

From: [Maillis, Patricia L. - Director, Employee Services](#)
To: ["Wathen, David \(Atlanta\)"; "Deeb, Andrea \(Atlanta\)"](#)
Cc: [Strackbine, Scott I.](#); ["Hwang, Paul \(Atlanta\)"; "Kelly, Tom \(Charlotte\)"; "Meng, Patrick \(Atlanta\)"](#)
Subject: RE: Follow-up from Meeting - FY19 Metrics
Date: Tuesday, March 26, 2019 3:21:15 PM
Attachments: [VII. A. JEA Year in Review - v9 PDF FOR BOARD PACKAGE.pdf](#)

David,

Attached are the slides from today's JEA Board of Director meeting. Suggest taking a look at slides 22 – 24. Aaron is laying the groundwork on LTI.

From: Maillis, Patricia L. - Director, Employee Services
Sent: Tuesday, March 26, 2019 11:27 AM
To: 'Wathen, David (Atlanta)' <david.wathen@willistowerswatson.com>; Deeb, Andrea (Atlanta) <andrea.deeb@willistowerswatson.com>; Hiers, Angelia R. - VP & Chief Human Resources Officer <hierar@jea.com>
Cc: Strackbine, Scott I. <strasi@jea.com>; Hwang, Paul (Atlanta) <paul.hwang@willistowerswatson.com>; Kelly, Tom (Charlotte) <thomas.kelly@willistowerswatson.com>; Meng, Patrick (Atlanta) <Patrick.Meng@willistowerswatson.com>
Subject: RE: Follow-up from Meeting - FY19 Metrics

Will send you today's pieces from the Board meeting re Compensation. Aaron referenced the methodology today.

Below looks good.

LTI – agree with the below. Strong emphasis on LTI and proposed plan design

Some of my notes from our meeting on LTI:
3 Financial Factors (can be measured over 5 years):
Rates
Net Book Value
Contribution to the City of Jacksonville

Dashboard is centered around the corporate measures of value:
Customer Value
Financial Value
Environmental Value
Community Impact Value

From: Wathen, David (Atlanta) <david.wathen@willistowerswatson.com>
Sent: Monday, March 25, 2019 2:40 PM
To: Maillis, Patricia L. - Director, Employee Services <mailpl@jea.com>; Deeb, Andrea (Atlanta)

<andrea.deeb@willistowerswatson.com>; Hiers, Angelia R. - VP & Chief Human Resources Officer
<hierar@jea.com>

Cc: Strackbine, Scott I. <strasi@jea.com>; Hwang, Paul (Atlanta)
<paul.hwang@willistowerswatson.com>; Kelly, Tom (Charlotte)
<thomas.kelly@willistowerswatson.com>; Meng, Patrick (Atlanta)
<Patrick.Meng@willistowerswatson.com>

Subject: RE: Follow-up from Meeting - FY19 Metrics

[External Email - Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.]

Pat:

Yes, based on the input from last week's meeting, we are pulling together materials for the April committee meeting that will address the following:

- Review current compensation philosophy
- Evolution as to how compensation programs got to their current state
- Current gaps to market in compensation levels – specifically calling out gaps in base salary, short and long-term incentives by organizational level and actions to take to close those gaps to market. These proposed pay adjustments will detail by grade what base salary, short-term and long-term incentive opportunities should be
- Short-term incentive plan design – based on the meeting last week, our takeaway is the short-term incentive plan design you proposed was not changing materially other than the introduction of a Net Income measure. Is there anything you need from us as it relates to short-term incentive plan design?
- Long-term incentive plan design – we will provide a more detailed LTI design given Aaron's feedback around the draft strawman design we shared. It will include target incentive opportunities by level, where applicable, as well as performance measure weightings and a proposed formula for determining a Performance Share Unit (PSU) value. As it relates to the LTI plan performance measures (rates customers pay, change in net book value and contribution to the city), we would look to Ryan to provide guidance on what performance hurdles should be at Threshold, Target and Maximum, as he has insights into historical performance, future projections, business strategy, etc., but we can certainly provide guidance as to what probability payout distributions look a well-designed incentive plan
- Overview of best practices to consider for modernizing total rewards

As it relates to determining an applicable formula for valuing a PSU in the long-term incentive plan, we need some additional information. Would you please check with Ryan to see if he could provide us information on key drivers of long-term performance, such as:

- 1) Historical financials, most importantly on book value as of year-end and anything impacting that other than income/surplus generated in a year less any cash contributions/outlays made

- 2) Better understanding (and history) of cash contributions made to City and the basis by which the contribution level in a given year is determined and/or could be evaluated. Percentage of income/surplus or something else. Also understanding of timing on those contributions and how they impact book value – for example, contribution made in 2018 based on surplus generated in 2017 and so are reflected in year-end book value for 2018 but not 2017.
- 3) How “customer rates” are determined and evaluated, along with historical JEA information as well as historical/current information on relevant comparators or index
- 4) Any information on forward looking projections/estimates on these same items.

We are working to deliver the next draft of materials by the end of next week, assuming we get the financial data requested above. Please let us know if we need to schedule a call to talk through these additional data needs or if we are missing anything in the materials we are pulling together for the committee meeting.

Best regards,

David

From: Maillis, Patricia L. - Director, Employee Services [<mailto:mailpl@jea.com>]
Sent: Monday, March 25, 2019 10:08 AM
To: Wathen, David (Atlanta) <david.wathen@willistowerswatson.com>; Deeb, Andrea (Atlanta) <andrea.deeb@willistowerswatson.com>
Cc: Strackbine, Scott I. <strasi@jea.com>; Hwang, Paul (Atlanta) <paul.hwang@willistowerswatson.com>; Patrick, Michael (Atlanta) <michael.patrick@willistowerswatson.com>
Subject: RE: Follow-up from Meeting - FY19 Metrics
Importance: High

David,

Angie received some feedback from Aaron today regarding our meeting last week.

Aaron indicated he had expected to receive an example of a plan (not just a few options). Based on the feedback and input that you received in the meeting last week, will you be providing a draft plan that will detail more of the values by grade or level, the metrics, thresholds, timing of payouts, etc.? If so, what is the timing on receipt of this information?

Pat

From: Maillis, Patricia L. - Director, Employee Services
Sent: Thursday, March 21, 2019 8:58 AM
To: 'Wathen, David (Atlanta)' <david.wathen@willistowerswatson.com>; Deeb, Andrea (Atlanta) <andrea.deeb@willistowerswatson.com>
Cc: Strackbine, Scott I. <strasi@jea.com>; Hwang, Paul (Atlanta) <paul.hwang@willistowerswatson.com>; Patrick, Michael (Atlanta) <michael.patrick@willistowerswatson.com>

Subject: RE: Follow-up from Meeting - FY19 Metrics

As LTI structure takes form, I think we will need to state at some point where gaps in STI may be made up in LTI or reference Total Comp so that we also have flexibility to shift the mix, if the company chooses. It seems the message will or should focus on Total Comp (not just the cash components).

Again, thanks. Talk soon.

Pat

From: Wathen, David (Atlanta) <david.wathen@willistowerswatson.com>

Sent: Wednesday, March 20, 2019 6:41 PM

To: Maillis, Patricia L. - Director, Employee Services <mailpl@jea.com>; Deeb, Andrea (Atlanta) <andrea.deeb@willistowerswatson.com>

Cc: Strackbine, Scott I. <strasi@jea.com>; Hwang, Paul (Atlanta) <paul.hwang@willistowerswatson.com>; Patrick, Michael (Atlanta) <michael.patrick@willistowerswatson.com>

Subject: RE: Follow-up from Meeting - FY19 Metrics

[External Email - Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.]

Pat:

Nice to meet you yesterday. We enjoyed getting to meet the JEA team. Also, thanks for the update on the STI plan. We are working through assessing the gaps to market based on current STI levels, not proposed, but will likely be in touch with you and Scott if we have any follow up questions or data needs.

Best regards,

David

From: Maillis, Patricia L. - Director, Employee Services [<mailto:mailpl@jea.com>]

Sent: Wednesday, March 20, 2019 9:24 AM

To: Wathen, David (Atlanta) <david.wathen@willistowerswatson.com>; Deeb, Andrea (Atlanta) <andrea.deeb@willistowerswatson.com>

Cc: Strackbine, Scott I. <strasi@jea.com>

Subject: Follow-up from Meeting - FY19 Metrics

David and Andrea,

Thank you for a great meeting yesterday.

As follow-up to our conversation yesterday, wanted to provide some clarification on the current

state of the STI plan. There have been no changes to date in total opportunity for employees. There were originally discussions regarding not having a payout for 2019, but this was not communicated to employees and so employees are thinking it is status quo. At the beginning of the performance period, October 1, 2018, there was clear communication regarding the 2019 goals. These were new in many respects so it was not clear (from my perspective as to which of the goals would translate to the STI). Last week, I was asked to incorporate the new goals into the plan. No change in payout values, (except maybe the executives – this discussion has not been finalized).

Providing you the new dashboard so you can see the goals(the first 21 , in four categories that align with our Corporate Measures of Value; Customer Value, Financial Value, Environmental Value and Community Impact Value. To the far right of the attached spreadsheet, is Compensation's calculations re the payout values for each metric based on the achievement of a meets or exceeds. The leadership team has confirmed that we will have these 21 measures. This is Comp's draft for cost modelling.

The one item that is up in the air is a comment made by the team last week re "make the spreads between the meets and exceeds wider".

