

# Status Quo 2: April Workshop Presentation



**JEA**®



## Goals for today

Item	Time	Presenter
1. Review status quo high-level results and reminder of why we are looking at status quo 2	30 minutes	Ryan
2. Review high-level results of status quo 2: remaining cash flow gap after taking all action within JEA constraints	1 hour	Delete slide
3. Break	15 minutes	
4. Review results of initiative development and opportunity sizing by business area	2 hours	Julio (all)
a. Decide whether to include / exclude initiatives as part of status quo 2		
b. Decide whether to develop additional initiatives by business area, given top-down opportunity sizing		
5. Lunch Break	1 hour	
6. Finalize status quo 2 initiatives for inclusion in May analysis	1 hour	Julio (all)
7. Media training for SLT	1 hour	
8. Break	15 minutes	
9. Review parking lot initiatives, decide whether to include any as part of status quo 2	1 hour	Ryan (all)
10. Present path forward and discuss action steps required to be prepared for May 28 Board meeting and beyond	1 hour	Aaron (all)



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## Summary: the status quo is a result of sales and cost drivers and trends, with assumption that JEA takes no action outside business as usual

### Sales trends and projections

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### projections

Energy ⚡

- **Customer growth:** growing with strong economic forecast
- **Energy efficiency:** continued reduction in sales
- **Distributed generation:** begins to drive reduction in sales
- **Electric vehicles:** minor growth in sales
- **Revenue:** growing in line with historical trends
- **Capex:** steady throughout period, one major investment (Greenland)
- **Debt:** early debt retirement (STAR plan)

Water 💧

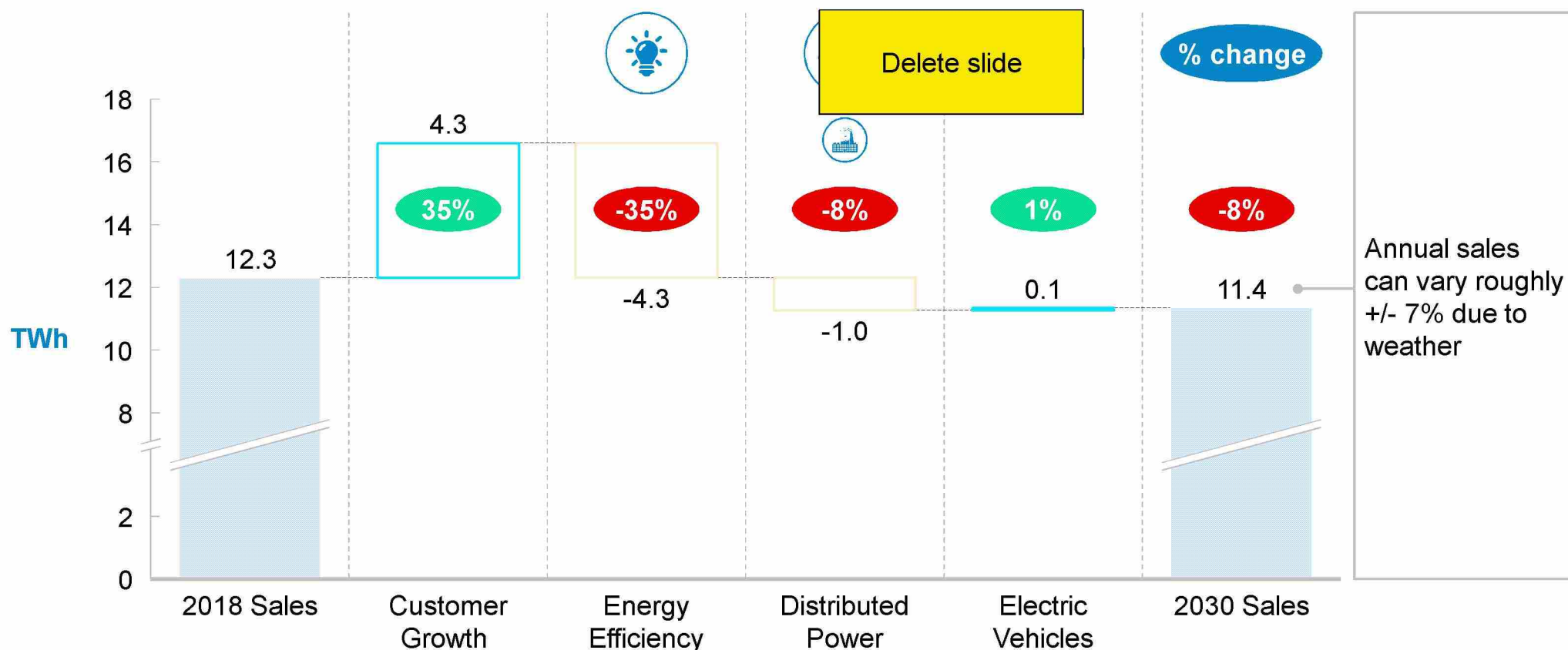
- **Customer growth:** growing with strong economic forecast
- **Water efficiency:** continued reduction in sales
- **O&M:** growing in line with historical trends
- **Capex:** growth, especially through 2025
- **Debt:** early debt retirement (STAR plan)



