 2008C	Refunding	Senior	Mar-08	273,605	263,400	(3,759)	n/a(1)
Electric	2008 Series C	Refunding	Subordinated	Mar-08	79,255	75,100	(196)	n/a(1)
Electric	2008 Series D	Refunding	Subordinated	Mar-08	70,605	70,325	(846)	n/a(1)
Electric	2008 Series A	New Money	Subordinated	Apr-08	56,410	–	–	–
Electric	Series Three 2008D	Refunding	Senior	May-08	260,000	246,720	(1,790)	n/a(2)
Electric	Series Three 2008E	Refunding	Senior	Sep-08	54,050	48,835	(491)	2,013
Electric	2008 Series E	Refunding	Subordinated	Sep-08	18,645	18,180	(60)	–
Electric	Bank Draw	New Money	Subordinated	Sep-08	25,680	–	–	–
Bulk Power Supply	Bank Draw	New Money	Subordinated	Various	15,000	–	–	–
SJRPP	Issue 3 Series 2	New Money/ Refunding	Senior	Apr-08	125,000	–	–	–
SJRPP	Bank Draw	New Money	Subordinated	Various	40,000	–	–	–
Water and Sewer	2008 Series A	New Money	Senior	Feb-08	150,000	–	–	–
Water and Sewer	2008 Series A	Refunding/ New Money	Subordinated	Feb-08	133,400	121,175	(2,115)	n/a(1)
Water and Sewer	2008 Series B	Refunding/ New Money	Subordinated	Mar-08	104,395	93,165	(739)	n/a(2)
Water and Sewer	2008 Series B	Refunding	Senior	Apr-08	85,290	85,290	(628)	n/a(2)
Water and Sewer	Bank Draw	New Money	Subordinated	Various	27,000	–	–	–
					$ 2,094,095	$ 1,381,440	$ (14,554)	$ 2,013

(1) Auction rate bonds were refunded during fiscal year 2008 with uninsured variable rate demand obligations and fixed rate debt.
(2) Insured variable rate demand obligations were refunded during fiscal year 2008 with uninsured variable rate demand obligations.

7. Long-Term Debt (continued)

During fiscal year 2008 municipal variable rate market disruptions occurred related to auction rate securities and insured variable rate demand obligations where weekly yields for such variable debt were resetting at 300 to 500 basis points above the weekly SIFMA index due to illiquidity in the auction rate market and a concern about potential and actual downgrades in the monoline insurance industry. Such yield imbalances caused JEA to refund all outstanding variable rate auction rate bonds and insured variable rate demand obligations with uninsured variable rate demand obligations and fixed rate debt to effectively eliminate the liquidity issue on the auction rate bonds and remove the monoline insurance from the insured variable rate demand obligations. Although these refundings created accounting losses, JEA benefited as interest costs on the uninsured variable rate demand obligations declined to the historical relationship to the weekly SIFMA index. These variable rate debt refundings are noted with n/a (not applicable) in the economic gain column in the table on the previous page and do not include an economic gain calculation. Any refundings of fixed rate bonds with lower fixed rate bonds include an economic gain calculation. The estimated economic gain was calculated as the difference between the present value of the debt service payments on the refunded bonds and the debt service payment on the refunding bonds.

The Electric System Series Three 2008E and Subordinated 2008 Series E bond issues were used to refund refundable maturities in the amount of $25,680 with the remaining portion of the refunding used to economic refund $41,335 of prior issued bonds. The economic refunding portion has new debt service of $50,271 compared to the prior debt service of $52,787.

(Dollars In Thousands)

7. Long-Term Debt (continued)

Debt Service Reserve Funds

During fiscal year 2008 various AAA debt service surety providers were downgraded below AAA status, which triggered funding requirements to the debt service reserve funds for both the Electric System and the Water and Sewer System. Funding required will be according to each system's bond resolution. As of September 30, 2008, the Electric System and the Water and Sewer System have debt service reserve fund funding requirements as follows:

	Electric System Initial Subaccount in the Debt Service Reserve	Water and Sewer System Initial Subaccount in the Debt Service Reserve	Water and Sewer System Initial Subordinated Debt Service Reserve
Debt service requirement	$ 98,079	$ 102,160	$ 8,345
Less: cash and investments	33,727	18,545	2,334
Less: AAA surety policies	29,137	52,171	1,076
Funding required for downgraded surety policies	35,215	31,444	4,935
Less: Funds available in Construction Reserve Account	11,473	14,865	–
Net funding needs from future bond issues	$ 23,742	$ 16,579	$ 4,935

Short-Term Bank Borrowing

JEA currently has an arrangement with a commercial bank for an unsecured line of credit for $100,000. The line of credit can be used with respect to the Electric System, the Bulk Power Supply System, the SJRPP System, the Water and Sewer System or the DES and for operating expenditures or for capital expenditures. During fiscal year 2008, the Electric System repaid a prior year draw of $3,300 with permanent financing. At September 30, 2008, the line of credit draws outstanding for Electric System were $25,680 and are expected to be repaid during October 2008. At September 30, 2008, the line of credit draws outstanding for the Bulk Power

(Dollars In Thousands)

7. Long-Term Debt (continued)

Supply System were $15,000 and are expected to be repaid in November 2008 by permanent financing. During fiscal year 2008 the SJRPP System made draws of $40,000 for capital expenditures and were repaid with permanent financing. During fiscal year 2008 the Water and Sewer System made draws of $27,000 and was repaid with permanent financing. During fiscal year 2008 the DES repaid $700 of prior year line of credit draws. At September 30, 2008, the line of credit draw outstanding for the DES was $4,285 and is scheduled to mature in August 2009. This draw is being reported with JEA's long-term debt, because the DES may extend the August 2009 maturity date as permitted under the credit agreement. The current expiration date of the line of credit agreement is August 31, 2009. See note 15 for more information.

Debt Management Strategy

JEA has entered into various interest rate swap agreements in connection with its debt management strategy. JEA has entered into various integrated interest rate swap agreements executed in conjunction with debt financings for initial terms up to 35 years (unless earlier terminated). JEA utilizes floating to fixed interest rates swaps as part of its debt management strategy. For purposes of this note, the term floating to fixed interest rate swaps refer to swaps in which JEA receives a floating rate and pays a fixed rate.

The fair value of the interest rate swap agreements and related hedging instruments are included as an addition or reduction to long-term debt on the balance sheets; however, the notional amounts of the interest rate swaps are not reflected in the financial statements. JEA has adopted GASB No.53 (See note 1(r)); therefore, for effective hedging instruments, hedge accounting is applied where fair market value changes are recorded on the balance sheet as either a deferred outflow or a deferred inflow. The earnings from the debt management strategy interest rate swaps are recorded to interest on debt in the statements of revenues, expenses, and changes in net assets.

(Dollars In Thousands)

7. Long-Term Debt (continued)

During fiscal year 2008, JEA entered into additional integrated floating to fixed interest rate swap agreements. The terms of the integrated floating to fixed rate swap agreements outstanding at September 30, 2008 are as follows:

System	Related Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Month of Swap Issue	Termination Date	Variable Rate Index
Electric	Series Three 2008C	$ 174,000	$ 167,000	3.7%	Sep-03	Sep-33	68% of 1 month LIBOR
Electric	Series Three 2008B	27,400	27,275	4.0%	Jan-05	Oct-26	SIFMA (formerly BMA)
Electric	Series Three 2008B	117,825	116,800	4.3%	Jan-05	Oct-39	SIFMA (formerly BMA)
Electric	Series Three 2008B	116,425	115,175	3.6%	Jan-05	Oct-35	68% of 1 month LIBOR
Electric	2008 Series D	29,900	29,600	3.6%	Jan-05	Oct-16	SIFMA (formerly BMA)
Electric	2008 Series D	40,875	40,725	3.7%	Jan-05	Oct-37	68% of 1 month LIBOR
Electric	Series Three 2008D-1	98,375	98,375	3.9%	Jan-07	Oct-31	SIFMA (formerly BMA)
Electric	Series Three 2008D-2	95,240	95,240	3.9%	Jul-07	Oct-36	SIFMA (formerly BMA)
Electric	Series Three 2008A	100,000	100,000	3.8%	Jan-08	Oct-36	SIFMA (formerly BMA)
Water and Sewer	2006 Series B	38,730	38,730	3.9-4.1%	Oct-06	Oct 16-22	CPI
Water and Sewer	2008 Series A	75,000	75,000	3.9%	Feb-08	Oct-41	SIFMA (formerly BMA)
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar-07	Oct-41	SIFMA (formerly BMA)
		$ 999,060	$ 989,210				

In anticipation of future bond issues, JEA enters into forward starting floating to fixed interest rate swap agreements. The terms of the forward starting floating to fixed rate swap agreements outstanding at September 30, 2008, are as follows:

System	Debt Issued	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Month of Issue	Termination Date	Variable Rate Index
Electric	Future Issue	$ 100,000	$ 100,000	3.9%	Jan-11	Oct-38	SIFMA (formerly BMA)
		$ 100,000	$ 100,000				

(Dollars In Thousands)

7. Long-Term Debt (continued)

The following table includes fiscal year 2008 summary information for JEA's effective cashflow hedges related to both integrated and forward starting floating to fixed interest rate swap agreements.

	Changes in Fair Value		Fair Value at September 30, 2008		
System	**Classification**	**Amount**	**Classification**	**Amount [1]**	**Notional**
Electric	Deferred costs	**$ 31,483**	Fair value of debt management strategy instruments	**$ (34,027)**	**$ 890,190**
Water and Sewer	Deferred costs	**2,629**	Fair value of debt management strategy instruments	**(2,091)**	**199,020**
Total		**$ 34,112**		**$ (36,118)**	**$1,089,210**

(1) Fair value amounts were calculated using market rates as of September 30, 2008, and standard cash flow present valuing techniques.

The following table includes fiscal year 2007 summary information for JEA's effective cashflow hedges related to both integrated and forward starting floating to fixed interest rate swap agreements.

	Changes in Fair Value		Fair Value at September 30, 2007		
System	**Classification**	**Amount**	**Classification**	**Amount [1]**	**Notional**
Electric	Deferred costs	$ (6,920)	Fair value of debt management strategy instruments	$ (2,544)	$ 894,465
Water and Sewer	Deferred credits and other liabilities	(538)	Fair value of debt management strategy instruments	538	199,020
Total		$ (7,458)		$ (2,006)	$1,093,485

(1) Fair value amounts were calculated using market rates as of September 30, 2007, and standard cash flow present valuing techniques.

(Dollars In Thousands)

7. Long-Term Debt (continued)

For fiscal years ended September 30, 2008 and 2007, the weighted average rates of interest for each index type of integrated floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2008	2007
68% of LIBOR Index:		
Notional amount outstanding	**$ 322,900**	$ 326,425
Variable rate received (weighted average)	**2.4%**	3.6%
Fixed rate paid (weighted average)	**3.7%**	3.7%
SIFMA Index (formerly BMA Index):		
Notional amount outstanding	**$ 627,580**	$ 453,330
Variable rate received (weighted average)	**2.6%**	3.7%
Fixed rate paid (weighted average)	**4.0%**	4.0%
CPI Index:		
Notional amount outstanding	**$ 38,730**	$ 38,730
Variable rate received (weighted average)	**4.3%**	3.9%
Fixed rate paid (weighted average)	**4.0%**	4.0%
Net debt management swap (loss) earnings [1]	**$ (12,227)**	$ 27

[1] Excludes fair market value adjustments.