The plan has progressed over the last 5 years from a set payout based on achievement of 5 operational measures, then \$500 - \$3000 for all employees, much like a Profit Sharing Plan with little to no differentiation and below the market for all managers and above. In 2014, , we incorporated individual performance factor for the appointed further differentiating the payout between line and management employees. In 2016, we increased the payouts further for the management to director level (and have done minor fine tuning since). We were not able to do this for the SLT due to optics, so we focused on making sure their base pay was at or moving towards 50th percentile. Today, the difference between a meets and exceeds for non-SLT is 160%. I am going to pitch that this is wide enough for now and that we don't want to make changes based on this project. However, I do not think that we will win this battle with the SLT pieces.

As we have discussed, with the addition of a broad based LTI plan, the LTI component can make up that difference in market value for the non-management and lower level managers that don't normally receive LTI in the market place. We probably still need to increase some levels of management STI with the addition of the LTI as well.

Pat Maillis

Director, Employee Services

Direct: (904-665-4132)

Cell : (904-703-3453)

Florida has a very broad Public Records Law. Virtually all written communications to or from State and Local Officials and employees are public records available to the public and media upon request. Any email sent to or from JEA's system may be considered a public record and subject to disclosure under Florida's Public Records Laws. Any information deemed confidential and exempt from Florida's Public Records Laws should be clearly marked. Under

Florida law, e-mail addresses are public records. If you do not want your e-mail address released in response to a public-records request, do not send electronic mail to this entity. Instead, contact JEA by phone or in writing.

Notice of Confidentiality

This email contains confidential material prepared for the intended addressees only and it may contain intellectual property of Willis Towers Watson, its affiliates or a third party. This material may not be suitable for, and we accept no responsibility for, use in any context or for any purpose other than for the intended context and purpose. If you are not the intended recipient or if we did not authorize your receipt of this material, any use, distribution or copying of this material is strictly prohibited and may be unlawful. If you have received this communication in error, please return it to the original sender with the subject heading "Received in error," then delete any copies.

You may receive direct marketing communications from Willis Towers Watson. If so, you have the right to opt out of these communications. You can opt out of these communications or request a copy of Willis Towers Watson's privacy notice by emailing unsubscribe@willistowerswatson.com.

This e-mail has come to you from Willis Towers Watson US LLC

Florida has a very broad Public Records Law. Virtually all written communications to or from State and Local Officials and employees are public records available to the public and media upon request. Any email sent to or from JEA's system may be considered a public record and subject to disclosure under Florida's Public Records Laws. Any information deemed confidential and exempt from Florida's Public Records Laws should be clearly marked. Under Florida law, e-mail addresses are public records. If you do not want your e-mail address released in response to a public-records request, do not send electronic mail to this entity. Instead, contact JEA by phone or in writing.

Notice of Confidentiality

This email contains confidential material prepared for the intended addressees only and it may contain intellectual property of Willis Towers Watson, its affiliates or a third party. This material may not be suitable for, and we accept no responsibility for, use in any context or for any purpose other than for the intended context and purpose. If you are not the intended recipient or if we did not authorize your receipt of this material, any use, distribution or copying of this material is strictly prohibited and may be unlawful. If you have received this communication in error, please return it to the original sender with the subject heading "Received in error," then delete any copies.

You may receive direct marketing communications from Willis Towers Watson. If so, you have the right to opt out of these communications. You can opt out of these communications or request a copy of Willis Towers Watson's privacy notice by emailing unsubscribe@willistowerswatson.com.

This e-mail has come to you from Willis Towers Watson US LLC



THE YEAR IN REVIEW

2018-2019



Table of Contents

- ▶ **Part 1** WHO WE ARE
- ▶ **Part 2** WHAT WE'VE DONE
- ▶ **Part 3** WHERE WE ARE GOING

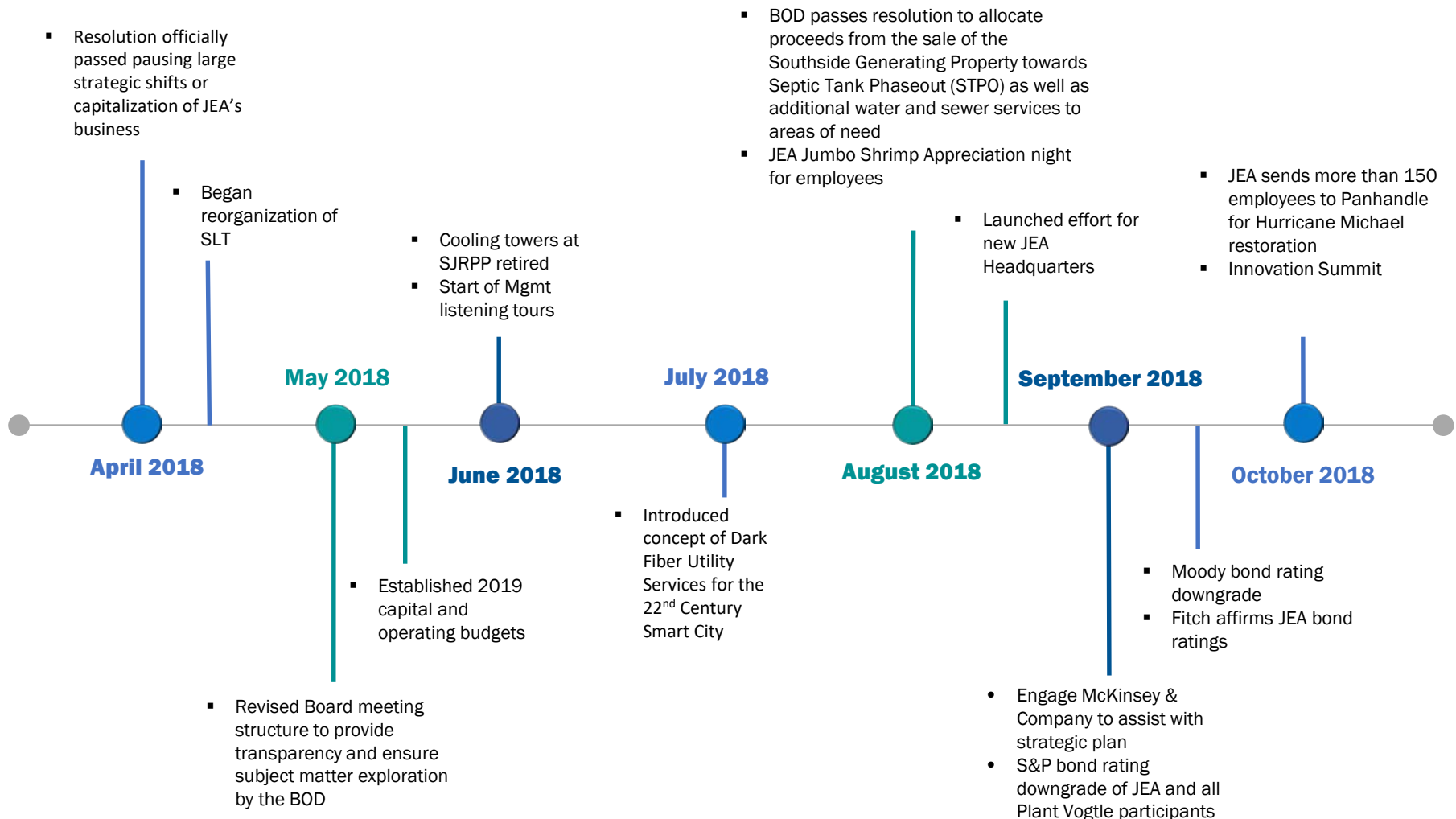
A YEAR OF ACCELERATING INNOVATION



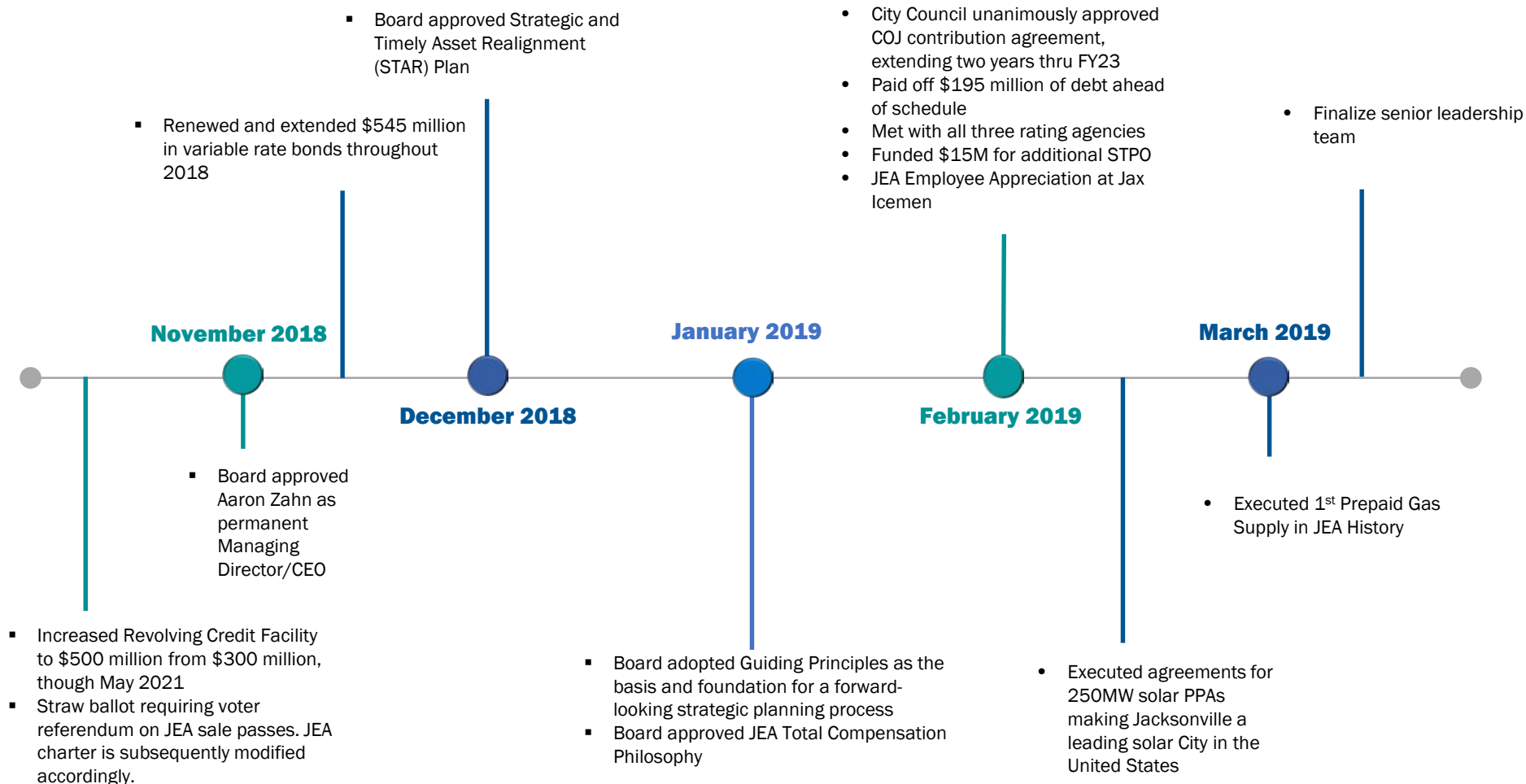
PART 1.....