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## Energy efficiency and solar may likely drive down JEA's sales by 8% through 2030 despite a growing customer base

### 2030 JEA projected energy sales, TWh



SOURCE: Moody's, JEA forecasts, EPA, GTM, 2018 Storage cost model, 2018 EV growth model

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[Slide 5]

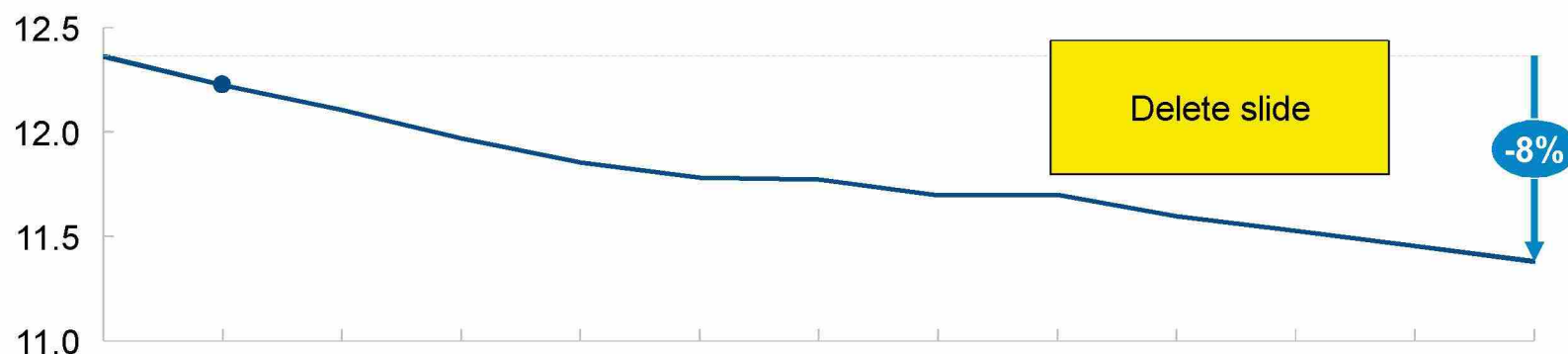
Anticipating 3.5% penetration in Jacksonville by 2030



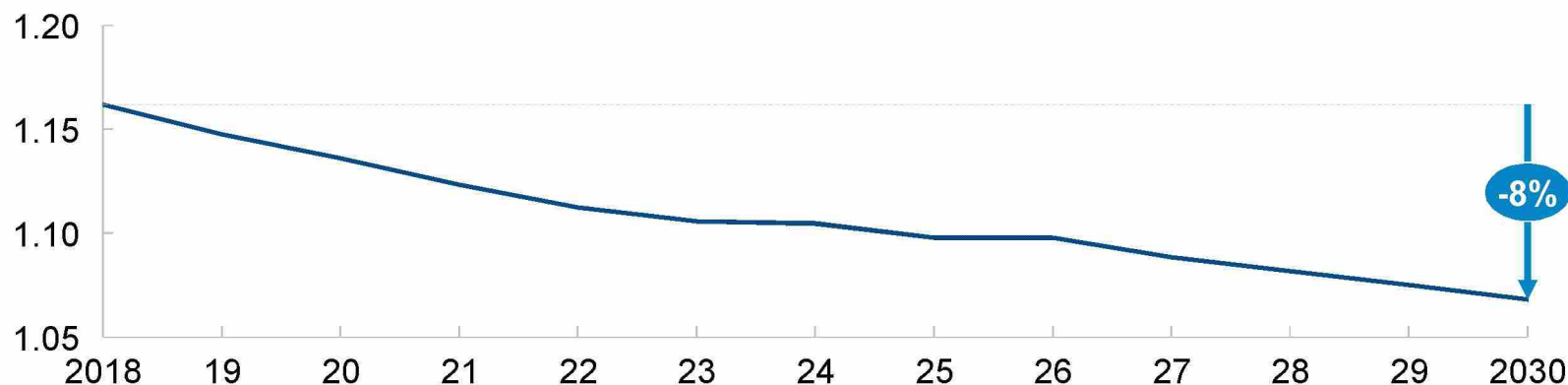
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## Because of JEA's current energy rate structure, lower sales lead directly to lower revenues

Sales, MWh



Revenue, \$B



- 87% of energy revenues come from variable (per kWh) charges, meaning a decline in sales leads directly to a decline in revenue
- Of this 87%, only 35% of variable revenue is tied to variable costs (fuel charges) which decline in proportion to lost revenue