(Dollars In Thousands)

7. Long-Term Debt (continued)

The following tables summarize the anticipated net cash flows of JEA's outstanding hedged variable rate debt and related integrated floating to fixed interest rate swap agreements at September 30, 2008:

Electric System

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2008	$ 6,850	$ 2,350	$ 650	$ 9,850
2009	14,600	12,070	620	27,290
2010	14,760	11,810	620	27,190
2011	15,485	11,550	620	27,655
2012	16,695	11,150	590	28,435
2013–2017	109,485	50,480	2,610	162,575
2018–2022	116,675	43,990	2,510	163,175
2023–2027	148,110	33,340	2,130	183,580
2028–2032	211,100	19,190	1,290	231,580
2033–2037	118,180	7,430	940	126,550
2038–2042	18,250	1,080	150	19,480
Total	$ 790,190	$ 204,440	$ 12,730	$ 1,007,360

(1) Interest requirement for the variable rate debt and the variable portion of the interest rate swap was determined by using the interest rates that were in effect at the financial statement date of September 30, 2008. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2008.

Water and Sewer System

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2008	$ –	$ 1,490	$ (220)	$ 1,270
2009	1,410	7,880	260	9,550
2010	1,460	7,830	260	9,550
2011	1,510	7,770	260	9,540
2012	1,570	7,710	260	9,540
2013–2017	17,120	37,400	1,250	55,770
2018–2022	40,860	31,560	990	73,410
2023–2027	30,155	24,080	680	54,915
2028–2032	21,570	19,180	560	41,310
2033–2037	41,640	13,330	410	55,380
2038–2042	41,725	4,220	140	46,085
Total	$ 199,020	$ 162,450	$ 4,850	$ 366,320

(1) Interest requirement for the variable rate debt and the variable portion of the interest rate swap was determined by using the interest rates that were in effect at the financial statement date of September 30, 2008. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2008.

(Dollars In Thousands)

7. Long-Term Debt (continued)

Credit Risk. JEA is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, the Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with whom JEA may enter into interest rate swap transactions. The counterparties with whom JEA may deal must be rated (i) "AAA" by one or more nationally recognized rating agencies at the time of execution, (ii) "AA-/Aa3" or better by at least two of such credit rating agencies at the time of execution, or (iii) if such counterparty is not rated "AA-/Aa3" or better at the time of execution, provide for a guarantee by an affiliate of such counterparty rated at least "A/A2" or better at the time of execution where such affiliate agrees to unconditionally guarantee the payment obligations of such counterparty under the swap agreement. In addition, each swap agreement will require the counterparty to enter into a collateral agreement to provide collateral when the ratings of such counterparty (or its guarantor) fall below "AA-/Aa3" and a payment is owed to JEA. All outstanding interest rate swaps at September 30, 2008, were in a liability position. Therefore, if counterparties failed to perform as contracted, JEA would not be subject to any credit risk exposure at September 30, 2008.

JEA's floating to fixed interest rate swap counterparty credit ratings at September 30, 2008, are as follows:

Counterparty	Counterparty Credit Ratings S&P/Moody's/Fitch	Outstanding Notional Amount
Bear Stearns Financial Products Inc.	AAA per S&P	$ 145,325
Citigroup Financial Products Inc.	AA-/Aa3/AA-	95,240
Goldman Sachs Mitsui Marine Derivative Products L.P.	AAA per S&P	294,275
JPMorgan Chase Bank, N.A.	AA/Aaa/AA-	115,175
Merrill Lynch Derivative Products AG	AAA per S&P	185,290
Morgan Stanley Capital Service Inc	A+/A1/AA-	253,905
Total		$ 1,089,210

Interest Rate Risk. JEA is exposed to interest rate risk on its interest rate swaps. On JEA's pay-fixed, receive-variable interest rate swap, as LIBOR or the SIFMA swap index decreases, JEA's net payment on the swap increases.

(Dollars In Thousands)

7. Long-Term Debt (continued)

Basis Risk. JEA is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received by JEA on these hedging derivative instruments are based on a rate or index other than interest rates JEA pays on its hedged variable-rate debt, which is remarketed every seven days. As of September 30, 2008, the weighted-average interest rate on JEA's hedged variable-rate debt is 7.7%, while the SIFMA swap index rate is 8.0% and 68.0% of LIBOR is 1.7%.

Termination Risk. JEA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, JEA would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Market Access Risk. JEA is exposed to market access risk due to recent market disruptions in the municipal bond market that could inhibit the issuing of bonds and related hedging instruments.

8. Transactions with City of Jacksonville

Utility and Administrative Services

JEA is a separately governed authority and is also considered to be a discretely presented component unit of the City. JEA provides electric, water, and sewer service to the City and its agencies and bills for such service using established rate schedules. JEA utilizes various services provided by departments of the City, including insurance, legal, and motor pool. JEA is billed on a proportionate cost basis with other user departments and agencies. The revenues for services provided and expenses for services received by JEA for these related-party transactions with the City were as follows:

	Revenues	Expenses
Fiscal year 2008	**$ 28,756**	**$ 8,527**
Fiscal year 2007	$ 25,123	$ 6,135

(Dollars In Thousands)

8. Transactions with City of Jacksonville (continued)

City Contribution

The calculation of the City contribution is based on approximately 9.8% of the revenues, as defined, of the Electric Enterprise Fund and Water and Sewer Fund. This calculation is subject to a minimum average increase of $2,750 per year using 2004 as the base year for the combined assessment for the Electric Enterprise Fund and Water and Sewer Fund. There is also a maximum annual assessment for the combined Electric Enterprise Fund and Water and Sewer Fund.

The JEA Electric Enterprise Fund is required to contribute annually to the General Fund of the City an amount not to exceed 5.5 mills per kilowatt hour delivered by JEA to retail users in JEA's service area, and to wholesale customers under firm contracts having an original term of more than one year, other than sales of energy to FPL from JEA's SJRPP System. The contribution for fiscal years 2008 and 2007 amounted to $73,847 and $73,100.

The JEA Water and Sewer Fund is required to contribute annually to the General Fund of the City an amount not to exceed 2.1 mills per cubic foot of potable water and sewer service provided, excluding reclaimed water service. The contribution for fiscal years 2008 and 2007 amounted to $20,341 and $18,337.

Although the calculation for the annual transfer of available revenue from JEA to the City is based upon formulas that are applied specifically to each utility system operated by JEA, JEA may, in its sole discretion, utilize any of its available revenues regardless of source to satisfy its total annual obligation to the City.

In addition to the contributions described above, JEA is also obligated to make semiannual payments with respect to a portion of the debt service for the City's Excise Tax Revenue Bonds, Series 1999A and 1995A through fiscal year 2009. In fiscal years 2008 and 2007, JEA made principal and interest payments to the City of $1,996 and $1,992. The total remaining principal amount due the City as of September 30, 2008 and 2007, was $1,070 and $2,918, and is reflected in deferred credits and other liabilities on the balance sheets.

(Dollars In Thousands)

8. Transactions with City of Jacksonville (continued)

Franchise Fees

Effective April 1, 2008, the City enacted a 3% franchise fee from designated revenues of the Electric and Water and Sewer Utility systems. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer funds. For the year ended September 30, 2008, JEA accrued $14,979 and $3,361 in its electric and water and sewer funds, which are included in operating revenues and expenses.

Risk Management

JEA insures its risks related to general liability, automobile liability, and workers' compensation through the City's self insurance program. The City's Director of Administration and Finance manages the self-insurance program, estimates the liabilities through actuarial and other methods, and assesses the user departments and agencies. JEA purchases property insurance separate from the City for its insurable assets. In addition, JEA purchases property, liability, and workers' compensation insurance for its SJRPP facility including ownership interest of FPL, as an additional insured.

Better Jacksonville Plan

The City is providing funding for sewer improvements as a part of the Better Jacksonville Plan. The City receives sales tax revenues, a portion of which are used for capital contributions to JEA for sewer improvements. These contributions amounted to $2,857 and $29,091 in fiscal years 2008 and 2007, respectively.

9. Fuel Purchase and Purchased Power Commitments

JEA has commitments to purchase approximately 100% of the coal and pet coke for the Electric Enterprise Fund and Scherer Unit 4 through December 31, 2008. Commitments are finalized through calendar year 2009 for some JEA pet coke and Scherer. SJRPP has reached agreement with the Coal Marketing Company and other domestic suppliers to supply 100% of SJRPP's coal needs in 2008 and 2009. Those agreements provide approximately 77% of SJRPP's coal needs for 2010. Commitments for transportation of coal purchases for Scherer Unit 4 were renegotiated during fiscal year 2003 for the next 10 years, subject to related purchase commitments. To provide for transportation of coal for Scherer Unit 4, Georgia Power

(Dollars In Thousands)

9. Fuel Purchase and Purchased Power Commitments (continued)

negotiated two agreements with rail carriers during fiscal years 2002 and 2003. The term of the agreement with Burlington Northern and Santa Fe Railway Company extends through calendar year 2013. The contract provides JEA and the other Scherer co-owners with a unilateral right to extend the agreement an additional five years. The agreement with Norfolk Southern Railway Company is an annual agreement with automatic 12-month extensions. Contract terms for coal and pet coke specify minimum annual purchase commitments at certain prices subject to adjustments for price level changes according to the contract. In addition, JEA has remarketing rights under these contracts.

JEA has commitments to purchase natural gas delivered to Jacksonville under a long-term contract with BG Energy Merchants, LLC (BG) that expires in 2021. Contract terms for the natural gas specify minimum annual purchase commitments at market prices. JEA has the option to remarket any excess natural gas purchases. In addition to the gas delivered by BG, JEA currently has long-term contracts with Florida Gas Transmission Company (FGT) for firm gas transportation capacity to allow delivery of gas through the FGT system. To support additional future gas requirements, JEA has contracted with Peoples Gas System for a release of firm gas transportation capacity on Southern Natural Gas Company and FGT beginning in June 2010.

JEA has a commitment to purchase residual fuel oil from BP Products North America, Inc. (BP) through August 2009. BP owns the residual fuel oil stored at JEA's Northside Generating Station and has committed to maintain a minimum amount for JEA use. JEA pays for actual oil consumed within 45 days after each billing period. The agreement allows for both fixed and floating pricing options with a minimum purchase of 1.5 million barrels of oil over the three-year contract period. BP compensated JEA for terminaling services beginning in April 2007. The agreement allows JEA to access BP oil in emergency conditions.

JEA also has contracts with certain operating subsidiaries of Southern Company (Southern) for the purchase of 207 MW of coal-fired capacity and energy through May 2010. These capacity obligations of Southern are firm, subject to the availability of the units involved (Miller Units 1-4 and Scherer Unit 3).

(Dollars In Thousands)

9. Fuel Purchase and Purchased Power Commitments (continued)

Under these contracts with Southern, JEA is committed to purchase for the Electric Enterprise Fund certain energy output associated with the purchased generating capacity entitlement. The total cost to be incurred by JEA depends upon future costs incurred by Southern in connection with its ownership and operation of coal-fired generating facilities to which the agreements relate and upon the amount of energy actually purchased by JEA. A portion of such future costs is related to the electric generating capacity entitlement and is payable by JEA, subject to certain contingencies, whether or not any energy is actually produced by such units or purchased by JEA.

In the unlikely event that JEA would not be in a position to fulfill its obligations to receive fuel and purchased power under the terms of its existing fuel and purchased power contracts, JEA would nonetheless be obligated to make certain future payments. If the conditions necessitating the future payments occurred, JEA would mitigate the financial impact of those conditions by remarketing the fuel and purchased power at then-current market prices. The aggregate amount of future payments that JEA does not expect to be able to mitigate, including the projected effects of inflation for coal purchase commitments of SJRPP (at JEA's 80% ownership interest) and the Bulk Power Supply System and future estimated fixed charges for electric generating capacity entitlement and transmission, including the projected effects of inflation for JEA, appear in the table below.