Who We Are: We Do What We Say

April 2018 – October 2018 *Transition*



November 2018 – March 2019 *Set Foundation, Direction and Team*



JEA is a Superior Energy Utility

Since April 2018

- Maintained excellent financial and operational metrics
- Repaid \$326 million of debt in FY2018 for a total reduction of \$1.9 billion since 2009
 - Accelerated \$100 million of debt reduction with February 2019 defeasance and plan to drive debt to a 40-year low
- Continued to strategically plan to absorb the cost of Plant Vogtle
- Accelerating nearly all principal due before 2028
- Capital program includes \$897 million of projects over the next five years
- Rates are at the median in the state
- Closed the St. Johns River Power Park, reducing JEA carbon emissions by 30% and saving \$50 million in operating expenses per year starting in 2020

**Management driving financial metrics
for to position for the future**

JEA is a Superior Water Utility

Since April 2018

- All financial metrics are a fortress:
 - Strong balance sheet
 - Ample liquidity
 - Superior debt service coverage
- Debt service coverage expected to be 3.5x to 4x over the next five years
- Paid down \$74 million debt in FY2018 for a total reduction of \$532 million since 2011 projected to total \$827 over the next five years
- Accelerated \$95 million of debt reduction with February 2019 defeasance
- Robust \$1 billion capital program over the next five years
- Launched integrated water resource plan

**Superior performance drives JEA's
long-term water leadership in FL**



PART 2.....

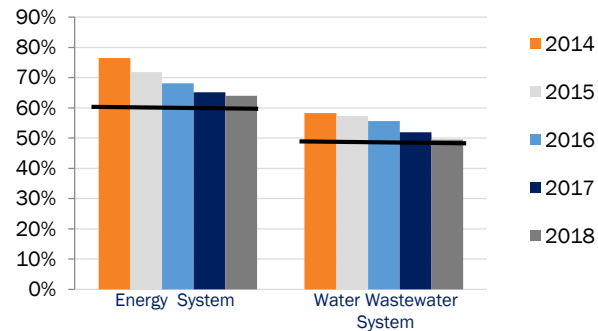
What We've Done: A Year of Results

Historical Financial Metrics

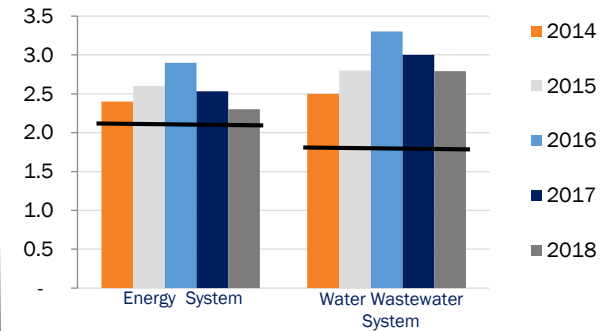
FY2018 RESULTS DEMONSTRATE STRONG PERFORMANCE ACROSS ALL KEY FINANCIAL METRICS

- FY2018 Debt Service Coverage remains strong and provides financial flexibility to respond to industry challenges
- Debt to Asset % continues to improve and approach long-term targets
- Days Liquidity and Days Cash metrics continue to be strong and provide the ability to invest in infrastructure in both systems without new debt

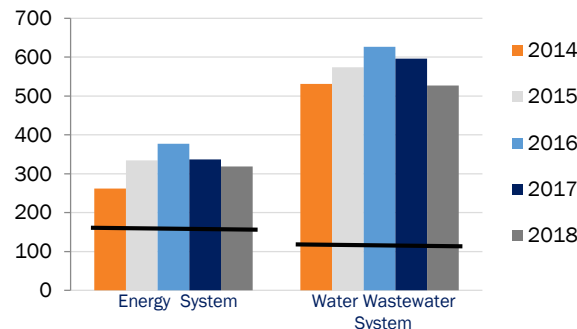
Debt to Asset %



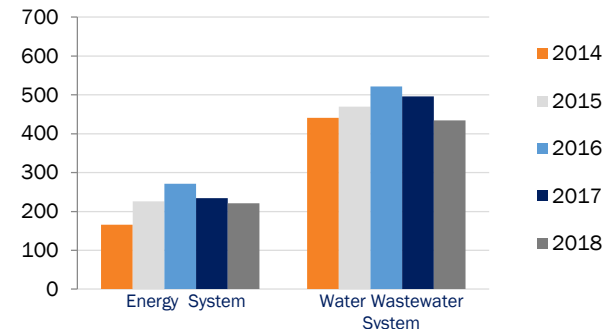
Debt Service Coverage



Days Liquidity



Days Cash



— Long Term targets per JEA pricing policy

Energy System Key Metrics

WHAT WE SAID DECEMBER 2017

- 2.2x combined debt service coverage
Days of cash on hand: 180 days
- Days of liquidity: 280 days
- Net funded debt reduction: \$135 million
- Debt to Asset ratio: 71.8%
- Capital Expenditures: \$166 million
- Decrease in system MWh sales of (0.4%)
- Base revenue reduction of (0.4%)

WHAT WE DID FY2018

- 2.3x combined debt service coverage
- Days of cash on hand: 221 days
- Days of liquidity: 320 days
- Net funded debt reduction: \$154 million
- Debt to Asset ratio: 71.0%
- Capital Expenditures: \$174 million
- Increase in System MWh sales of 2.6%
- Base revenue increase of 2.9%

Water System Key Metrics

WHAT WE SAID DECEMBER 2017

- 2.7x combined debt service coverage
- Days of cash on hand: 404 days
- Days of liquidity: 502 days
- Net funded debt reduction: \$50 million
- Debt to Asset ratio: 49.6%
- Capital Expenditures: \$215 million
- 2.0% increase in Water kgal sales
- Total system revenue decrease of (2.9%)

WHAT WE DID FY2018

- 2.8x combined debt service coverage
- Days of cash on hand: 434 days
- Days of liquidity: 529 days
- Net funded debt reduction: \$70 million
- Debt to Asset ratio: 49.5%
- Capital Expenditures: \$199 million
- (2.8%) decrease in Water kgal sales
- Total system revenue decrease of (3.8%)



PART 3.....

Where We Are Going: Goals and Priorities

IT'S TIME TO PIVOT



New Strategic Framework



Our mission will be guided by and evaluated against how well we as employees drive these four basic corporate measures of JEA's value:

Customer Value
Financial Value
Community Impact Value
Environmental Value

Guiding Principles

“Improve Lives”