[Slide 6]

Add note for three year deficit explaining utilizing funds to handle

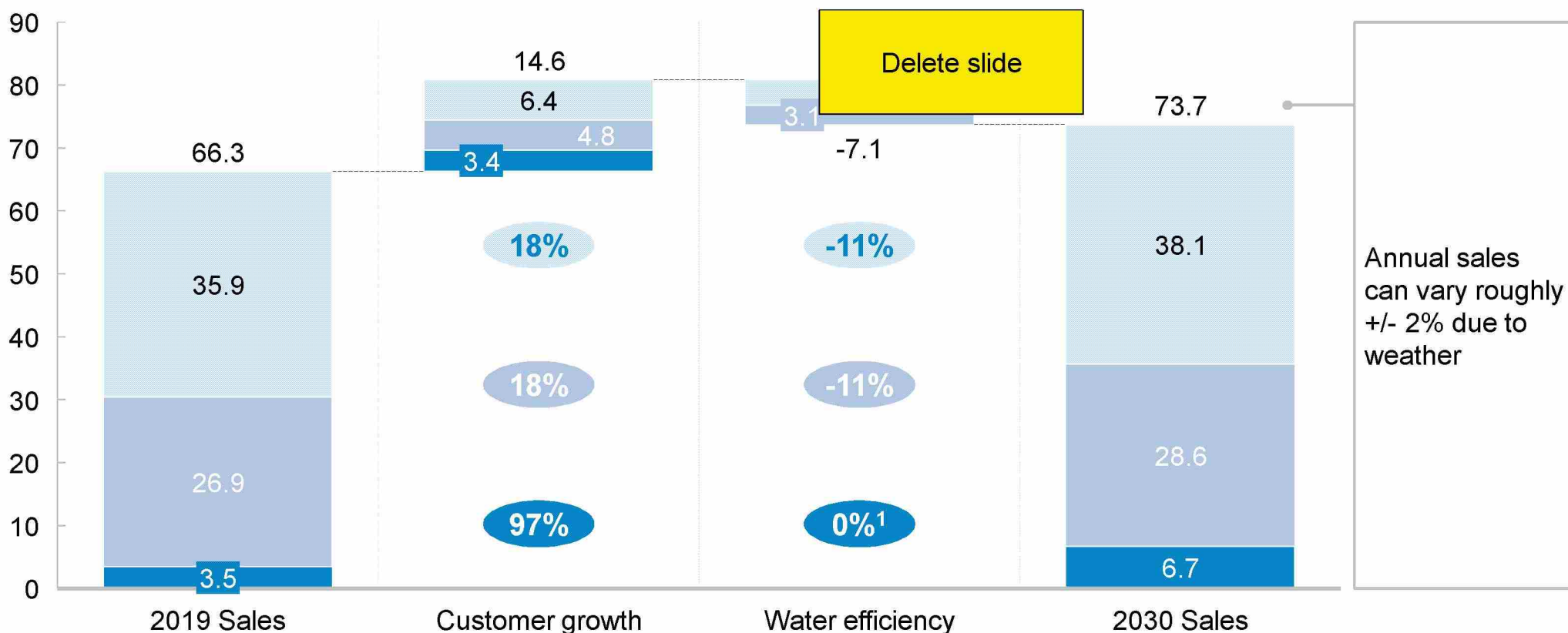


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## Water sales may likely see continued growth driven by population and tempered by continued adoption of water-efficient appliances