	Coal and Pet Coke		Natural Gas					
Year Ending Sept. 30	Fuel	Transportation	Fuel	Transportation	Oil	Electric Generating Capacity/ Energy	Transmission	Total
2009	4,881	14,846	16,699	21,099	–	25,974	10,167	93,666
2010	2,039	12,105	16,699	17,586	3,556	12,420	6,880	71,285
2011	618	10,229	16,699	17,586	–	–	4,704	49,836
2012	154	2,557	16,745	17,634	–	–	4,980	42,070
2013	–	–	16,699	17,586	–	–	5,148	39,433
2014-2027	–	–	133,682	142,685	–	–	27,132	303,499

Purchase Power Contract

The JEA Board has authorized staff to undertake efforts to acquire 10% of JEA's annual energy requirement from nuclear sources by 2018. As a result of those efforts, JEA has entered into a power purchase agreement with Municipal Electric Agency of Georgia (MEAG) for 206 MW of capacity and related energy from MEAG's interest in two additional nuclear generating units

(Dollars In Thousands)

9. Fuel Purchase and Purchased Power Commitments (continued)

proposed to be constructed at the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia. The 206 MW is projected to represent approximately 8.8 % of JEA's total energy requirements in the year 2017.

10. Fuel Management Program

The fuel management program is intended to help manage the risk of changes in the market prices of oil and natural gas. During fiscal years 2008 and 2007, JEA entered into various fuel management contracts. It is possible that the market price before or at the specified time to purchase fuel oil or natural gas may be lower than the price at which JEA is committed to buy. This would reduce the value of the contract. JEA is also exposed to the failure of the counterparty to fulfill the contract. JEA believes the risk of nonperformance by the counterparty under these contracts is not significant. JEA does not anticipate nonperformance by any counterparty.

Fuel Management of Natural Gas

At September 30, 2008, the fuel management program had several open NYMEX natural gas futures contracts and none in 2007. The fuel management program had margin deposits of $11 at September 30, 2008 and 2007, which is included in other noncurrent assets on the balance sheets.

During fiscal 2008 and 2007, JEA utilized TEA to execute trades of numerous over-the-counter forward purchase and sale contracts and swaps. JEA adopted GASB No. 53, see note 1 (r). For effective derivative transactions, hedge accounting is applied and fair market value changes are recorded on the balance sheet as either a deferred charge or a deferred credit until such time that the transactions ends. At September 30, 2008 and 2007, deferred charges of $4,554 and $335 were included in other noncurrent assets on the balance sheet. The related settled gains and losses from these transactions are recognized as fuel expenses on the statement of revenues, expenses and changes in net assets. For the years ending September 30, 2008 and 2007, a $998 and $7,100 realized loss was included in fuel expense. Any losses were off-set by decreased prices in the purchase of natural gas.

(Dollars In Thousands)

10. Fuel Management Program (continued)

The following is a summary of derivative transactions for the years ending September 30, 2008 and 2007.

Electric Enterprise Fund	Changes in Fair Value		Fair Value at September 30, 2008		
Cash Flow Hedges	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Natural Gas	Deferred costs	**$ 4,219**	Deferred credits and other liabilities	**$ (4,554)**	**14,628 MMBTUS**

Electric Enterprise Fund	Changes in Fair Value		Fair Value at September 30, 2007		
Cash Flow Hedges	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Natural Gas	Deferred costs	$ 335	Deferred credits and other liabilities	$ (335)	1,285 MMBTUS

11. Pension Plans

JEA Plan Description and Contributions

Substantially all of the employees of the Electric Enterprise Fund and Water and Sewer Fund participate in and contribute to the City of Jacksonville General Employees Pension Plan (Plan), as amended. The Plan is a cost-sharing, multiple-employer contributory defined-benefit pension plan.

All full-time employees who meet the medical requirements for membership are eligible to participate in the Plan. The Plan, based on laws outlined in the City of Jacksonville Ordinance Code and applicable *Florida Statutes*, provides for retirement, survivor, death, and disability benefits. The Plan's latest financial statements and required supplementary information are included in the 2007 Comprehensive Annual Financial Report of the City. This report may be obtained by writing to the City of Jacksonville, Florida, Department of Administration and Finance, Room 300, City Hall, 117 West Duval Street, Jacksonville, Florida, 32202-3418 or by calling (904) 630-1298.

(Dollars In Thousands)

11. Pension Plans (continued)

In fiscal year 2008, plan members were required to contribute 8.0% of their annual covered salary and JEA's contribution for the plan members was 11.0 % during fiscal year 2008. In fiscal year 2007, plan members were required to contribute 8.0% of their annual covered salary and JEA's contribution for the plan members was 11.7 % during fiscal year 2007.

SJRPP Plan Description

Plan Description – The JEA St. Johns River Power Park System Employees' Retirement Plan (SJRPP Plan) is a single employer contributory defined benefit plan covering employees of SJRPP. The SJRPP Plan provides for pension, death, and disability benefits. Participation in the SJRPP Plan is required as a condition of employment. The SJRPP Plan is subject to provisions of Chapter 112 of the *Florida Statutes* and the oversight of the Florida Division of Retirement. The SJRPP Plan is governed by a seven-member pension board (Pension Board). The SJRPP Plan issues a publicly available financial report that includes financial statements and required supplementary information that may be obtained by writing to JEA, Employee Services, Tower 6, and 21 West Church Street, Jacksonville, Florida, 32202-3139 or by calling (904) 665-6198.

Funding Policy – The SJRPP Plan's funding policy provides for at least quarterly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The SJRPP employer's contribution to the SJRPP Plan for the year ending September 30, 2008, was 49.2% of annual covered payroll and 22.2 % for the year ending September 30, 2007.

Annual Pension Cost – The annual pension contributions for the years ended September 30, 2008, 2007, and 2006 were $10,902, $5,090, and $4,857, which was equal to the required employee and employer contributions for each year.

(Dollars In Thousands)

11. Pension Plans (continued)

The following information relates to the three most recent actuarial valuations:

Actuarial valuation date	October 1, 2007	October 1, 2006	October 1, 2005
Actuarial value of plan assets	$ 61,029	$ 51,498	$ 44,234
Actuarial accrued liability	95,985	86,533	72,196
Total unfunded actuarial liability	34,956	35,035	27,962
The actuarial value of assets as % of the actuarial accrued liabilities	63.58%	59.51%	61.27%
The annual covered payroll	$ 24,027	$ 20,648	$ 21,958
The ratio of the unfunded actuarial liability to annual covered payroll	145.49%	169.68%	127.34%

Assumptions:

SJRPP Plan members are required to contribute currently 4.0% of their current-year annual covered salary since October 1, 2005. The annual required contribution was determined actuarial valuation using the Individual Entry Age Actuarial Cost Method. The actuarial assumptions included: (a) life expectancy was calculated using the RP-2000 Mortality Table; (b) 7.75% investment rate of return (net of administrative expenses); and (c) projected salary increases from 4.0% to 6.5%, depending on years of service per year, including an inflation component of 3.75%. The actuarial value of the assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. As of October 1, 2006, all remaining gain (loss) bases including increases in the unfunded actual accrued liability (UAAL) first recognized as of the valuation date were consolidated into one and amortized over five years starting one year after the valuation date. As of October 1, 2006, all UAAL bases other than experience bases referred to above were consolidated into one and amortized over an 11-year period starting one year after the valuation date. The UAAL bases for future plan provision changes will be amortized over 15-year periods from their inception dates as level dollar amounts (in the form of level percentages of payroll but with a payroll growth of 0% per year), and the UAAL bases for future assumption changes and gains and losses will be amortized over a five-year period from inception.

(Dollars In Thousands)

12. Other Post Employment Benefits

Plan Description

The JEA has maintains a medical benefits plan that it makes available to its retirees. The medical plan is a single-employer, experience rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries. The post-retirement benefit portion of the benefits plan (referred to as OPEB Plan) refers to the benefits applicable to current and future retirees and their beneficiaries.

As of the valuation date, the OPEB Plan had approximately 1,990 active participants and 605 retirees receiving benefits. The JEA currently determines the eligibility, benefit provisions and changes to those provisions applicable to eligible retirees.

Funding Policy

JEA has followed a pay-as-you go funding policy, contributing only those amounts necessary to provide the portion of current year benefit costs and expenses plus any addition to the reserve for accrued costs incurred but not reported, as determined as part of the insurance contract with the insurance carrier. The contribution requirements of plan members are established by the JEA. The JEA pays any remaining required amounts after contributions of plan members and taken into account. Currently, retired members pay the full premium associated with the coverage elected; no direct JEA subsidiary is currently applicable; however there is an implicit cost. Spouses and other dependents are also eligible for coverage and the member is responsible for payment of the applicable premiums.

State of Florida law prohibits the JEA from separately rating retirees and active employees. Therefore, JEA assigns to both groups, blended-rate premiums. GAAP requires the actuarial liabilities to be calculated using age-adjusted premiums approximating claim costs for retirees separate form active members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

(Dollars In Thousands)

12. Other Post Employment Benefits (continued)

Annual OPEB Costs and Net OPEB Obligation

Fiscal Year Ending	Annual Retiree Cost	JEA Contributions*`	Percentage of Retiree Cost Contributed	Net Obligation
9/30/2008	$5,351	$3,280	61%	$2,071

* Implicit additional premiums paid by JEA

The following table shows the components of JEA's annual OPEB costs for the year, the amount contributed to the OPEB plan, and the changes in the net OPEB obligation to JEA:

	September 30, 2008
Annual Required Contribution (ARC)	$5,561
Interest on OPEB Plan Obligation	–
Adjustment to ARC	–
Annual OPEB Plan Retiree Cost*	$3,280
Change in OEPB Plan Obligation	$2,281
OPEB Plan Obligation at Beginning of Year	–
OPEB Plan Obligation at End of Year	$2,281

* Implicit additional premiums paid by JEA

Funded Status

As of September 30, 2008, the most recent valuation date, the OPEB plan was 1.07% funded. The actuarial accrued liability for benefits was $70,286 and the actuarial value of assets was $754, resulting in an unfunded actuarial accrued liability (UAAL) of $69,532. The covered payroll (annual payroll of active employees covered by the OPEB plan) was $79,280 and the ratio of the UAAL the covered payroll was 87.70%.

12. Other Post Employment Benefits (continued)

Actuarial Cost Method and Assumptions

Annual requirements are determined in accordance with the actuarial assumptions and the Individual Entry Age Actuarial Cost Method. Under this method, the cost of each member's projected retiree medical benefit is funded through a series of annual payments, determined as a level percentage of each year's earnings, from age at hire to assumed exit age. The actuarial assumptions include an 8% discount rate, compounded annually, and it is based on the JEA's expected rate of return on trust fund assets, based on the assumption that the OPEB plan will be funded through a separately invested trust fund. The annual health care cost trend rate was assumed to decline gradually over the next several years from 10% at October 1, 2007, to an ultimate rate of 5% on and after 2012. The economic rates are based on an assumed inflation rate of 3.5% per annum. It is intended that the UAAL be recognized over a 30-year period from October 1, 2007, through amortizations expressed as a level percentage of payroll. Amortizations were assumed to begin on October 1, 2007, and to continue monthly for the 30 remaining years. Changes in the UAAL resulting from actuarial gains or losses, or changes in actuarial assumptions, will be amortized over the remaining portion of the 30-year period, but not less than 15 years.

Actuarial valuations of the on-going plan involve estimates and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes of the financial statements, presents information about whether the actuarial value of the OPEB plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing the benefit costs between the employer and OPEB plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(Dollars In Thousands)

13. Commitments and Contingent Liabilities

Financing Commitment

The City has issued fixed rate bonds to finance and refinance various marine facilities for the Jacksonville Seaport Authority. JEA, through a financing agreement, has committed to guaranteeing the growth of certain revenue streams dedicated to paying the debt service for these bonds. The principal amount of the bonds outstanding is $22,635 at September 30, 2007, with a final maturity of October 1, 2009. The coupon rate for the bonds is 5.0%. The City and JEA have agreed that JEA's contribution to the City's General Fund would be adjusted to offset any shortfall in the dedicated revenue streams to pay the actual debt service. Although JEA's management believes it is highly unlikely, the guaranty states that if the revenue streams dedicated to pay the debt service fell to zero through October 1, 2009, the maximum amount of undiscounted payments JEA would make to the City are $24,417. No amount has been accrued for this guaranty under the financing agreement.