OUR VISION

Improve lives by accelerating innovation

OUR MISSION

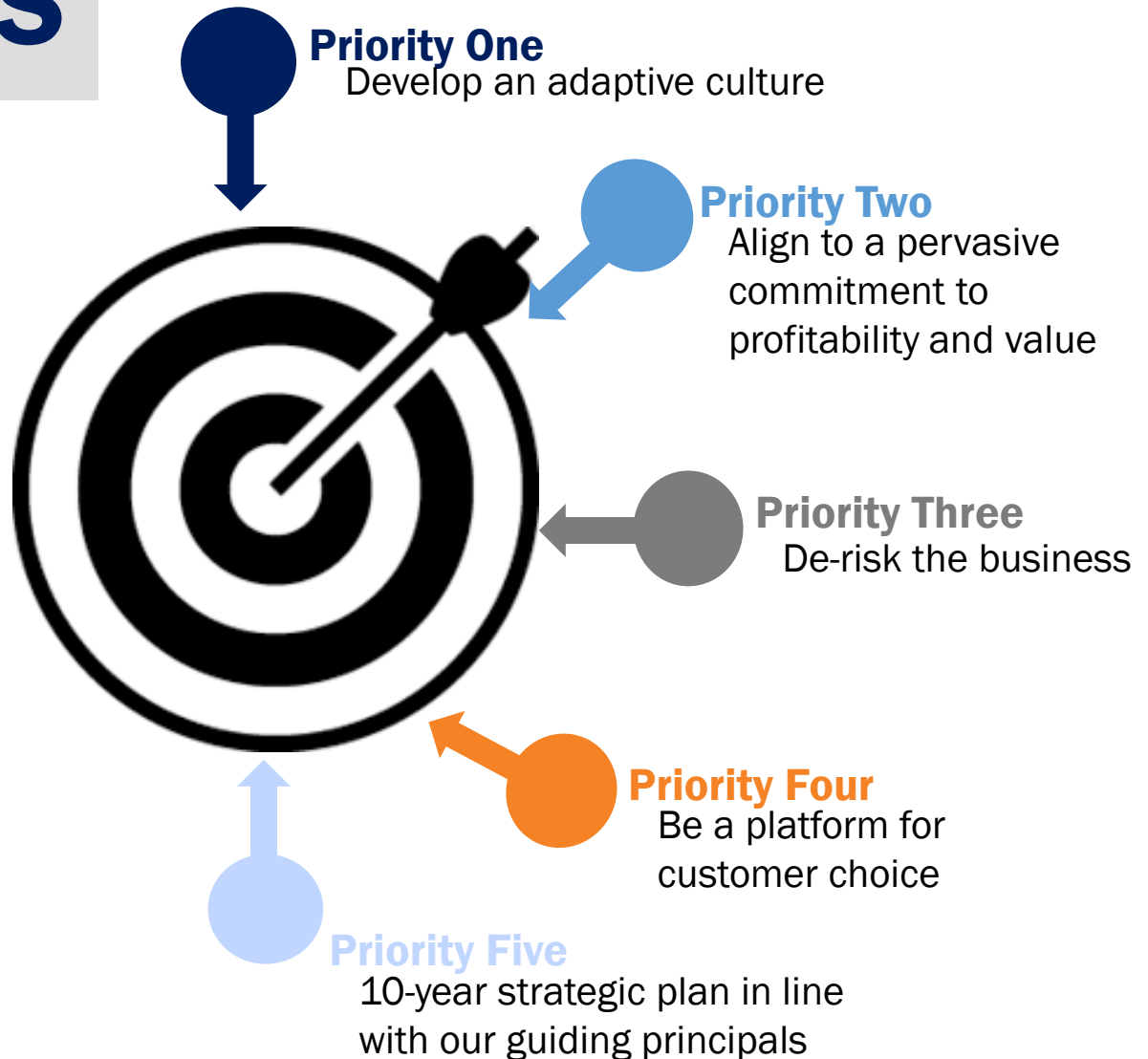
Provide the best service by becoming the center of our customers' energy and water experience

OUR CORE COMPETENCIES

- Deliver an unparalleled customer experience
- Work together to elevate the entire team
- Innovate and evolve to match our customers' needs with market trends

FY19 GOALS

**Our Five
Focus Areas
That Are
Necessary
For Future
Success**



Points of Concern

- Maintaining alignment of Stakeholders and focus on corporate measures will be critical
- Time to 'pivot' is critical for JEA in updating business strategy and plan
- Culture
- Capital
- City Council and Community engagement on future of JEA will be necessary to migrate business
- Vogtle will weigh on JEA and our customers

Priority One:

Develop an adaptive culture.

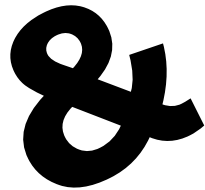
Our Cultural Values

Safety
Service
Growth²
Accountability
Integrity
Ideas

STOP

Working Not To Fail

A culture where individuals are motivated by risk aversion striving not to fail rather than to succeed



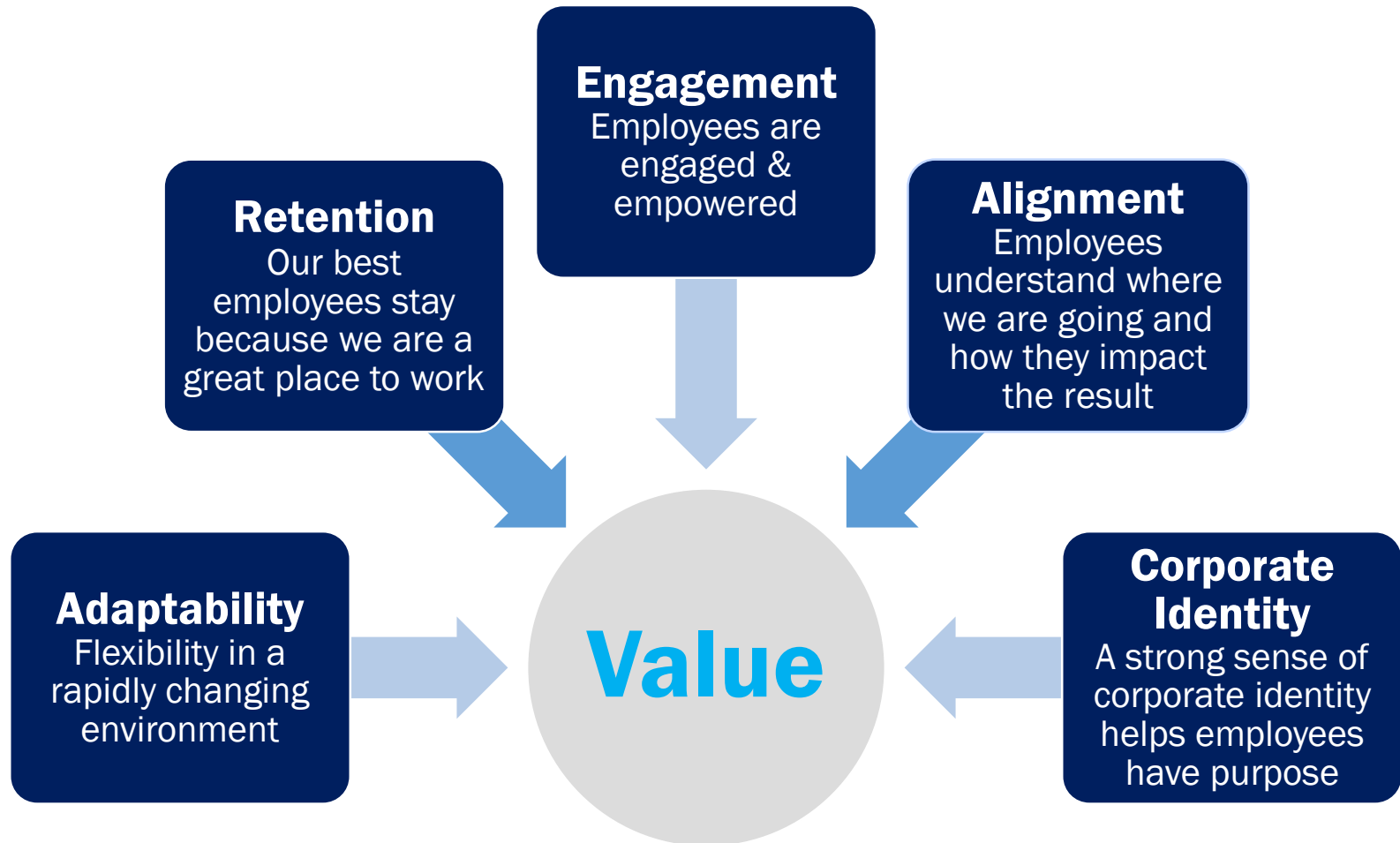
START

Driving Towards Success

Be willing to take appropriate and calculated risks to achieve extraordinary results

**Our Mantra
To Realize An
Adaptive
Culture**

Why An Adaptive Culture Matters



Priority Two:

Align to a pervasive commitment to profitability & value.

Maximize Each of the Four Corporate Measures of Value

Customer Value



Provide JEA customers with safe and reliable electric, water and wastewater **services at a rate structure equal to or less than industry average**



Maintain **customer service standards and experience** within the top quartile of the industry



Expand our trusted partner **relationship with our customers**

Financial Value



Maintain financial performance metrics necessary to preserve aa3 / AA- ratings, or similar comparable risk measures as adopted and deemed appropriate by JEA



Establish growth initiatives to drive values and efficiencies with respect to electric, water, sewer, natural gas and other utility services, systems and/or products

Community Impact Value



Establish and maintain **open, transparent communication** with employee, customer and all our stakeholders



Continue investment and leadership of **economic development within Jacksonville**



Continue and drive **employment within the region**



Foster an environment of **engaged employees** that treat JEA as owners



Preserve the level of **financial contribution of JEA to the city**

Environmental Value



Maintain **compliance with all regulations** and meet or exceed industry standards that impact the environment