Water sales, million kGal/year<sup>1</sup>

Water Waste water Reclaimed water % change



<sup>1</sup> No change as water efficiency applies to indoor use water

SOURCE: JEA forecast

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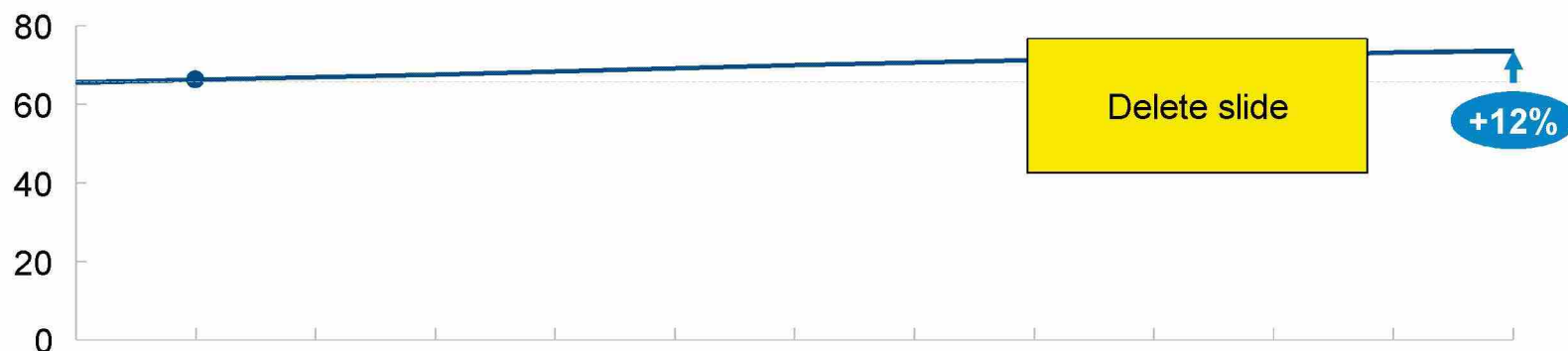
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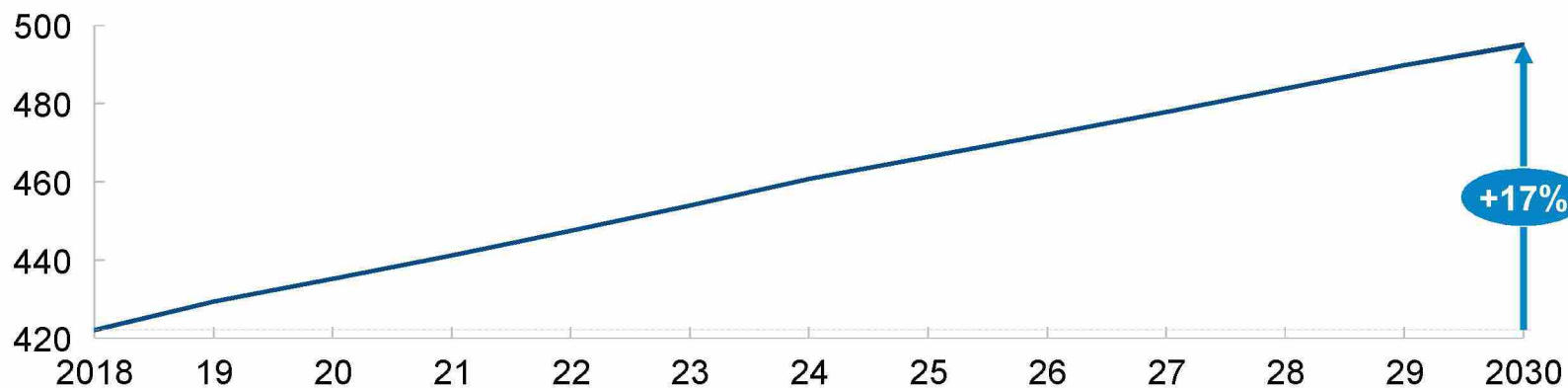
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## Water rate structures allow revenue to grow even faster than sales

Sales, million kGal



Revenue, \$B



- 43% of water/waste-water revenue comes from a fixed monthly charge, which increases with each customer JEA adds to the system
- Sales growth is affected by water efficiency and declining use per customer, but this only affects the variable portion of JEA's water/waste-water revenue
- This rate structure keeps revenues stable and lessens the impact of declining customer use