In fiscal year 2008, there was an agreement between JEA and the City that the financial agreement that obligated JEA to make those payments came to an end.

Grants

JEA participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of JEA. It is management's opinion that the results of these audits will have no material adverse effect on JEA's financial position or results of operations.

Clean Power Initiatives

JEA has signed a Power Purchase Agreement with Landfill Energy Systems to purchase energy from a 9.6 MW landfill gas to energy facility at the Trail Ridge Landfill in Jacksonville. Once the facility is completed, it will be one of the largest landfill gas-to-energy facilities in the southeast. The projected date of completion for the facility is in late calendar year 2008.

(Dollars In Thousands)

13. Commitments and Contingent Liabilities (continued)

Clean Air Act

In May 2005 the EPA published two final rules affecting power plants. The Clean Air Interstate Rule (CAIR) requires annual sulfur dioxide emissions reductions in two phases (beginning in 2010 and 2015), and annual nitrogen oxides emissions reduction in two phases (beginning 2009 and 2015). CAIR affects 28 states (in the eastern United States) whose emissions affect attainment and maintenance of ambient air quality standards for ozone and fine particulate matter. The Clean Air Mercury Rule (CAMR) requires annual mercury emissions reductions by coal-fired units in all states in two phases (beginning in 2010 and 2018). The Florida Department of Environmental Regulation has published its state implementation plans (SIP) to implement CAIR and CAMR. The two SIPs include Florida in the EPA national emissions trading programs for NOx allowances in the FDEP CAIR SIP. The U.S. Court of Appeals for the District of Columbia Circuit vacated the entire CAIR, holding that the CAIR has “more than several fatal flaws. The decision has a number of potential implications for existing federal and state air regulatory programs and the power sector. The same Court had vacated the CAMR earlier in 2008. There are several possible actions being considered by the EPA, the Bush Administration and Congress. JEA cannot predict what actions the Court or Congress may eventually take on CAIR or CAMR. Meanwhile JEA is continuing preparations to meet the reductions required by the vacated rules.

JEA anticipates that over the next five years, its share of the capital improvements at SJRPP will involve total expenditures of approximately $142,443 consisting of the equipment required to meet new environmental regulations and replacement of obsolete equipment to maintain the plant’s historical high performance levels. Of the $142,443 capital expenditures, approximately $36,659 is to comply with environmental regulations. JEA has determined that the amounts in the Renewal and Replacement fund established under the SJRPP resolution are not sufficient to fund the capital projects therefore JEA issued bonds during fiscal year 2008 for $125,000 and during fiscal year 2007 for $150,000, see note 7.

In addition, JEA anticipates that over the next five years its share of the capital improvements at Plant Scherer will be approximately $143,369 of which $125,341 is to comply with environmental regulations.

Additional improvements will be necessary to meet the phase two limit. Such costs of additional improvements cannot be determined at this time.

(Dollars In Thousands)

13. Commitments and Contingent Liabilities (continued)

Northside Generating Station By-Product

JEA Northside Generating Station (NSGS) Units 1 and 2 produce a by-product that consists of fly ash and bed ash. JEA has obtained a permit from the Florida Department of Environmental Protection (FDEP) to beneficially use the processed by-product material in the State of Florida, subject to certain restrictions. These ash products are combined and processed into a road base material presently being marketed as EZBase.

The By-Products Storage Area (BSA), which is a permitted, lined landfill at the NSGS facility, is now at 80% capacity. No removal of by-products to landfills has occurred since January 2008, and the BSA is at a level that allows JEA to store by-products. The additional space gained by reducing the BSA inventory will enable it to function as designed, which is a storage area for by-products as markets fluctuate and to become a secondary processing facility for EZBase.

Southside Generating Station

JEA decommissioned the Southside Generating System on October 31, 2001. JEA has spent approximately $26,700 for demolition, disposal, and environmental remediation associated with the site. Bids were solicited to sell the property in early 2005. The bid specifications required a buyer to assume responsibility for the site under the Brownfield Site Rehabilitation Agreement between JEA and the FDEP along with all environmental liability related to the site, except any portion to be retained by JEA. JEA continues to work on positioning the property for a future sale and redevelopment including improving site access, additional environmental review, and land use and development rights reviews to better position the property for redevelopment. Area real estate market conditions will affect the timing of any future sale opportunities.

Total Maximum Daily Load (TMDL)

The FDEP is completing promulgation of a Total Maximum Daily Load regulation defining the mass of nitrogen that can be assimilated by the St. Johns River to which 11 of JEA's 15 wastewater treatment plants discharge. This new state rule will limit the amount of nitrogen that these 11 wastewater treatment facilities are allowed to discharge by permit. JEA, in partnership with other public agencies under an agreement called the River Accord, has undertaken a voluntary initiative to far exceed the regulatory requirements of the TMDL. As it is part of the

(Dollars In Thousands)

13. Commitments and Contingent Liabilities (continued)

Accord, JEA has pledged to spend $200,000 over a 10-year period to decommission 5 of the 11 facilities, and upgrade the remaining facilities to advanced nutrient removal capability, far exceeding the requirements of the proposed rules. This work is being planned and funded as part of JEA's ongoing capital improvements program.

Sanitary Sewer Overflow Litigation

In September 2007 two environmental groups – the St John's Riverkeeper, Inc. and the Public Trust Environmental Law Institute of Florida, Inc. filed in the U.S. District Court for the Middle District of Florida alleging violations of the Federal Clean Water Act. They alleged multiple unpermitted sanitary sewer overflows from the Buckman and Arlington East wastewater treatment plants. JEA is vigorously defending against this claim, and has filed a Motion for Summary Judgment with the Court. Discovery is ongoing. The outcome of the litigation and the economic consequences to JEA cannot currently be predicted, but its exposure is potentially substantial.

Environmental Matters

JEA is subject to numerous federal, state, and local environmental regulations resulting in environmental liabilities due to compliance costs associated with new regulatory initiatives, enforcement actions, legal actions, and contaminated site assessment and remediation. Based on analysis of the cost of remediation and other identified environmental contingencies, JEA had accrued a liability of $14,200 as of September 30, 2008 related to various environmental matters. Of the $14,200 accrued, approximately $13,200 is associated with the expected cost of remediating the former wood-preserving facility at the Kennedy Generating Station; Southside Generating Station; and electric equipment repair facility at Pearl Street. There are other environmental matters that could have an impact on JEA; however, the resolution of these matters is uncertain, and no accurate prediction of range of loss is possible at this time. Although uncertainties associated with these recognized environmental liabilities remain, JEA believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect upon its financial position, results of operations, or liquidity.

(Dollars In Thousands)

13. Commitments and Contingent Liabilities (continued)

General Litigation

JEA is party to various pending or threatened legal actions arising in connection with its normal operations. In the opinion of management, any ultimate liability, which may arise from these actions are not expected to materially impact JEA's financial position or results of operations.

14. Segment Information

The financial statements of JEA contain four segments, as the Electric System and Bulk Power Supply System, the SJRPP System, the Water and Sewer System, and DES represent separate identifiable activities. These systems have debt outstanding with a revenue stream pledged in support of the debt. In addition, the activities are required to be accounted for separately. JEA's Electric System and Bulk Power Supply System segment consists of an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity primarily in Northeast Florida. JEA's SJRPP System segment consists of a generation facility which is 80% owned by JEA. JEA's Water and Sewer System segment consists of water collection, distribution, and wastewater treatment in Northeast Florida. The DES consists of chilled water activities.

Intercompany billing is employed between the Electric System and the Water and Sewer System and includes purchases of electricity, water, and sewer services and the rental of inventory and buildings. The utility charges between entities are based on a commercial customer rate. All intercompany billings are eliminated in the monthly and annual financial statements. Electricity charges to the Water and Sewer entity was $12,827 for fiscal year 2008 and $8,840 for fiscal year 2007. Water and Sewer charges to the Electric System were $131 for fiscal 2008 and $106 for fiscal year 2007.

The Electric System shares certain administrative functions with Water and Sewer System. Generally, these costs are charged to the Electric System and the costs of these functions are allocated to the Water and Sewer System based on the benefits provided. Operating expense allocated to the Water and Sewer System were $48,103 for fiscal year 2008 and $44,347 for fiscal year 2007.

(Dollars In Thousands)

14. Segment Information (continued)

In September 1999, the Water and Sewer System purchased the inventory owned by the Electric System in the amount of $32,929. This was initiated to increase the utilization of its assets among the Electric System and the Water and Sewer System. A monthly inventory carrying charge is paid by the Electric System based on the value of the inventory multiplied by one-twelfth of the yield on the one-year U.S. Treasury bill as of September 1 of each year. Inventory carrying charges were $1,263 for fiscal 2008 and $2,426 for fiscal 2007.

In July 1999 and July 2004, the Electric System transferred several buildings to the Water and Sewer System in the amounts of $22,940 and $6,278, an amount equal to the net book value of the assets. Monthly, the Electric System reimburses the Water and Sewer System for their equitable allocation. Annual rent paid by the Electric System to the Water and Sewer System for use of these buildings was $1,412 for 2008 and 2007.

To utilize the efficiencies in the Customer Account Information billing system and reduce the administrative efforts in recording deposits, customer deposits are recorded to one Service Agreement (SA) per Account. All deposits are recorded to the Electric System. When the deposits are credited to customer accounts they are allocated between the service agreements.

(Dollars In Thousands)

14. Segment Information (continued)

Segment information for these activities for the fiscal years ended September 30, 2008 and 2007, was as follows:

	Electric System and Bulk Power Supply System		SJRPP System		Water and Sewer System		DES	
	2008	2007 (Restated)	2008	2007 (Restated)	2008	2007 (Restated)	2008	2007 (Restated)
Condensed Balance Sheet Information:								
Total current assets	**$ 337,707**	$ 288,806	**$ 124,135**	$ 96,385	**$ 99,804**	$ 102,043	**$ 1,387**	$ 893
Total other noncurrent assets	**253,410**	89,075	**569,018**	654,738	**170,736**	120,447	**2,788**	2,527
Capital assets, net	**2,957,999**	2,824,956	**792,817**	687,537	**2,803,270**	2,713,261	**47,255**	49,105
Total assets	**$ 3,549,116**	$ 3,202,837	**$ 1,485,970**	$ 1,438,660	**$ 3,073,810**	$ 2,935,751	**$ 51,430**	$ 52,525
Total current liabilities	**$ 150,231**	$ 144,037	**$ 23,650**	$ 26,342	**$ 10,013**	$ 12,168	**$ 574**	$ 50
Total current liabilities payable from restricted assets	**128,914**	58,956	**247,032**	246,446	**84,415**	68,848	**157**	259
Total other noncurrent liabilities	**113,768**	111,244	**2,839**	2,679	**6,546**	6,862	**–**	–
Total long-term debt	**2,780,690**	2,495,161	**1,195,206**	1,162,512	**1,881,671**	1,733,754	**52,085**	52,785
Total liabilities	**3,173,603**	2,809,398	**1,468,727**	1,437,979	**1,982,645**	1,821,632	**52,816**	53,094
Net assets invested in capital assets, net of related debt	**121,002**	241,353	**(329,005)**	(338,979)	**939,809**	969,162	**(4,311)**	(3,488)
Restricted net assets	**90,645**	25,001	**248,602**	272,296	**65,025**	58,760	**2,112**	2,076
Unrestricted net assets	**163,866**	127,085	**97,646**	67,364	**86,331**	86,197	**813**	843
Total net assets	**375,513**	393,439	**17,243**	681	**1,091,165**	1,114,119	**(1,386)**	(569)
Total liabilities and net assets	**$ 3,549,116**	$ 3,202,837	**$ 1,485,970**	$ 1,438,660	**$ 3,073,810**	$ 2,935,751	**$ 51,430**	$ 52,525
Condensed Statement of Revenues, Expenses, and Changes in Net Assets Information:								
Operating revenues	**$ 1,247,324**	$ 1,074,504	**$ 345,695**	$ 348,080	**$ 257,657**	$ 248,997	**$ 6,162**	$ 7,748
Operating expenses	**1,114,703**	982,449	**287,544**	308,987	**239,061**	208,305	**5,385**	4,444
Operating income	**132,621**	92,055	**58,151**	39,093	**18,596**	40,692	**777**	3,304
Nonoperating revenues (expenses)	**(76,700)**	(67,187)	**(41,589)**	(41,187)	**(71,537)**	(57,321)	**(1,594)**	(1,603)
Contributions	**(73,847)**	(73,100)	**–**	–	**29,987**	130,279	**–**	–
Change in net assets	**(17,926)**	(48,232)	**16,562**	(2,094)	**(22,954)**	113,650	**(817)**	1,701
Beginning net assets	**393,439**	438,744	**681**	2,775	**1,114,119**	1,000,992	**(569)**	(2,270)
Effect of change in accounting	**–**	2,927	**–**	–	**–**	(523)	**–**	–
Net assets, beginning of year, as restated	**393,439**	441,671	**681**	2,775	**1,114,119**	1,000,469	**(569)**	(2,270)
Ending net assets	**$ 375,513**	$ 393,439	**$ 17,243**	$ 681	**$ 1,091,165**	$ 1,114,119	**$ (1,386)**	$ (569)
Condensed Statement of Cash Flow Information:								
Net cash provided by (used in):								
Operating activities	**$ 280,047**	$ 250,761	**$ 116,808**	$ 147,304	**$ 146,276**	$ 148,209	**$ 3,287**	$ 4,717
Noncapital financing activities	**(79,876)**	(72,755)	**–**	–	**(22,918)**	(19,825)	**–**	–
Capital and related financing activities	**(81,291)**	(232,159)	**(146,236)**	(79,355)	**(73,657)**	(245,258)	**(2,659)**	(3,180)
Investing activities	**(15,524)**	25,015	**85,920**	15,296	**(34,998)**	136,175	**(11)**	76
Net change in cash and cash equivalents	**103,356**	(29,138)	**56,492**	83,245	**14,703**	19,301	**617**	1,613
Cash and cash equivalents at beginning of year	**132,001**	161,139	**276,901**	193,656	**113,699**	94,398	**2,675**	1,062
Cash and cash equivalents at end of year	**$ 235,357**	$ 132,001	**$ 333,393**	$ 276,901	**$ 128,402**	$ 113,699	**$ 3,292**	$ 2,675

(Dollars In Thousands)

15. Subsequent Events

The $25,680 Electric System line of credit draw outstanding at September 30, 2008, was repaid on October 20, 2008.

At October 31, 2008, the outstanding draws under the revolving credit agreement for the Electric System commercial paper notes were remarketed and are no longer outstanding.

In October 2008, JEA made a draw of $3,000 under the line of credit to fund capital expenditures for the Bulk Power Supply System. The $3,000 will be replaced with permanent financing scheduled to take place in November 2008.

At November 18, 2008, the outstanding draws under the SBPA for the Electric System variable rate demand obligations were $56,500.

On November 21, 2008, an additional AAA debt service surety provider was downgraded below AAA which triggered additional funding requirements for the Electric System and the Water and Sewer System. Additional funding needs from future bond issues may be increased by $29,137 for the Electric System Initial Subaccount in the Debt Service Reserve, $19,171 for the Water and Sewer System Initial Subaccount in the Debt Service Reserve, and $1,076 for the Water and Sewer System Subordinated Debt Service Reserve.

On November 25, 2008, JEA issued $77,945 of its Bulk Power Supply System Revenue Bonds, Scherer 4 Project Issue, 2008 Series A to fund capital expenditures and repay the $15,000 prior year line of credit balance and the $3,000 October 2008 line of credit draw related to Bulk Power Supply System capital expenditures.

Required Supplementary Information

JEA

Schedule of Funding Progress

September 30, 2008

(Dollars In Thousands)

The following table presents the funded status of the OPEB Plan as of September 30, 2008:

Valuation Date	AAL*	Actuarial Value of Assets	UAAL	Percentage Funded	Annual Covered Payroll**	UAAL as Percentage of Payroll
9/30/2008	$70,286	$754	$69,532	1.07%	$79,280	87.70%

* Based on Entry Age Actuarial Cost Method, 8% interest discount, RP-2000 Healthy White Collar Mortality Table for Males and Females, as projected from 2001 using Projection Scale AA and other assumed decrements.

** Payroll estimated using average employee earnings of $40,000.

See note 12 to the accompanying statements for more information on the OPEB Plan.

Supplementary Information

JEA

Combining Balance Sheet

September 30, 2008

(In Thousands)

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Eliminations	Total JEA
Assets								
Current assets:								
Cash and cash equivalents	$ 86,071	$ 60,673	$ –	$ 146,744	$ 19,752	$ 793	$ –	$ 167,289
Investments	–	–	–	–	–	93	–	93
Accounts and interest receivable, less allowance for doubtful accounts of $2,553	223,297	5,259	(22,645)	205,911	31,577	501	–	237,989
Inventories:								
Fuel	26,448	34,954	–	61,402	–	–	–	61,402
Materials and supplies	1,891	23,249	–	25,140	48,475	–	–	73,615
Total current assets	337,707	124,135	(22,645)	439,197	99,804	1,387	–	540,388
Noncurrent assets:								
Restricted assets:								
Cash and cash equivalents	149,286	272,720	–	422,006	108,650	2,499	–	533,155
Investments	40,823	113,993	–	154,816	36,833	–	–	191,649
Accounts and interest receivable	544	1,903	–	2,447	1,620	–	–	4,067
Total restricted assets	190,653	388,616	–	579,269	147,103	2,499	–	728,871
Deferred costs	55,147	8,618	–	63,765	23,633	289	–	87,687
Investment in The Energy Authority	7,610	–	–	7,610	–	–	–	7,610
Costs to be recovered from future revenues	–	171,784	–	171,784	–	–	–	171,784
Total noncurrent assets	253,410	569,018	–	822,428	170,736	2,788	–	995,952
Capital assets:								
Land and easements	53,456	6,660	–	60,116	35,724	240	–	96,080
Plant in service	4,138,466	1,194,719	–	5,333,185	3,546,311	51,890	–	8,931,386
Less accumulated depreciation	(1,533,032)	(605,247)	–	(2,138,279)	(951,363)	(5,169)	–	(3,094,811)
Plant in service, net	2,658,890	596,132	–	3,255,022	2,630,672	46,961	–	5,932,655
Construction work-in-progress	299,109	196,685	–	495,794	172,598	294	–	668,686
Net capital assets	2,957,999	792,817	–	3,750,816	2,803,270	47,255	–	6,601,341
Total assets	$ 3,549,116	$ 1,485,970	$ (22,645)	$ 5,012,441	$ 3,073,810	$ 51,430	$ –	$ 8,137,681

JEA

Combining Balance Sheet (continued)

September 30, 2008

(In Thousands)

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Eliminations	Total JEA
Liabilities and net assets								
Current liabilities:								
Accounts and accrued expenses payable	$ 111,671	$ 23,650	$ (1,519)	$ 133,802	$ 10,013	$ 574	$ –	$ 144,389
Customer deposits	38,560	–	–	38,560	–	–	–	38,560
Total current liabilities	150,231	23,650	(1,519)	172,362	10,013	574	–	182,949
Current liabilities payable from restricted assets:								
Debt due within one year	82,080	95,500	–	177,580	23,200	–	–	200,780
Interest payable	30,553	29,864	–	60,417	34,407	143	–	94,967
Construction contracts and accounts payable	16,281	31,668	(21,126)	26,823	26,808	14	–	53,645
Renewal and replacement reserve	–	90,000	–	90,000	–	–	–	90,000
Total current liabilities payable from restricted assets	128,914	247,032	(21,126)	354,820	84,415	157	–	439,392
Noncurrent liabilities:								
Deferred credits and other liabilities	37,429	2,839	–	40,268	6,546	–	–	46,814
Revenues to be used for future costs	76,339	–	–	76,339	–	–	–	76,339
Total noncurrent liabilities	113,768	2,839	–	116,607	6,546	–	–	123,153
Long-term debt:								
Bonds payable and commercial paper payable, less current portion	2,792,764	1,242,230	–	4,034,994	1,916,021	52,085	–	6,003,100
Unamortized original issue premium (discount), net	44	17,117	–	17,161	(4,982)	–	–	12,179
Unamortized deferred losses on refundings	(46,145)	(64,141)	–	(110,286)	(31,459)	–	–	(141,745)
Fair value of debt management strategy instruments	34,027	–	–	34,027	2,091	–	–	36,118
Total long-term debt	2,780,690	1,195,206	–	3,975,896	1,881,671	52,085	–	5,909,652
Net assets:								
Invested in capital assets, net of related debt	121,002	(329,005)	–	(208,003)	939,809	(4,311)	–	727,495
Restricted	90,645	248,602	21,126	360,373	65,025	2,112	–	427,510
Unrestricted	163,866	97,646	(21,126)	240,386	86,331	813	–	327,530
Total net assets	375,513	17,243	–	392,756	1,091,165	(1,386)	–	1,482,535
Total liabilities	3,173,603	1,468,727	(22,645)	4,619,685	1,982,645	52,816	–	6,655,146
Total liabilities and net assets	$ 3,549,116	$ 1,485,970	$ (22,645)	$ 5,012,441	$ 3,073,810	$ 51,430	$ –	$ 8,137,681

JEA

Combining Balance Sheet

September 30, 2007

(In Thousands)
Restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Eliminations	Total JEA
Assets								
Current assets:								
Cash and cash equivalents	$ 71,903	$ 39,040	$ –	$ 110,943	$ 19,727	$ 448	$ –	$ 131,118
Accounts and interest receivable, less allowance for doubtful accounts of $1,897	187,498	7,709	(22,963)	172,244	32,432	445	–	205,121
Investments	–	–	–	–	–	–	–	–
Inventories:								
Fuel	27,631	26,808	–	54,439	–	–	–	54,439
Materials and supplies	1,774	22,828	–	24,602	49,884	–	–	74,486
Total current assets	288,806	96,385	(22,963)	362,228	102,043	893	–	465,164
Noncurrent assets:								
Restricted assets:								
Cash and cash equivalents	60,098	237,861	–	297,959	93,972	2,227	–	394,158
Investments	(338)	188,173	–	187,835	5	–	–	187,840
Accounts and interest receivable	600	1,198	–	1,798	4,522	–	–	6,320
Total restricted assets	60,360	427,232	–	487,592	98,499	2,227	–	588,318
Deferred costs	21,292	8,499	–	29,791	21,948	300	–	52,039
Investment in The Energy Authority	7,423	–	–	7,423	–	–	–	7,423
Costs to be recovered from future revenues	–	219,007	–	219,007	–	–	–	219,007
Total noncurrent assets	89,075	654,738	–	743,813	120,447	2,527	–	866,787
Capital assets:								
Land and easements	50,817	6,660	–	57,477	28,508	240	–	86,225
Plant in service	3,865,058	1,171,570	–	5,036,628	3,238,429	51,456	–	8,326,513
Less accumulated depreciation	(1,360,197)	(585,010)	–	(1,945,207)	(833,440)	(3,126)	–	(2,781,773)
Plant in service, net	2,555,678	593,220	–	3,148,898	2,433,497	48,570	–	5,630,965
Construction work-in-progress	269,278	94,317	–	363,595	279,764	535	–	643,894
Net capital assets	2,824,956	687,537	–	3,512,493	2,713,261	49,105	–	6,274,859
Total assets	$ 3,202,837	$ 1,438,660	$ (22,963)	$ 4,618,534	$ 2,935,751	$ 52,525	$ –	$ 7,606,810