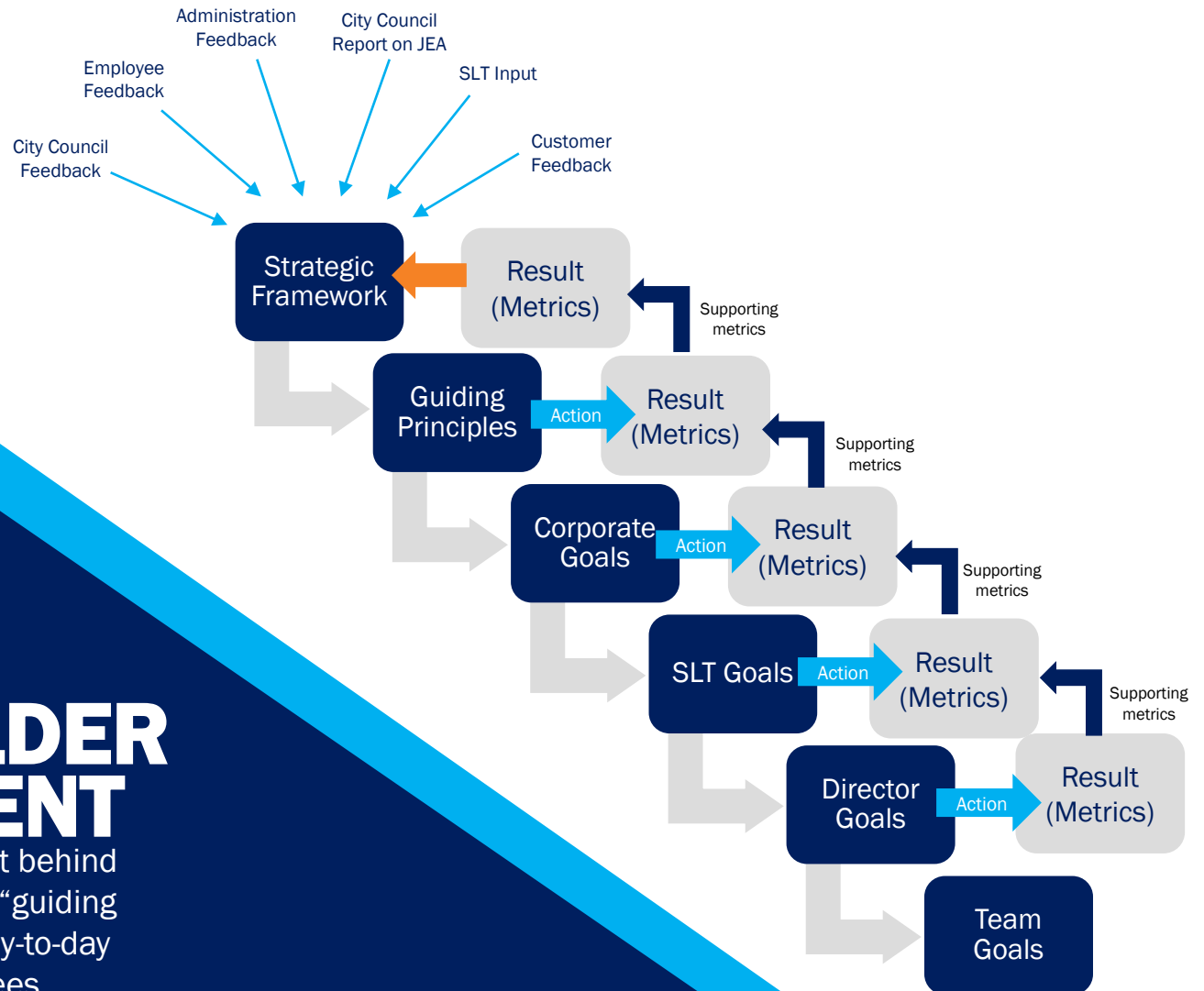
Establish and lead a **sustainability program** for the benefit of the region



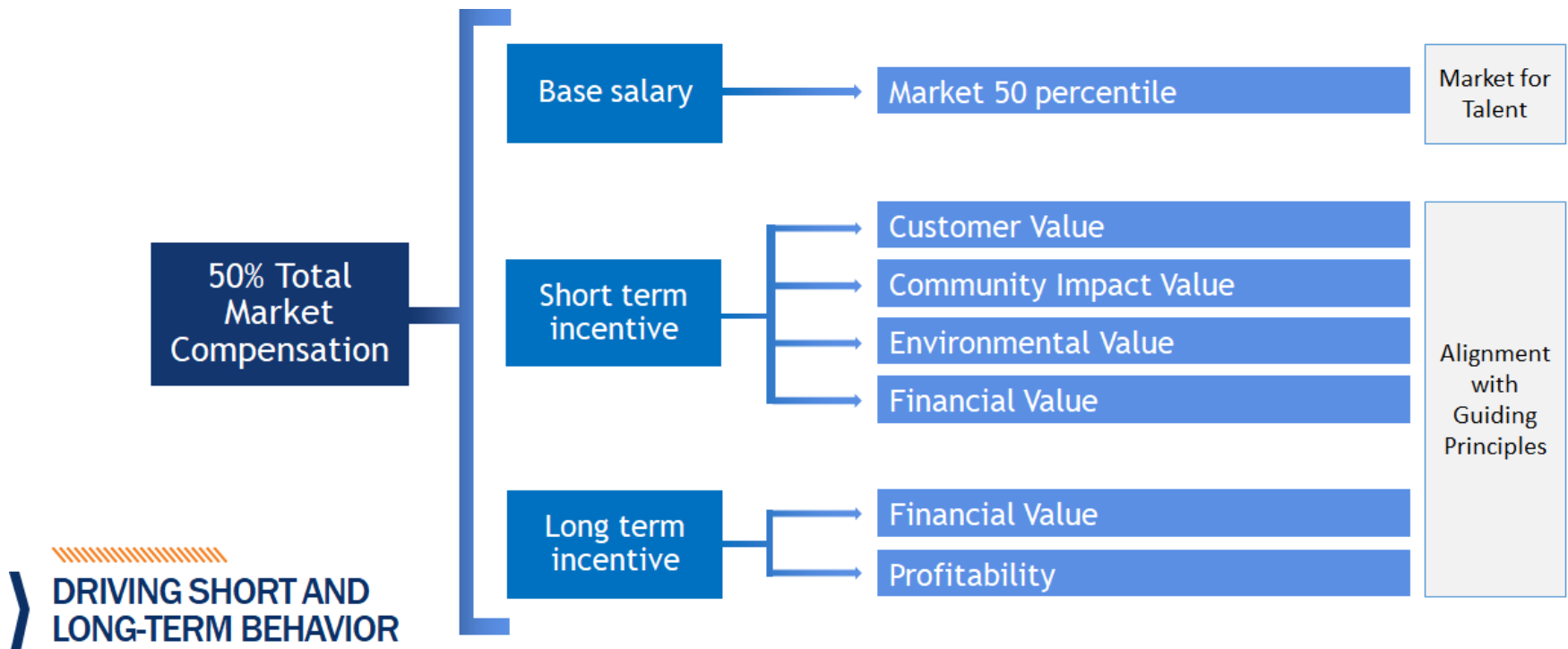
Set an example of **environmental stewardship**

STAKEHOLDER ALIGNMENT

Basic logic of alignment behind “strategic framework,” “guiding principles,” through day-to-day actions of employees.



Company Culture and Corporate Measures (Customer, Financial, Community Impact and Environmental) will be driven by "Total Compensation Program"



Priority Three:

De-risk the business.

- Develop the STAR plan
- Hedge our fuel expenses
- Strengthen our PPAs
- Extend our city contribution plan
- Reevaluate our risks for future



Strategic & Timely Asset Realignment (STAR) Plan

**JEA's Financial
Strength Revised**

Approved Plan that increases operating efficiency and reduces corporate risk includes:

- Increased revolver by \$200 million at same pricing / terms and conditions ✓
- Maintaining solid AA financial credit metrics ✓
- Increase cash flow by an average of ~\$80 million annually through 2023
- Pay off ~\$1 billion of debt by 2023 – all debt maturing before 2028
- Cash funding ~\$1.9 billion in CAPEX for next 5 years
- Increase CAPEX by over 40% over the next 5 years vs. the last 5 years
- No projected base rate increases necessary to execute on plan