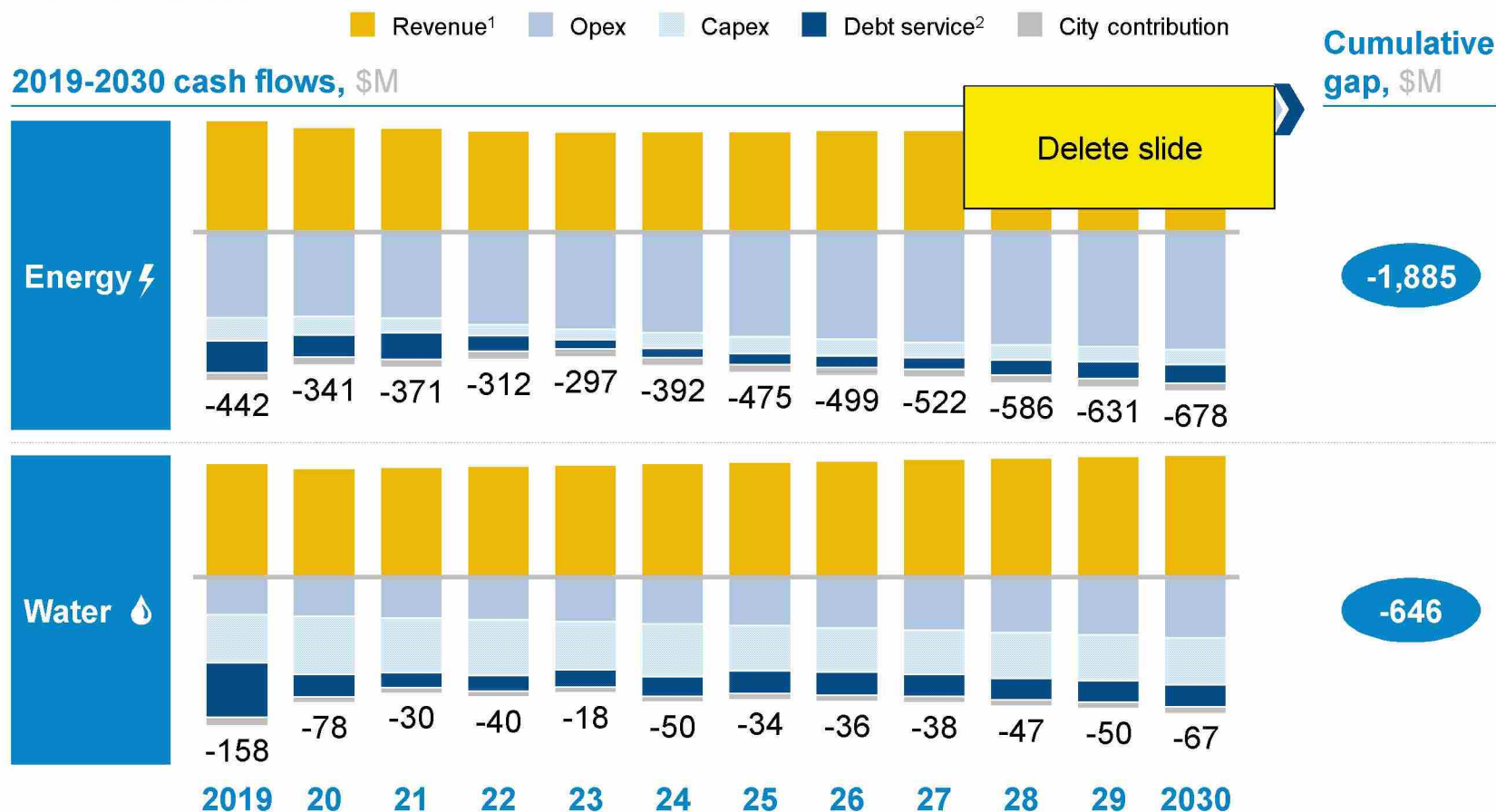
[Slide 8]

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## Reminder: the status quo exercise identified an **-\$1.9B 12-year cash flow gap for energy** and **-\$.6B for water**



Cash flows modeled here assume the "largest gap" scenario: city contribution continues for both energy and water, no rate increases, no debt financing beyond Greenland

<sup>1</sup> Includes both operating revenue and non-operating income  
<sup>2</sup> Includes interest expense, principal payments, and early debt retirement

SOURCE: JEA internal financial projections

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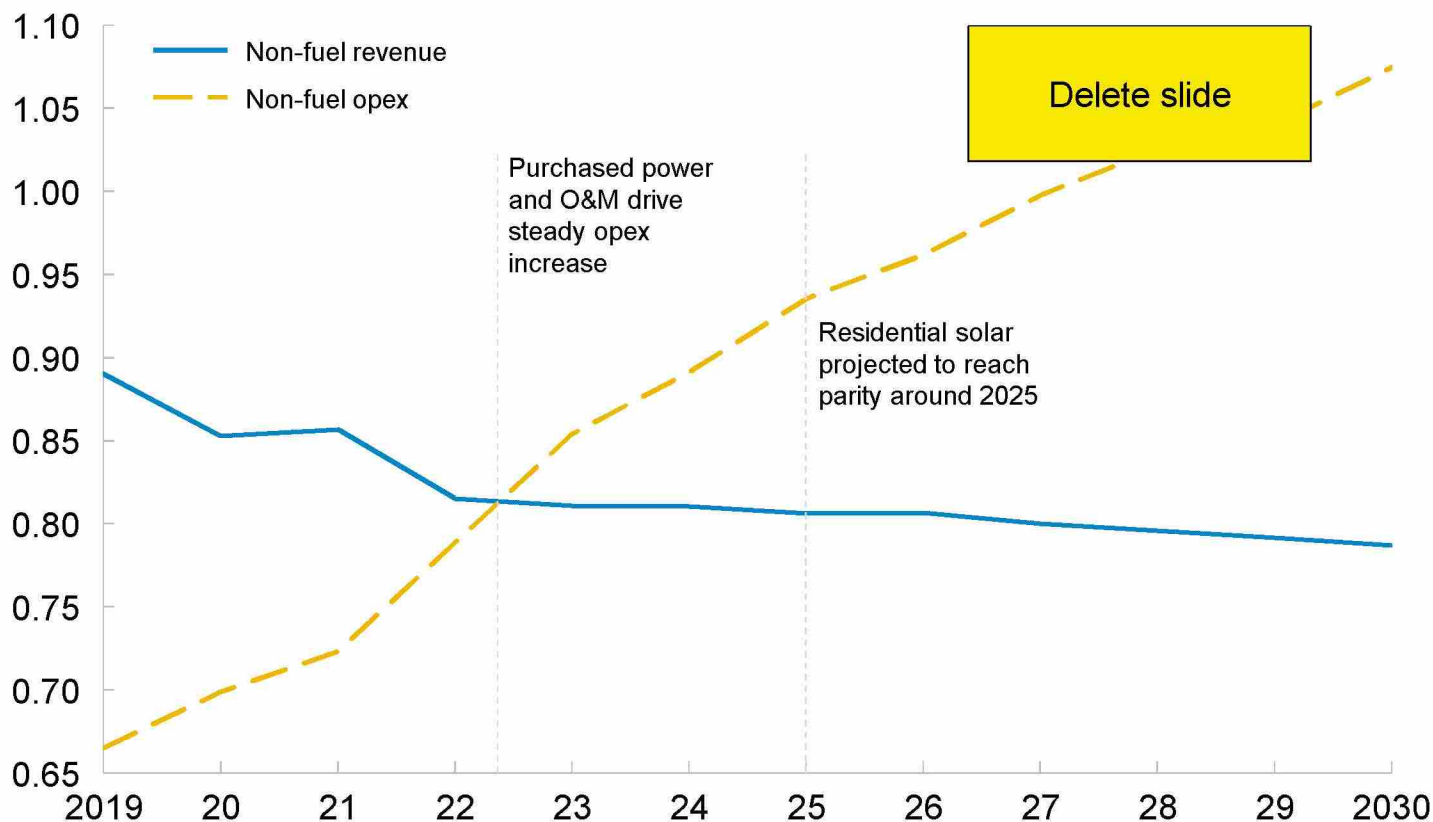
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## JEA's current trajectory of flat sales paired with increasing costs will create growing cash gap