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JEA

Combining Balance Sheet (continued)

September 30, 2007

(In Thousands)
Restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Eliminations	Total JEA
Liabilities and net assets								
Current liabilities:								
Accounts and accrued expenses payable	$ 108,587	$ 26,342	$ (1)	$ 134,928	$ 12,168	$ 50	$ –	$ 147,146
Customer deposits	35,450	–	–	35,450	–	–	–	35,450
Total current liabilities	144,037	26,342	(1)	170,378	12,168	50	–	182,596
Current liabilities payable from restricted assets:								
Debt due within one year	21,645	86,415	–	108,060	17,235	–	–	125,295
Interest payable	24,861	29,487	–	54,348	33,228	148	–	87,724
Construction contracts and accounts payable	12,450	40,544	(22,962)	30,032	18,385	111	–	48,528
Renewal and replacement reserve	–	90,000	–	90,000	–	–	–	90,000
Total current liabilities payable from restricted assets	58,956	246,446	(22,962)	282,440	68,848	259	–	351,547
Noncurrent liabilities:								
Deferred credits and other liabilities	31,027	2,679	–	33,706	6,862	–	–	40,568
Revenues to be used for future costs	80,217	–	–	80,217	–	–	–	80,217
Total noncurrent liabilities	111,244	2,679	–	113,923	6,862	–	–	120,785
Long-term debt:								
Bonds payable and commercial paper payable, less current portion	2,534,142	1,210,351	–	3,744,493	1,767,446	52,785	–	5,564,724
Unamortized original issue premium (discount), net	(4,179)	23,930	–	19,751	(3,993)	–	–	15,758
Unamortized deferred losses on refundings	(37,346)	(71,769)	–	(109,115)	(29,161)	–	–	(138,276)
Fair value of debt management strategy instruments	2,544	–	–	2,544	(538)	–	–	2,006
Total long-term debt	2,495,161	1,162,512	–	3,657,673	1,733,754	52,785	–	5,444,212
Net assets:								
Invested in capital assets, net of related debt	241,353	(338,979)	–	(97,626)	969,162	(3,488)	–	868,048
Restricted	25,001	272,296	22,962	320,259	58,760	2,076	–	381,095
Unrestricted	127,085	67,364	(22,962)	171,487	86,197	843	–	258,527
Total net assets	393,439	681	–	394,120	1,114,119	(569)	–	1,507,670
Total liabilities	2,809,398	1,437,979	(22,963)	4,224,414	1,821,632	53,094	–	6,099,140
Total liabilities and net assets	$ 3,202,837	$ 1,438,660	$ (22,963)	$ 4,618,534	$ 2,935,751	$ 52,525	$ –	$ 7,606,810

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Year Ended September 30, 2008

(In Thousands)

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Elimination	Total JEA
Operating revenues :								
Electric	$ 1,205,197	$ 345,695	$ (207,785)	$ 1,343,107	$ –	$ –	$ (12,827)	$ 1,330,280
Water and sewer	–	–	–	–	248,246	–	(131)	248,115
District Energy	–	–	–	–	–	6,162	–	6,162
Other, net of allowances	42,127	–	–	42,127	9,411	–	(2,675)	48,863
Total operating revenues	1,247,324	345,695	(207,785)	1,385,234	257,657	6,162	(15,633)	1,633,420
Operating expenses:								
Operations:								
Fuel	362,853	173,960	–	536,813	–	–	–	536,813
Purchased power	364,979	–	(207,785)	157,194	–	–	–	157,194
Other	121,825	14,302	–	136,127	90,134	2,623	(15,633)	213,251
Maintenance	50,589	23,117	–	73,706	23,395	719	–	97,820
Depreciation	173,145	28,942	–	202,087	122,171	2,043	–	326,301
State utility and franchise taxes	45,190	–	–	45,190	3,361	–	–	48,551
Recognition of deferred costs and revenues, net	(3,878)	47,223	–	43,345	–	–	–	43,345
Total operating expenses	1,114,703	287,544	(207,785)	1,194,462	239,061	5,385	(15,633)	1,423,275
Operating income	132,621	58,151	–	190,772	18,596	777	–	210,145
Nonoperating revenues (expenses):								
Earnings from The Energy Authority	22,374	–	–	22,374	–	–	–	22,374
Investment income	3,586	11,754	–	15,340	1,885	82	–	17,307
Interest on debt	(113,344)	(53,343)	–	(166,687)	(81,316)	(1,619)	–	(249,622)
Other interest, net	(451)	–	–	(451)	–	–	–	(451)
Allowance for funds used during construction	11,618	–	–	11,618	7,747	83	–	19,448
Water and Sewer Expansion Authority– operating	–	–	–	–	(1,216)	–	–	(1,216)
Gain (loss) on sale of asset	(483)	–	–	(483)	1,363	(140)	–	740
Total nonoperating revenues (expenses)	(76,700)	(41,589)	–	(118,289)	(71,537)	(1,594)	–	(191,420)
Income (loss) before contributions	55,921	16,562	–	72,483	(52,941)	(817)	–	18,725
Contributions (to) from:								
General fund, City of Jacksonville	(73,847)	–	–	(73,847)	(20,341)	–	–	(94,188)
Developers and other	–	–	–	–	47,471	–	–	47,471
City of Jacksonville	–	–	–	–	2,857	–	–	2,857
Total contributions	(73,847)	–	–	(73,847)	29,987	–	–	(43,860)
Change in net assets	(17,926)	16,562	–	(1,364)	(22,954)	(817)	–	(25,135)
Net assets, beginning of year	393,439	681	–	394,120	1,114,119	(569)	–	1,507,670
Net assets, end of year	$ 375,513	$ 17,243	$ –	$ 392,756	$ 1,091,165	$ (1,386)	$ –	$ 1,482,535

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Year Ended September 30, 2007

(In Thousands)
Restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Elimination	Total JEA
Operating revenues :								
Electric	$ 1,036,125	$ 348,080	$ (210,617)	$ 1,173,588	$ –	$ –	$ (8,841)	$ 1,164,747
Water and sewer	–	–	–	–	238,362	–	(106)	238,256
District Energy	–	–	–	–	–	5,748	–	5,748
Other, net of allowances	38,379	–	–	38,379	10,635	2,000	(3,838)	47,176
Total operating revenues	1,074,504	348,080	(210,617)	1,211,967	248,997	7,748	(12,785)	1,455,927
Operating expenses:								
Operations:								
Fuel	311,888	175,122	–	487,010	–	–	–	487,010
Purchased power	323,777	–	(210,617)	113,160	–	–	–	113,160
Other	113,763	40,581	–	154,344	81,042	2,187	(12,785)	224,788
Maintenance	44,318	15,237	–	59,555	20,730	815	–	81,100
Depreciation	166,182	28,217	–	194,399	106,533	1,442	–	302,374
State utility and franchise taxes	26,399	–	–	26,399	–	–	–	26,399
Recognition of deferred costs and revenues, net	(3,878)	49,830	–	45,952	–	–	–	45,952
Total operating expenses	982,449	308,987	(210,617)	1,080,819	208,305	4,444	(12,785)	1,280,783
Operating income	92,055	39,093	–	131,148	40,692	3,304	–	175,144
Nonoperating revenues (expenses):								
Earnings from The Energy Authority	20,192	–	–	20,192	–	–	–	20,192
Investment income	12,643	16,999	–	29,642	8,394	76	–	38,112
Interest on debt	(106,413)	(58,186)	–	(164,599)	(80,062)	(2,126)	–	(246,787)
Other interest, net	(1,877)	–	–	(1,877)	–	–	–	(1,877)
Allowance for funds used during construction	12,437	–	–	12,437	15,541	447	–	28,425
Water and Sewer Expansion Authority– operating	–	–	–	–	(1,601)	–	–	(1,601)
Gain(loss) on sale of asset	(4,169)	–	–	(4,169)	407	–	–	(3,762)
Total nonoperating revenues (expenses)	(67,187)	(41,187)	–	(108,374)	(57,321)	(1,603)	–	(167,298)
Income (loss) before contributions	24,868	(2,094)	–	22,774	(16,629)	1,701	–	7,846
Contributions (to) from:								
General fund, City of Jacksonville	(73,100)	–	–	(73,100)	(18,337)	–	–	(91,437)
Developers and other	–	–	–	–	119,525	–	–	119,525
City of Jacksonville	–	–	–	–	29,091	–	–	29,091
Total contributions	(73,100)	–	–	(73,100)	130,279	–	–	57,179
Change in net assets	(48,232)	(2,094)	–	(50,326)	113,650	1,701	–	65,025
Net assets, beginning of year	438,744	2,775	–	441,519	1,000,992	(2,270)	–	1,440,241
Effect of change in accounting	2,927	–	–	2,927	(523)	–	–	2,404
Net assets, beginning of year, as restated	441,671	2,775	–	444,446	1,000,469	(2,270)	–	1,442,645
Net assets, end of year	$ 393,439	$ 681	$ –	$ 394,120	$ 1,114,119	$ (569)	$ –	$ 1,507,670

JEA

Combining Statement of Cash Flows

Year Ended September 30, 2008

(In Thousands)

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Elimination	Total JEA
Operations								
Receipts from customers	$ 1,169,535	$ 345,695	$ (207,784)	$ 1,307,446	$ 249,354	$ 6,105	$ (12,958)	$ 1,549,947
Other receipts	42,182	–	–	42,182	12,369	–	(2,675)	51,876
Payments to suppliers	(797,550)	(196,460)	207,784	(786,226)	(82,965)	(2,384)	15,633	(855,942)
Payments to employees	(134,120)	(32,427)	–	(166,547)	(32,482)	(434)	–	(199,463)
Net cash provided by operating activities	280,047	116,808	–	396,855	146,276	3,287	–	546,418
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(79,876)	–	–	(79,876)	(21,702)	–	–	(101,578)
Contribution to Water and Sewer Expansion Authority - operatir	–	–	–	–	(1,216)	–	–	(1,216)
Net cash used in noncapital financing activities	(79,876)	–	–	(79,876)	(22,918)	–	–	(102,794)
Capital and related financing activities								
Acquisition and construction of capital assets	(292,013)	(126,308)	–	(418,321)	(168,481)	(218)	–	(587,020)
Proceeds from issuance of debt	1,427,115	163,688	–	1,590,803	497,461	–	–	2,088,264
(Loss) gain on disposal of fixed assets	(483)	–	–	(483)	1,363	(140)	–	740
Defeasance of debt	(1,087,230)	(40,000)	–	(1,127,230)	(330,006)	–	–	(1,457,236)
Repayment of debt principal	(24,843)	(86,415)	–	(111,258)	(17,235)	(700)	–	(129,193)
Interest paid on debt	(105,111)	(57,201)	–	(162,312)	(79,558)	(1,613)	–	(243,483)
Developer and other contributions	–	–	–	–	20,246	–	–	20,246
City of Jacksonville contributions	–	–	–	–	2,857	–	–	2,857
Proceeds from sales of property	1,274	–	–	1,274	(304)	12	–	982
Net cash used in capital and related financing activities	(81,291)	(146,236)	–	(227,527)	(73,657)	(2,659)	–	(303,843)
Investing activities								
Purchase of investments	(1,131,406)	(1,122,748)	–	(2,254,154)	(781,977)	(360)	–	(3,036,491)
Proceeds from sale and maturities of investments	1,089,951	1,195,488	–	2,285,439	744,420	247	–	3,030,106
Distributions from The Energy Authority	22,187	–	–	22,187	–	–	–	22,187
Investment income	3,744	13,180	–	16,924	2,559	102	–	19,585
Net cash (used in) provided by investing activities	(15,524)	85,920	–	70,396	(34,998)	(11)	–	35,387
Net increase in cash and cash equivalents	103,356	56,492	–	159,848	14,703	617	–	175,168
Cash and cash equivalents at October 1, 2007	132,001	276,901	–	408,902	113,699	2,675	–	525,276
Cash and cash equivalents at September 30, 2008	$ 235,357	$ 333,393	$ –	$ 568,750	$ 128,402	$ 3,292	$ –	$ 700,444
Reconciliation of operating income to net cash provided by operating activities:								
Operating income	$ 132,621	$ 58,151	$ –	$ 190,772	$ 18,596	$ 777	$ –	$ 210,145
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation and amortization	173,145	28,942	–	202,087	122,779	2,043	–	326,909
Recognition of deferred costs and revenues, net	(3,878)	47,223	–	43,345	–	–	–	43,345
Changes in noncash assets and noncash liabilities:								
Accounts receivable and interest receivable, restricte	55	–	–	55	2,958	–	–	3,013
Accounts receivable and interest receivable	(35,662)	2,466	–	(33,196)	1,108	(57)	–	(32,145)
Inventories	1,066	(8,565)	–	(7,499)	1,410	–	–	(6,089)
Other	(1,254)	–	–	(1,254)	13	–	–	(1,241)
Accounts and expenses payable	11,771	(2,695)	–	9,076	(794)	524	–	8,806
Liabilities payable from restricted assets	–	(8,874)	–	(8,874)	–	–	–	(8,874)
Deferred credits and other liabilities	2,183	160	–	2,343	206	–	–	2,549
Net cash provided by operating activities	$ 280,047	$ 116,808	$ –	$ 396,855	$ 146,276	$ 3,287	$ –	$ 546,418
Noncash activity:								
Contribution of capital assets from developers	$ –	$ –	$ –	$ –	$ 27,225	$ –	$ –	$ 27,225