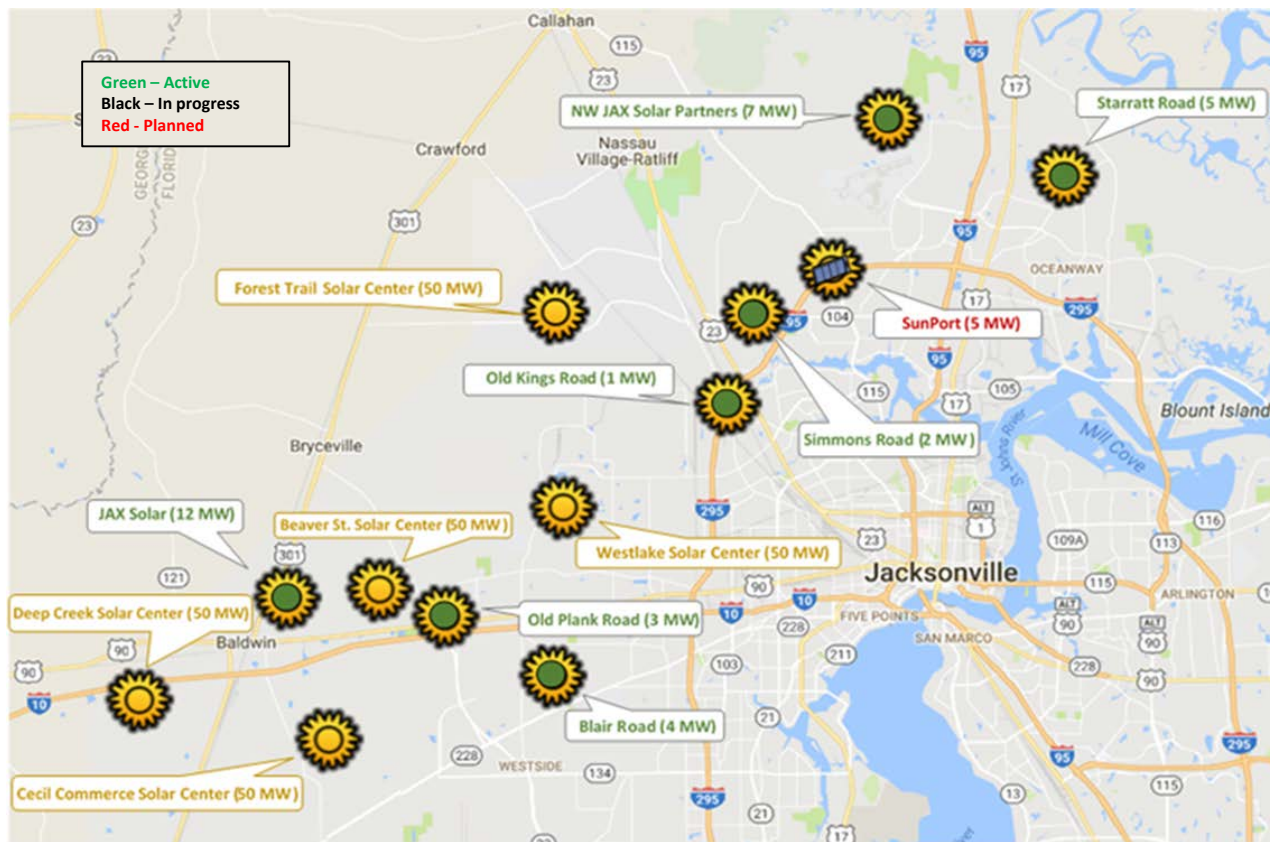
JEA Current & Future PV Solar Sites

JEA IS PURSUING A SUBSTANTIAL INCREASE IN SOLAR GENERATION


We have contracted to add up to 250 MW of universal solar by 2022, in addition to 34 MW installed, and 5 MW currently in progress making Jacksonville the largest solar city in the U.S.

WHAT THIS LOOKS LIKE:

- New sites, land owned by JEA
- Reduces exposure to fossil fuel volatility
- PPA prices below current fuel rate with no escalator providing a 20+ year fuel hedge



Contribution Agreement Extension

- 
- Extends the terms & conditions of the current agreement through 2023
 - Contribution rate stays stable at a rate of prior year plus 1%
 - Continue JEA's contribution to COJ of 30.34 metric tons in water quality credits plus an additional 13.6 metric tons in water quality credits each year in perpetuity (the additional 13.6 metric tons comes from the decommissioning of SJRPP)
 - Provide an additional \$15 million contribution to the COJ/JEA Septic Tank Phase Out Program. This brings the total COJ and JEA contribution towards the septic tank phase out program to over \$45 million since 2016.
 - Provide a one-time \$155,000 contribution for river level monitoring equipment that was damaged during recent hurricanes.
 - City Council approved on February 12, 2019
 - To be executed February 2019

This creates a stable operating environment through 2023

Enterprise Risk Management



JEA's Enterprise Risk Management (ERM) program identifies, assesses, measures, and actively manages risk, including mitigation strategies and actions.

Our methodology has been modified to better prioritize risks, relative to each other, and better assess reputation impact of a risk event.

We have developed a new scoring metric and updated our tier one risks.

Priority Four:

Be a platform for customer choice.

Become a platform for customer choice: Demand Rate Study

Our First Step:

Create a pricing platform for the future that provides *Revenue Stability* that delivers positive *Customer Impact* while promoting efficient *System Utilization*.

We believe our cost of service should align with our customers use of the electric system. As they reduce usage, we can equally reduce costs to match.

What We've Learned So Far:

- Demand pricing is less impacted by weather and more stable than kWh
- Customers perceive more and longer demand intervals to be more fair
- Customers like the opportunity to save by avoiding peak periods
- Customers believe that technology (information and control) is needed to manage usage effectively

Jan 2014
Rate Design
Working Group

April 2016
JEA Demand
Rate Opt-In
Pilot

June 2018
Alternate Rate
Design
Analysis

Aug 2018
Focus Group
Test

Nov 2018
Weather
Stress Test

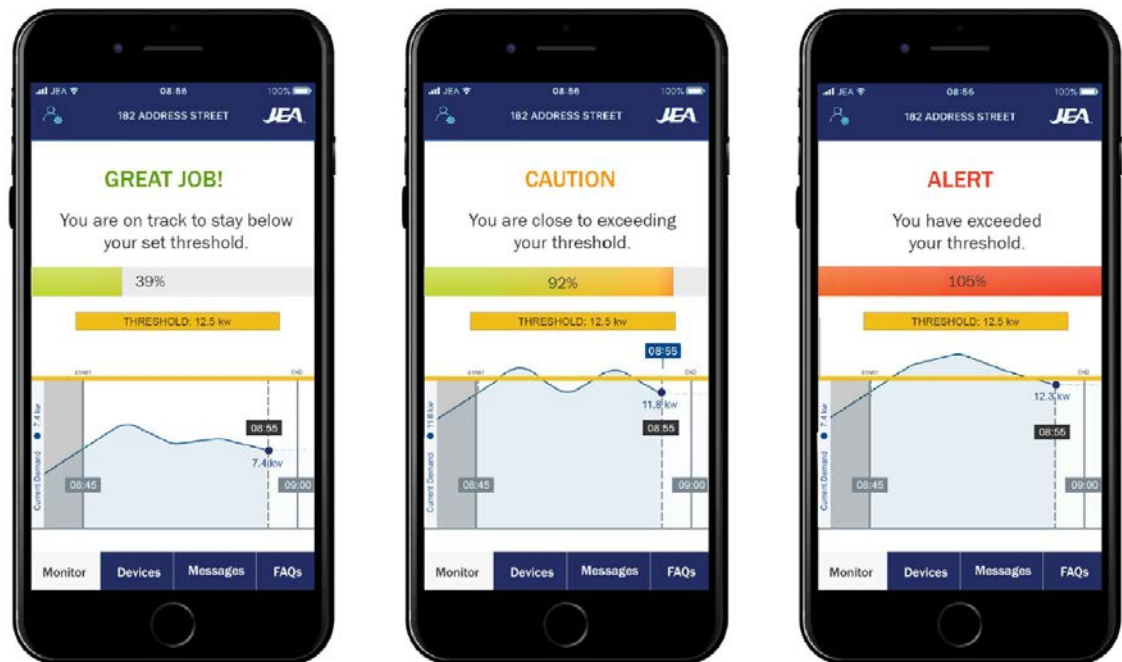
Enabling Technology Customer Home Energy Management Tool Pilot

We are in the midst of conducting research and development into the enabling technology we feel is necessary to support the customer in a demand pricing scenario.

Our current 250 customer and employee pilot is testing a state-of-the-art Customer Home Energy Management (HEM) tool.

Our HEM technology includes:

- Cellular gateway that provides 1 minute data off the meter
- A JEA app that will monitor energy usage and provide threshold alerts
- Appliance (HVAC and Water Heater) control
 - Fun gamification that encourages education thru entertainment



Become a platform for customer choice: Electrification

What is electrification?

Electrification is the shift from any non-electric source of energy to electricity at the point of final consumption.

- National Renewable Energy Lab

How is it beneficial?

Beneficial Electrification requires that it be cost-effective for JEA, good for all customers (whether they participate in the program or not), and good or neutral for the environment.

-ICF

Transportation

- Public Charging Stations
 - Electric Vehicles
 - Fleet Electrification



Residential

- In-Home Charging Stations
 - Air-source Heat Pumps
- Lawn maintenance equipment (mower, trimmer, hedger, blower, etc.)



Aviation

- Pushbacks
 - Belt Loaders
 - Baggage Tugs



Commercial and Industrial

- Heat recovery chillers
- Replace pneumatic equipment with electric
- Install induction furnaces for non-ferrous metal melting



Heavy Duty Off-Road

- Replace propane/gas forklifts with electric
- Eliminate Truck Stop idling
- Convert rail yard cargo handling equipment to electric



Agriculture

- Retrofit Diesel Irrigation Pumps to Electric
- Indoor agriculture (controlled lighting, and space-conditioning)
- Infrared drying and peeling of vegetables



There exists an opportunity to increase the scale and scope of both the on-road and non-road program. By adding additional technologies, program design elements, and budget, JEA may be able to:

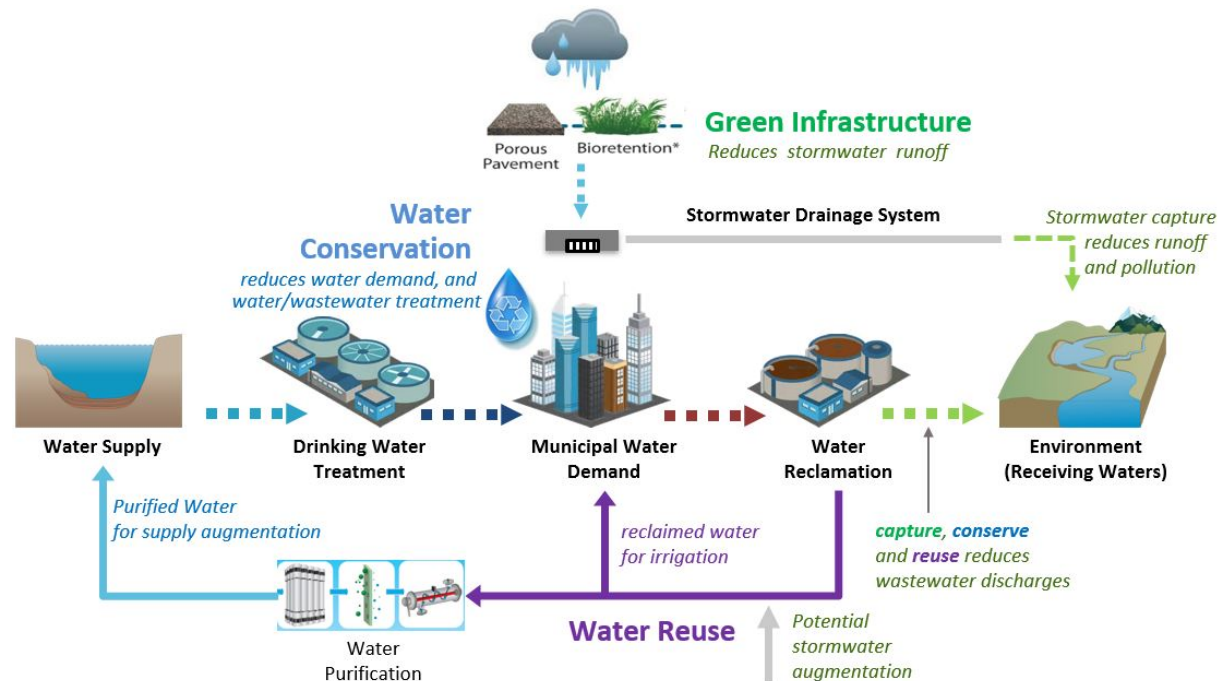
- Significantly increase the revenue and values from the programs
- Put downward pressure on rates
- Provide a more flexible and efficient JEA load shape
- Significantly reduce JEA's (and its customers') environmental footprint