### Revenue and opex ex-fuel, \$B



- Opex quickly outpaces revenue due to diverging trends
  - Decreasing revenues driven by declining sales per customer
  - Opex continues to rise, driven by steady increase in **O&M, purchased power expenses, and depreciation**

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[Slide 10]

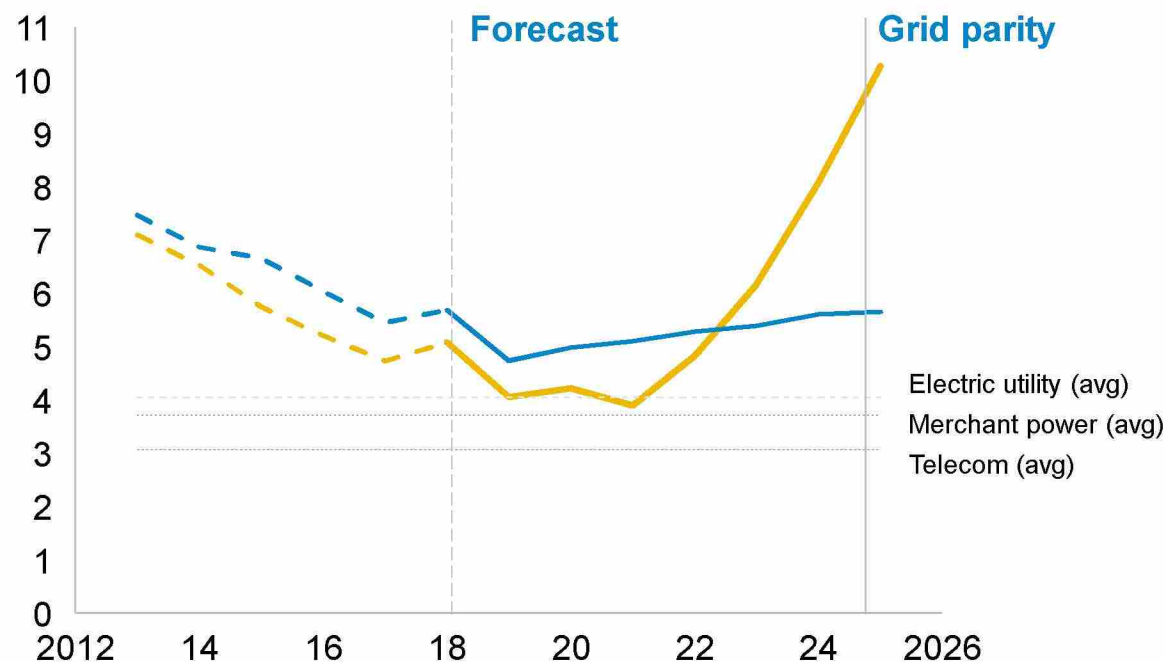
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## JEA's effort to de-lever has accelerated, bringing it closer to industry averages