JEA

Combining Statement of Cash Flows

Year Ended September 30, 2007

(In Thousands)
Restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Fund	District Energy System	Elimination	Total JEA
Operations								
Receipts from customers	$ 1,037,253	$ 348,080	$ (210,617)	$ 1,174,716	$ 235,273	$ 5,698	$ (8,946)	$ 1,406,741
Other receipts	38,434	–	–	38,434	10,851	2,000	(3,838)	47,447
Payments to suppliers	(704,833)	(173,645)	210,617	(667,861)	(68,813)	(2,528)	12,784	(726,418)
Payments to employees	(120,093)	(27,131)	–	(147,224)	(29,102)	(453)	–	(176,779)
Net cash provided by operating activities	250,761	147,304	–	398,065	148,209	4,717	–	550,991
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(72,755)	–	–	(72,755)	(18,224)	–	–	(90,979)
Contribution to Water and Sewer Expansion Authority– operating	–	–	–	–	(1,601)	–	–	(1,601)
Net cash used in noncapital financing activities	(72,755)	–	–	(72,755)	(19,825)	–	–	(92,580)
Capital and related financing activities								
Acquisition and construction of capital assets	(222,349)	(90,268)	–	(312,617)	(165,317)	(2,060)	–	(479,994)
Proceeds from issuance of debt	332,176	289,464	–	621,640	348,911	1,450	–	972,001
(Loss) gain on disposal of fixed assets	(4,169)	–	–	(4,169)	407	–	–	(3,762)
Defeasance of debt	(214,030)	(140,320)	–	(354,350)	(387,735)	–	–	(742,085)
Repayment of debt principal	(25,186)	(83,560)	–	(108,746)	(13,820)	(465)	–	(123,031)
Interest paid on debt	(106,108)	(54,671)	–	(160,779)	(84,429)	(2,116)	–	(247,324)
Developer and other contributions	–	–	–	–	24,966	–	–	24,966
City of Jacksonville contributions	–	–	–	–	29,091	–	–	29,091
Proceeds from sales of property	7,507	–	–	7,507	2,668	11	–	10,186
Net cash used in capital and related financing activities	(232,159)	(79,355)	–	(311,514)	(245,258)	(3,180)	–	(559,952)
Investing activities								
Purchase of investments	–	(284,583)	–	(284,583)	–	–	–	(284,583)
Proceeds from sale and maturities of investments	–	282,988	–	282,988	130,942	–	–	413,930
Distributions from The Energy Authority	20,004	–	–	20,004	–	–	–	20,004
Investment income	5,011	16,891	–	21,902	5,233	76	–	27,211
Net cash provided by investing activities	25,015	15,296	–	40,311	136,175	76	–	176,562
Net (decrease) increase in cash and cash equivalents	(29,138)	83,245	–	54,107	19,301	1,613	–	75,021
Cash and cash equivalents at October 1, 2006	161,139	193,656	–	354,795	94,398	1,062	–	450,255
Cash and cash equivalents at September 30, 2007	$ 132,001	$ 276,901	$ –	$ 408,902	$ 113,699	$ 2,675	$ –	$ 525,276
Reconciliation of operating income to net cash provided by operating activities:								
Operating income	$ 92,055	$ 39,093	$ –	$ 131,148	$ 40,692	$ 3,304	$ –	$ 175,144
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation and amortization	166,182	28,217	–	194,399	107,087	1,442	–	302,928
Recognition of deferred costs and revenues, net	(3,878)	49,830	–	45,952	–	–	–	45,952
Changes in noncash assets and noncash liabilities:								
Accounts receivable and interest receivable, restricted	55	–	–	55	216	(49)	–	222
Accounts receivable and interest receivable	1,128	(2,814)	–	(1,686)	(3,089)	–	–	(4,775)
Inventories	11,474	(6,609)	–	4,865	2,953	–	–	7,818
Other	(419)	–	–	(419)	11	–	–	(408)
Accounts and expenses payable	(11,712)	14,732	–	3,020	1,984	20	–	5,024
Liabilities payable from restricted assets	–	24,812	–	24,812	(1)	–	–	24,811
Deferred credits and other liabilities	(4,124)	43	–	(4,081)	(1,644)	–	–	(5,725)
Net cash provided by operating activities	$ 250,761	$ 147,304	$ –	$ 398,065	$ 148,209	$ 4,717	$ –	$ 550,991
Noncash activity:								
Contribution of capital assets from developers	$ –	$ –	$ –	$ –	$ 94,559	$ –	$ –	$ 94,559

Bond Compliance Information

Ernst & Young LLP
Suite 1500
50 North Laura Street
Jacksonville, Florida 32202

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Independent Certified Public Accountants' Report on Schedules of Debt Service Coverage

The Governing Board of JEA

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements of JEA for the years ended September 30, 2008 and 2007 and have issued our report thereon dated November 24, 2008. We have also audited the accompanying schedules of debt service coverage (as specified in the respective JEA Bond Resolutions) of the JEA Electric System, the JEA St. Johns River Power Park System, and the JEA Water and Sewer System for the years ended September 30, 2008 and 2007, based on the financial statements referred to above. These schedules are the responsibility of JEA's management. Our responsibility is to express an opinion on these schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules of debt service coverage are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedules of debt service coverage. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedules' presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying schedules of debt service coverage were prepared for the purpose of demonstrating compliance with the requirements of certain JEA bond resolutions, which require the maintenance of certain minimum debt service coverage ratios, and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the schedules of debt service coverage referred to above present fairly, in all material respects, the debt service coverage of the JEA Electric System, the JEA St. Johns River Power Park System, and the JEA Water and Sewer System for the years ended September 30, 2008 and 2007, respectively, in conformity with the basis specified in the respective JEA Bond Resolutions.

This report is intended solely for the information and use of the members and management of JEA, and the bond trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

November 24, 2008

0808-0970726

JEA Electric System

Schedules of Debt Service Coverage

Years Ended September 30, 2008 and 2007

(In Thousands)

	2008	2007
Revenues:		
Electric	**$ 1,205,197**	$ 1,036,125
Investment income (1)	**3,207**	4,275
Earnings from The Energy Authority	**22,374**	20,192
Other, net	**41,034**	38,379
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	**62,174**	63,057
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund	**(50,182)**	(48,616)
Total revenues	**1,283,804**	1,113,412
Operating expenses (2):		
Fuel	**331,670**	281,346
Purchased power (3)	**409,142**	366,497
Other operation and maintenance	**160,272**	146,968
Utility and franchise taxes	**44,353**	25,336
Total operating expenses	**945,437**	820,147
Net revenues	**$ 338,367**	$ 293,265
Debt service	**$ 77,152**	$ 64,446
Less: investment income on sinking fund	**(673)**	(738)
Debt service requirement	**$ 76,479**	$ 63,708
Senior debt service coverage (4)	**4.42x**	4.60x
Net revenues (from above)	**$ 338,367**	$ 293,265
Debt service requirement (from above)	**$ 76,479**	$ 63,708
Plus: aggregate subordinated debt service on outstanding subordinated bonds	**64,274**	59,970
Adjusted debt service requirement	**$ 140,753**	$ 123,678
Senior and subordinated debt service coverage (5)	**2.40x**	2.37x

(1) Excludes investment income on sinking funds.
(2) Excludes depreciation.
(3) In accordance with the requirements of the Electric System Resolution, all the Contract Debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System Resolutions.
(4) Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.
(5) Net revenues divided by adjusted debt service requirement. Minimum annual coverage is 1.15x.

JEA St. Johns River Power Park System

Schedules of Debt Service Coverage

Years Ended September 30, 2008 and 2007

(In Thousands)

	2008	2007
Revenues:		
JEA	**$ 240,174**	$ 224,170
FPL	**137,906**	137,462
Investment income	**13,193**	16,578
Total revenues	**391,273**	378,210
Operating expenses (1):		
Fuel	**173,960**	175,122
Other operation and maintenance	**37,419**	29,564
Total operating expenses	**211,379**	204,686
Net revenues	**$ 179,894**	$ 173,524
Debt service requirement	**$ 143,952**	$ 137,609
Debt service coverage (2)	**1.25x**	1.26x

(1) Excludes depreciation.

(2) Net revenues divided by debt service requirement. Semiannual minimum coverage is 1.25x.

JEA Water and Sewer System

Schedules of Debt Service Coverage

Years Ended September 30, 2008 and 2007

(In Thousands)

	2008	2007 *(Restated)*
Revenues:		
Water	**$ 105,171**	$ 102,997
Water capacity fees (1)	**7,133**	9,895
Sewer	**143,075**	135,365
Sewer capacity fees (1)	**10,297**	13,316
Investment Income	**2,615**	4,352
Other	**9,411**	12,075
Total revenues	**277,702**	278,000
Operating expenses (2):		
Operations and maintenance	**116,890**	101,772
Net revenues	**$ 160,812**	$ 176,228
Debt service requirement	**$ 82,247**	$ 75,161
Senior debt service coverage (3)	**1.96x**	2.34x
Net revenues (from above)	**$ 160,812**	$ 176,228
Debt service requirement (from above)	**$ 82,247**	$ 75,161
Plus: aggregate subordinated debt service on outstanding subordinated debt	**18,252**	18,011
Adjusted debt service requirement	**$ 100,499**	$ 93,172
Senior and subordinated debt service coverage (4)	**1.60x**	1.89x

(1) Effective October 1, 2001, the Water and Sewer Bond Resolution was amended to include capacity fees in total revenues. Had such capacity fees not been included in the calculation for the year-to-date periods ending September 2008 and 2007, then the debt service coverage would have been 1.43x and 1.64x.

(2) Excludes depreciation.