JEA is currently conducting a study with ICF to quantify the costs and risks of pursuing this opportunity. The study will be complete in 2019.

JEA's Electrification Future

Become a platform for customer choice: Integrated Water Resource Plan (IWRP)

- Water Resources
- Water Supply
 - Quality
 - Quantity
- Water Resources Recovery Facilities



PUBLIC-PRIVATE PARTNERSHIP FOR ORGANIC RECYCLING

**Merchant Organics Recycling Facility (MORF)
replaces Buckman's pelletizer as the next
generation in beneficial use**

- Reduces energy demand and landfill waste
- Greater market opportunity due to type of fertilizer produced
- Lower cost to customers and to City of Jacksonville



Renewable Natural Gas

- Biogas Credit Feasibility Study underway
- Upgrade biogas from Buckman WRF to a purified Renewable Natural Gas (RNG)
- Evaluate injecting RNG into commercial natural gas pipeline
- Optimize production of RNG from WRF digestion processes



By capturing waste gas produced by wastewater treatment, JEA reduces greenhouse gas emissions and increases financial value

Water Purification

One Potential Alternative Water Supply Option



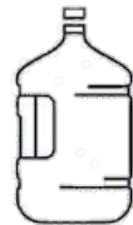
PHASE 1 RESEARCH & DEVELOPMENT

- Tested two leading technologies at 2 Water Reclamation Facilities
- Report Completion Feb 2019



PHASE 2 DEMONSTRATION TESTING

- Selected best technology from Phase 1 for optimization
- Immersive public engagement at Demonstration Facility



PHASE 3 COMMERCIAL IMPLEMENTATION

- Dependent upon Integrated Water Resource Plan insights
- Can be expanded as needed to meet demands

Priority Five:

10-year strategic plan.

Step 1: “Agree on how to measure success”

(Measure what matters to JEA and the Community)

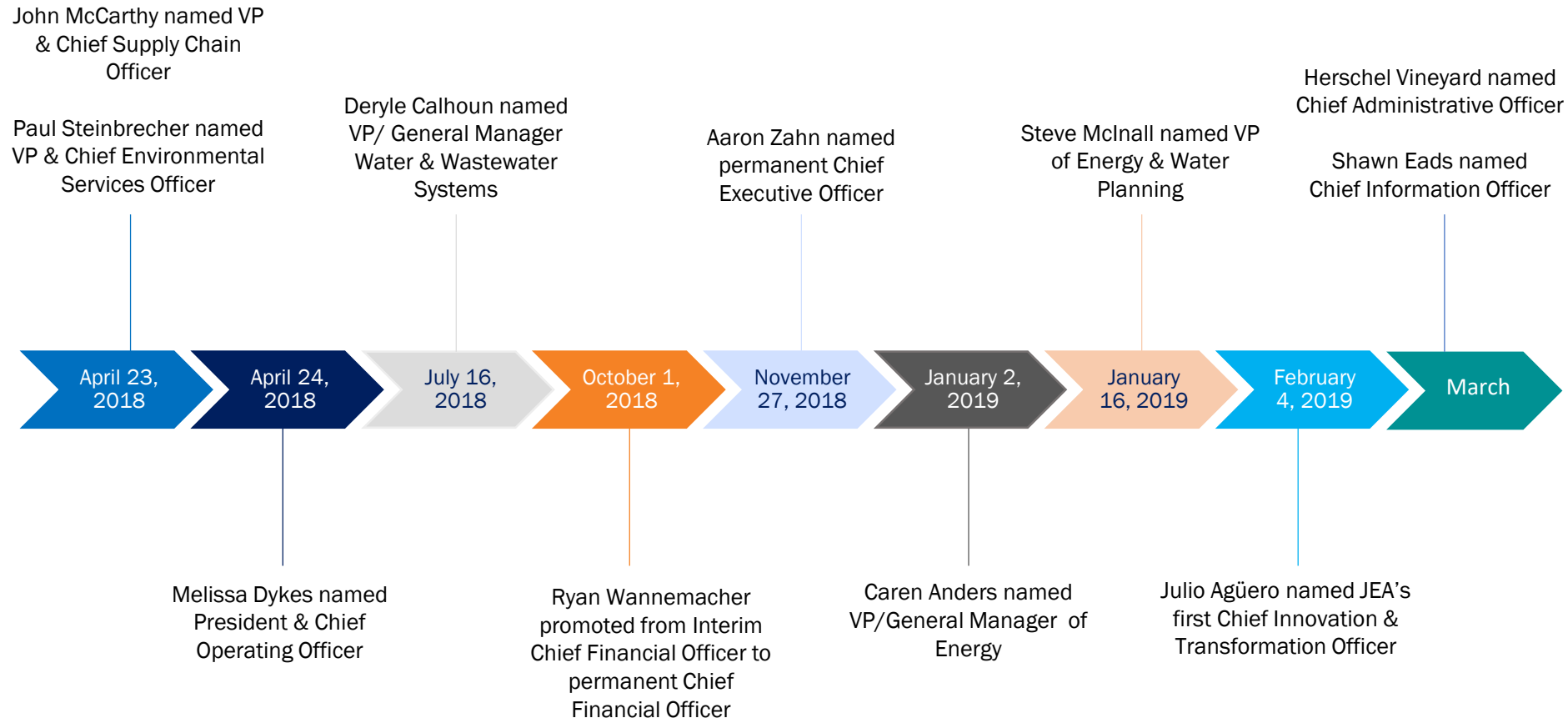


Our mission will be **guided by and evaluated** against how we as **employees drive** these four basic Corporate measures of JEA’s **value**

The fundamental **goal is to maximize** each value both now and in the future.

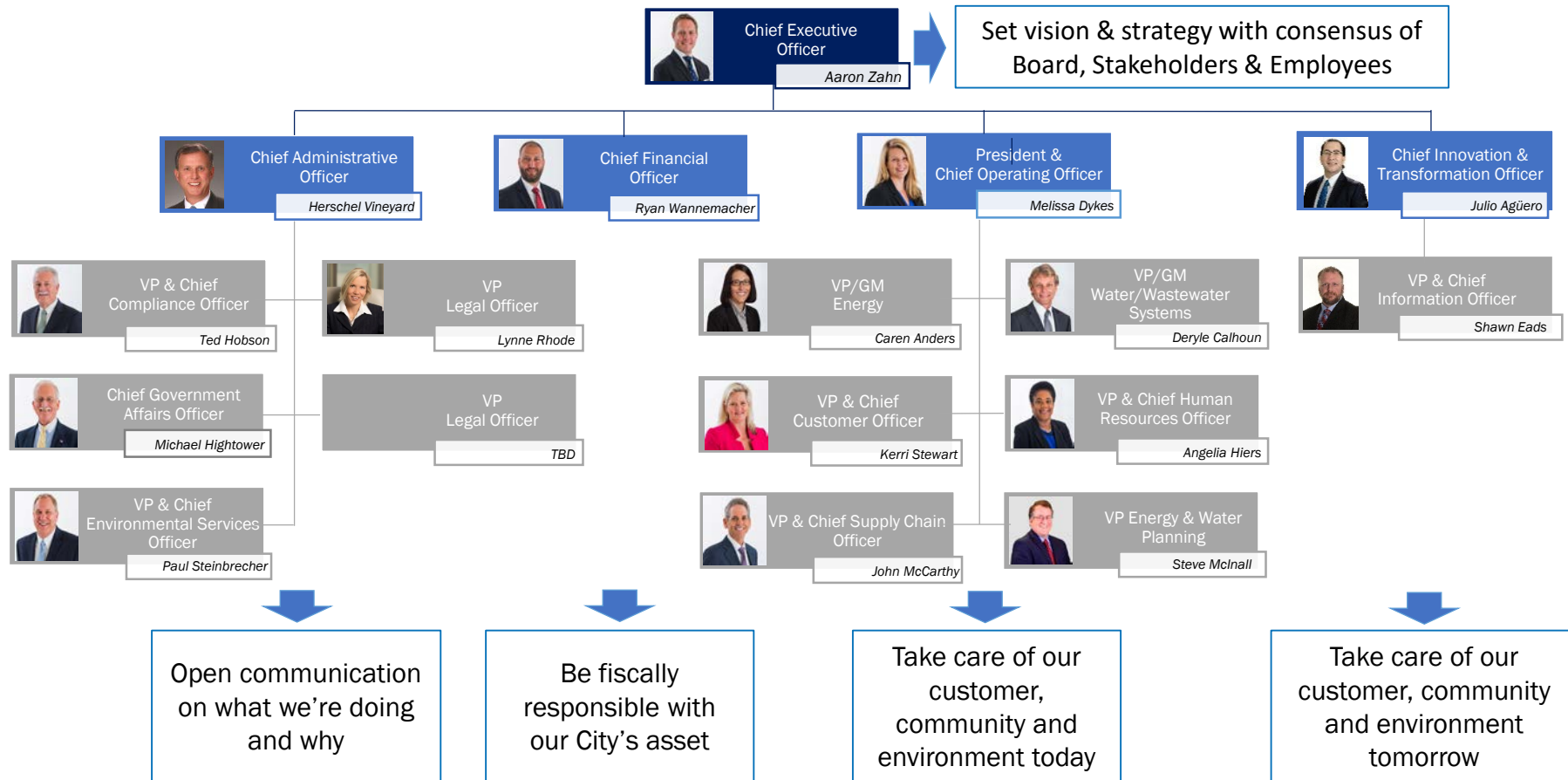
Step 2: “Get the right team for the job”