### What other companies have done

### Historic and projected debt to EBITDA, multiple



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### Opportunity

### Can JEA do this

More product	✗
Cut costs	✓
Increase prices	✓
Investments in R&D and IP with positive cash flows	✗
Sell additional new products	✗
Sell equity and retire debt	✗
Acquire new business / customers	✗
Reduce investment in capex	✓
Reduce dividend / city contribution	✗
Sell assets	✗

1 Electric, telecom and merchant constitute median ratios 2013 - 2017

SOURCE: JEA

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## From status quo 1 to status quo 2: recap of how we got here

- Since alignment on status quo 1, the SLT members worked with their teams to develop **cost saving and revenue enhancement initiatives**, and **estimate impact** for initiatives that are doable within JEA's current constraints
- At the same time, we developed a rough **"top-down" sizing of cost saving opportunities by business area**, based on achieving lowest quartile cost performance when compared with peer companies
- We have met with each SLT member to review top-down sizing and further develop initiatives
- Today, we are going to:
  - **Present** the total impact of all cost savings and revenue enhancement opportunities on the status quo 1 cash flow gap
  - **Present** the impact of initiatives developed by the SLT compared with the top-down opportunity identified
  - **Review** all initiatives and **decide** which should be included in status quo 2
  - **Decide** whether and in which areas to further develop initiatives

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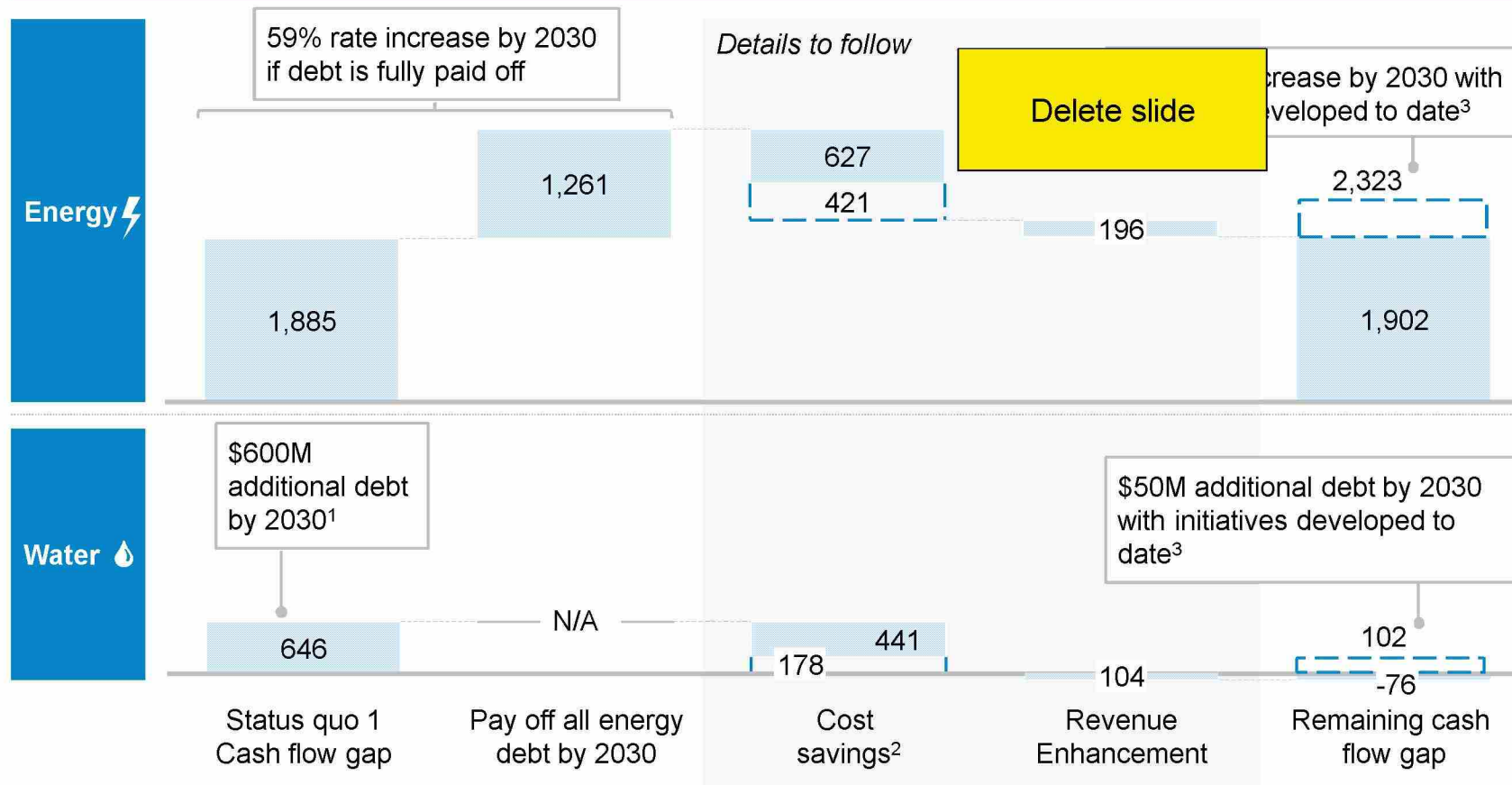
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PRELIMINARY