(3) Net revenues divided by debt service requirement. Annual minimum coverage is 1.25x.

(4) Net revenues must be greater than or equal to the sum of 100% of the senior debt service and 120% of the subordinated debt service. The sum of such debt service amounts for the year ending September 2008 is $104,149 and $96,775 for the year ending September 2007.

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APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

Upon the delivery of the Series Three Bonds, JEA proposes to enter into a Continuing Disclosure Agreement with respect to such Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement") dated April __, 2009 is made by JEA, Jacksonville, Florida, an independent agency of the City of Jacksonville, Florida duly organized and existing under the Constitution and laws of the State of Florida ("JEA"), for the benefit of the holders and beneficial owners from time to time of JEA's St. Johns River Power Park System Revenue Bonds, Issue Three, Series Three, dated the date hereof (the "Bonds"), under the circumstances summarized in the following recitals (with each capitalized term used but not defined in this Agreement having the meaning assigned to it in the Supplemental Resolution of JEA adopted on April 21, 2009 authorizing the issuance of the Bonds (the "Supplemental Resolution")):

A. JEA, by passage of the Supplemental Resolution, has determined to issue the Bonds to provide funds for JEA purposes, and the Underwriters have agreed to provide those funds to JEA by purchasing the Bonds.

B. JEA understands that the Underwriters will sell and deliver Bonds to other holders and beneficial owners; that the Underwriters would not purchase the Bonds from JEA, and JEA would not be assured of the availability of funds required for its purposes, if the Underwriters were not able to so sell and deliver the Bonds; and that the Bonds will be transferred from time to time from holders and beneficial owners to other holders and beneficial owners who may rely upon the continuing disclosure agreement made by JEA in the Supplemental Resolution and this Agreement.

C. As a condition to the purchase of the Bonds from JEA and the sale of Bonds to holders and beneficial owners, the Underwriters are required to reasonably determine that JEA has made an agreement for the benefit of holders and beneficial owners of the Bonds in accordance with paragraph (b)(5)(i) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC").

D. JEA made an agreement in the Supplemental Resolution, certain terms of which were to be further described and specified in a Continuing Disclosure Agreement, to provide or cause to be provided such financial information and operating data, financial statements and notices, in such manner, as may be required for purposes of paragraph (b)(5)(i) of the Rule.

NOW, THEREFORE, in consideration of the purchase of the Bonds from JEA by the Underwriters and the contemplated sale of the Bonds to, and transfer of Bonds between, holders and beneficial owners from time to time, JEA hereby sets forth, pursuant to Section 4.03 of the Supplemental Resolution, certain terms of its continuing disclosure agreement made for purposes of the Rule and formed, collectively, by said Section 4.03 and this Agreement for the benefit of the holders and beneficial owners from time to time of the Bonds, as follows:

Section 1. **Provision of Annual Information; Audited Financial Statements; and Notices of Events.** JEA shall provide or cause to be provided:

(a) to DisclosureUSA or, once in effect, the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"), (i) not later than the June 1 following the end of each JEA fiscal year ending on or after September 30, 2008, annual financial information and operating data for such fiscal year of the type described in Section 2 ("Annual Information"), and (ii) when and if available, audited JEA financial statements for each such fiscal year; and

(b) to DisclosureUSA or, once in effect, EMMA, notice of (i) any Specified Event described in Section 2 if that Specified Event is material, (ii) JEA's failure to provide the Annual Information on or prior to the date specified above, and (iii) any change in the accounting principles applied in the preparation of its annual financial statements, any change in its fiscal year, and of this Agreement's termination.

All information required hereby to be provided to the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs") will be deemed to have been so provided if such information is transmitted to DisclosureUSA or any other central post office approved by the SEC for submission to the NRMSIRs or EMMA unless the SEC shall have indicated that such transmission is no longer in compliance with the Rule.

JEA expects that audited annual JEA financial statements will be prepared and that such statements will be available together with the Annual Information. Each of the financial statements will be prepared in accordance with generally accepted accounting principles described in note 1 to the financial statements included in the Official Statement of JEA, dated April 21, 2009, relating to the Bonds.

Section 2. **Annual Information and Specified Events.**

(a) "Annual Information" to be provided by JEA shall consist of the following information and data of the type included in JEA's Annual Disclosure Report for Fiscal Year Ended September 30, 2007:

(1) The information in the second sentence of the fifth paragraph under the caption "INDEBTEDNESS OF JEA – Debt Relating to Electric Utility Functions – *Power Park Issue Three Bonds*";

(2) The table under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – *Electric System Generating Facilities*";

(3) The table under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – *Fuel Mix*";

(4) The table under the caption "ELECTRIC UTILITY FUNCTIONS – Electric System – *Largest Customers*";

(5) The table under the caption "ELECTRIC UTILITY FUNCTIONS – St. Johns River Power Park – *Operation*";

(6) The table under the caption "ELECTRIC UTILITY FUNCTIONS – The Scherer 4 Project – *Operation*";

(7) The table under the caption "ELECTRIC UTILITY FUNCTIONS – Resource Requirements – *System Load*"; and

(8) The financial information and operating data referred to under the caption "FINANCIAL INFORMATION – Financial Information Relating to Electric Utility Functions."

If the audited financial statements of JEA for the fiscal year are provided contemporaneously with the Annual Information, information and data set forth in such audited financial statements may be incorporated by reference.

(b) "Specified Events" shall include the occurrence of the following events, within the meaning of the Rule, with respect to the Bonds, as applicable: (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (vii) modifications to rights of holders or beneficial owners; (viii) Bond calls; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds and (xi) rating changes.

Except for a debt service reserve account policy previously obtained by JEA which applies to the Series Three Bonds, JEA has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit or liquidity providers for the Bonds.

Section 3. **Amendments.** JEA reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of JEA, or type of business conducted by JEA. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until JEA shall have received either (a) a written opinion of bond or other qualified independent special counsel selected by JEA that the amendment or waiver would not materially impair the interests of holders or beneficial owners, or (b) the written consent to the amendment or waiver of the holders of the same percentage in principal amount of the Bonds then outstanding that is required with respect to the approval of any material modification or amendment of the Bond Resolution at such time. Annual Information containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided.

Section 4. **Remedy for Breach.** This Agreement shall be solely for the benefit of the holders and beneficial owners from time to time of the Bonds. A failure by JEA to comply with the provisions hereof does not constitute a default under the Bond Resolution. The exclusive remedy for any breach of this Agreement by JEA shall be limited, to the extent permitted by law, to a right of holders and beneficial owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by JEA of its obligations under this Agreement. Any individual holder or beneficial owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require JEA to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require JEA to perform any other obligation under this Agreement (including any proceedings that contest the sufficiency of any pertinent filing) shall be instituted and maintained only by a trustee appointed by the holders or beneficial owners of not less than 25 percent in principal amount of the Bonds then outstanding or by holders or beneficial owners of not less than 10 percent in principal amount of the Bonds then outstanding.

Section 5. **Termination.** The obligations of JEA under this Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and JEA remains an obligated person with respect to the Bonds within the meaning of the Rule. The obligation of JEA to provide the Annual Information and notices of the events described above shall terminate if and when JEA no longer remains such an obligated person.

IN WITNESS WHEREOF, JEA has caused this Agreement to be duly signed and delivered to the Underwriters, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Underwriters, on its behalf by its official signing below, all as of the date set forth above, and the holders and beneficial owners from time to time of the Bonds shall be deemed to have accepted JEA's continuing disclosure undertaking, as contained in Section 4.03 of the Supplemental Resolution and further described and specified herein, made in accordance with the Rule.

JEA

By:____________________________________
James A. Dickenson
Managing Director and Chief Executive Officer

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Series Three Bonds, Rogers Towers, P.A., Jacksonville, Florida, Bond Counsel to JEA, proposes to render its final approving opinion with respect to such Bonds in substantially the following form:

April __, 2009

JEA
21 West Church Street
Jacksonville, Florida 32202

JEA
St. Johns River Power Park System
Revenue Bonds,
Issue Three, Series Three

Ladies and Gentlemen:

We have acted as Bond Counsel to JEA in connection with the issuance by JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida (the "City"), of $64,305,000 aggregate principal amount of St. Johns River Power Park System Revenue Bonds, Issue Three, Series Three (the "Bonds"). The Bonds are issued pursuant to the Constitution and laws of the State of Florida, including, in particular, (a) Chapter 80-513, Laws of Florida, Special Acts of 1980, as amended, (b) Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof and (c) other applicable provisions of law (collectively, the "Acts"), and under and pursuant to a resolution adopted by JEA on February 20, 2007 entitled "St. Johns River Power Park System Second Revenue Bond Resolution" (as supplemented, the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

The Resolution provides that the Bonds are being issued to (a) pay the cost of certain Additional Facilities (as defined in the Resolution) of JEA's 80 percent undivided ownership interest in the St. Johns River Power Park (the "Power Park"), including the repayment of certain interim borrowings with respect thereto, (b) capitalize interest on the Series Three Bonds, (c) pay the cost of funding the Initial Subaccount in the Debt Service Reserve Account and (d) pay costs of issuance of the Bonds. JEA reserves the right to issue additional bonds and Refunding Bonds under the Resolution on the terms and conditions and for the purposes stated therein. Under the provisions of the Resolution, all Outstanding Bonds shall rank equally as to security and payment from (i) the proceeds of the sale of the Bonds, (ii) the Revenues and (iii) all Funds and Accounts established by the Resolution (other than the Debt Service Reserve Account in the Debt Service Fund 2d and the Renewal and Replacement Fund 2d), including the investments and investment income, if any, thereof (hereinafter referred to collectively as the "Trust Estate").

As bond counsel, we have reviewed a certified copy of the Resolution; a certified copy of Ordinance 2009-11-E, enacted by the Council of the City on February 10, 2009, approving, among other things, the issuance and sale by JEA of the Bonds; a certified copy of Ordinance 2006-793-E, enacted by the Council of the City on

September 26, 2006, approving, among other things, the issuance and sale by JEA of the Bonds; the Tax Certificate executed and delivered by JEA on the date hereof (the "Tax Certificate") in connection with the issuance of the Bonds; an opinion of the Office of General Counsel of the City, attorney for JEA; certificates of JEA and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than JEA. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, including matters essential to the exclusion of interest on the Bonds from gross income for federal income tax purposes, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph hereof (except that we have not relied on any such legal conclusions that are to the same effect as the opinions set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against bodies politic and corporate of the State of Florida. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement of JEA, dated April 21, 2009 relating to the Bonds or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. JEA has the right and power under the Acts to adopt the Resolution, and the Resolution has been duly and lawfully adopted by JEA, is in full force and effect, is valid and binding upon JEA and is enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

2. JEA is duly authorized and entitled to issue the Bonds and the Bonds have been duly and validly authorized and issued by JEA in accordance with the Constitution and statutes of the State of Florida, and particularly the Acts, and the Resolution, and constitute the legal, valid and binding obligations of JEA as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Acts and the Resolution. The Bonds are special obligations of JEA payable solely from and secured solely by the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and is not included in adjusted current earnings in calculating federal corporate alternative minimum taxable income.

4. The amount by which the respective issue prices of the Series Three Bonds maturing October 1, 2016 through October 1, 2022, inclusive and on October 1, 2024 and thereafter (collectively, the “Discount Bonds”) is less than the amount to be paid at maturity of each such maturity of the Discount Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds) constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Discount Bonds which is excluded from gross income for federal income tax purposes to the same extent as set forth in paragraph 3 hereof. For this purpose, the issue price of the Discount Bonds of each maturity is the first price at which a substantial amount of the Bonds of such maturity is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers).

Except as stated in paragraphs 3 and 4 hereof, we express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Respectfully submitted,

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JEA • St. Johns River Power Park System Revenue Bonds, Issue Three, Series Three

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