(Senior Leadership Transformation)



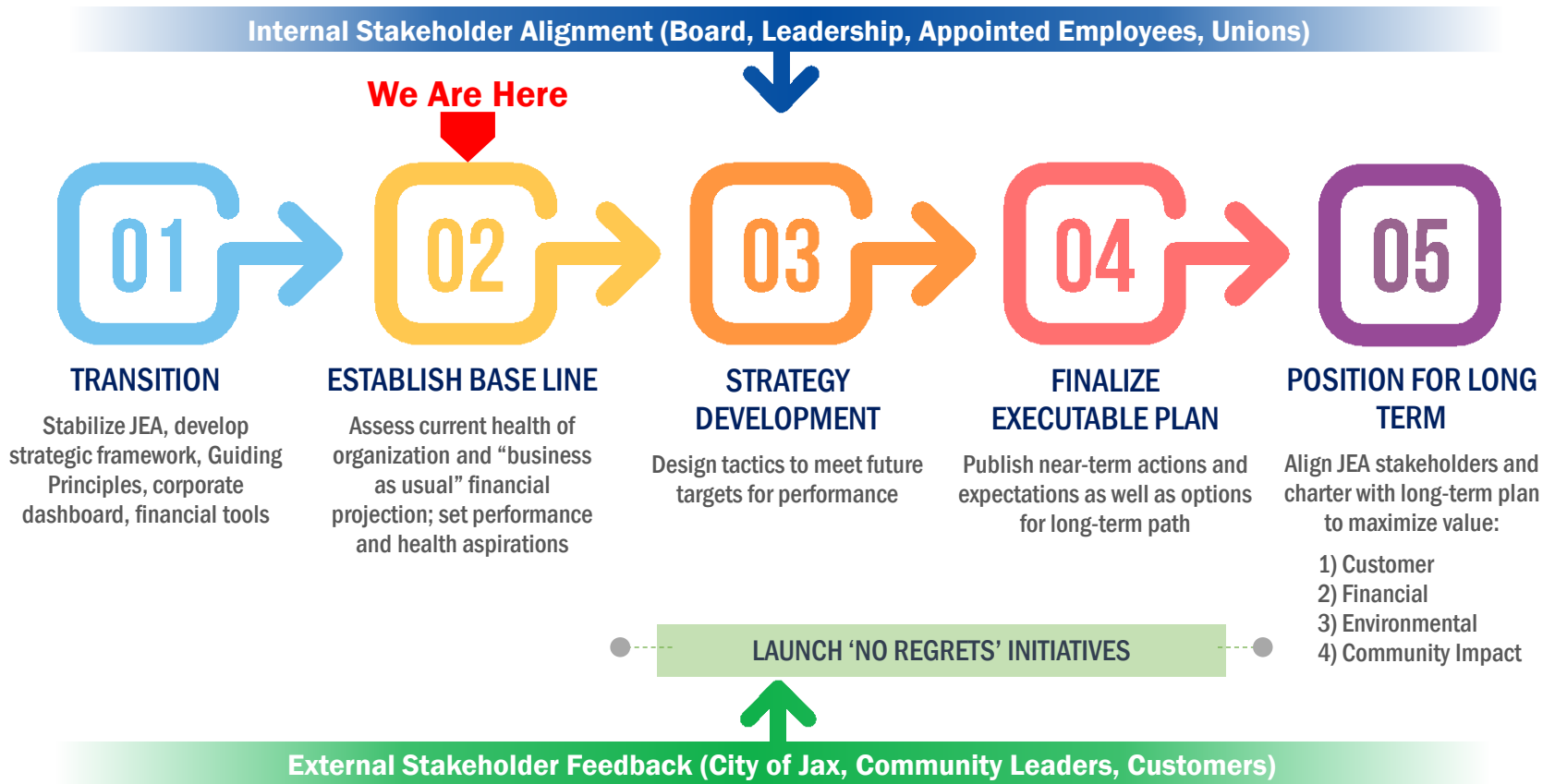
Step 3: “Organize for success”

(Leadership Designed to Accelerate Innovation)



Step 4: “Agree on path forward”

(Transparent, Inclusive and Thoughtful Process)



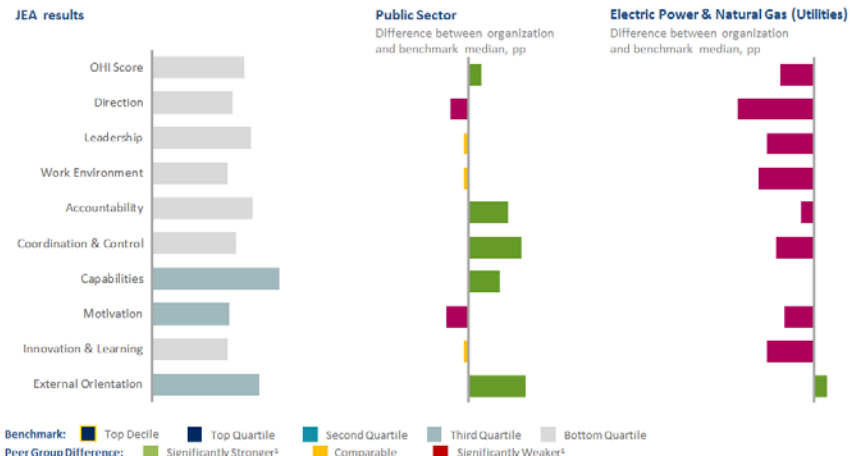
Step 5: “Measure the baseline”

(Where are we now? What does future look like absent action?)

PHASE 2a Organizational Health (Complete)

When compared with peers groups who also tend to have weaker health, JEA's health is still low – especially relative to other utilities

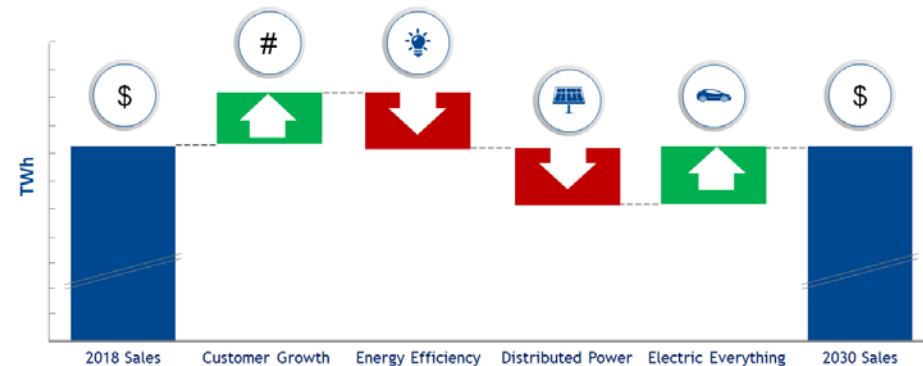
Percentage of respondents who selected 'agree' or 'strongly agree'



PHASE 2b Status Quo Baseline (In Progress)

National Trends Impact On JEA By 2030

2030 JEA Energy Sales Drivers



Step 6: “Establish long-term goals”

(Where do we want to be in 2030 and 2050?)

ACCELERATING ENERGY INNOVATION




ACCELERATING WATER INNOVATION



Step 7: “Publish Plan and Steps to Future”

(What do we need to do first to ensure success?)



AN EFFECTIVE
STRATEGY
REQUIRES

- ✓ A strategic plan responsive to trends
- ✓ A clearly articulated vision for the future
- ✓ Defined goals and metrics for success
- ✓ An aligned organization
- ✓ Discrete initiatives, clearly prioritized
- ✓ Owners accountable for driving each initiative
- ✓ A clear process to track and measure progress

Strategic Planning Deliverables



Fully vetted financial forecasts for status quo scenario and alignment around implication and case for change

Understanding of JEA current state organizational health and implications for current and future state performance

Specific, measurable, achievable targets for JEA performance and health aligned against JEA's existing strategic framework

Pipeline of initiatives with initial estimate of value that exceeds strategic targets including **"quick win" initiatives** with short implementation timelines

Identification of risks and constraints that may impact JEA's execution on its Strategic Plan with clear **mitigation plan**

Fully executable strategic plan for JEA



JEA

IMPROVING LIVES BY ACCELERATING INNOVATION



Accelerating innovation to improve the lives of each and every customer for the benefit of the community as a whole