## Potential to reduce cash flow gap by \$1.1B through levers within JEA constraints

■ Bottom up initiative development □ Benchmark-based top down sizing

Cumulative cash flows 2019 – 2030, \$M



### Key assumptions:

- Includes all initiatives (no regrets, trade-offs and difficult items)
- Run rate savings and revenue initiatives assumed to start in 2021
- O&M savings opportunities grow at 3% per year to account for growing O&M base
- Allocated cost and revenue items across energy and water based on current proportion of revenue and O&M/capex

<sup>1</sup> Relative to "all rates case" debt level in 2030

<sup>2</sup> Cost savings initiatives assumed to start in 2021

<sup>3</sup> Rate increase and resulting debt based on initiatives only (e.g., not full benchmark)

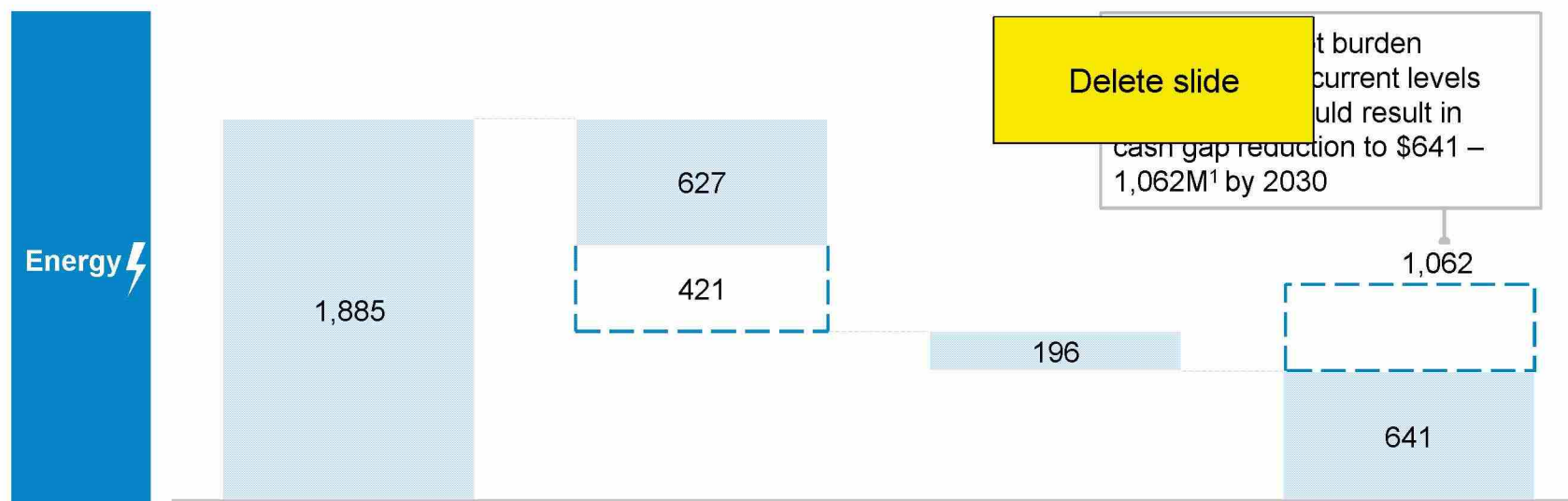
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PRELIMINARY

## NO DEBT PAYDOWN (alternative scenario): Potential to reduce energy cash flow gap by \$.8B through levers within JEA constraints

Cumulative cash flows 2019 – 2030, \$M

■ Bottom up initiative development □ Benchmark-based top down sizing



### Key assumptions:

- Includes all initiatives (no regrets, trade-offs and difficult items)
- Run rate savings and revenue initiatives assumed to start in 2021
- O&M savings opportunities grow at 3% per year to account for growing O&M base
- Allocated cost and revenue items across energy and water based on current proportion of revenue and O&M/capex

¹ Based on initiative vs. benchmarked reductions

SOURCE: JEA internal financial projections

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## Initiative discussion agenda

- Summary impact
- **Top 10** initiatives
- Other **Cross-cutting** initiatives
- **Energy** initiatives
- **Water & Wastewater** initiatives
- **IT** initiatives
- **Customer** initiatives
- **Corporate** initiatives

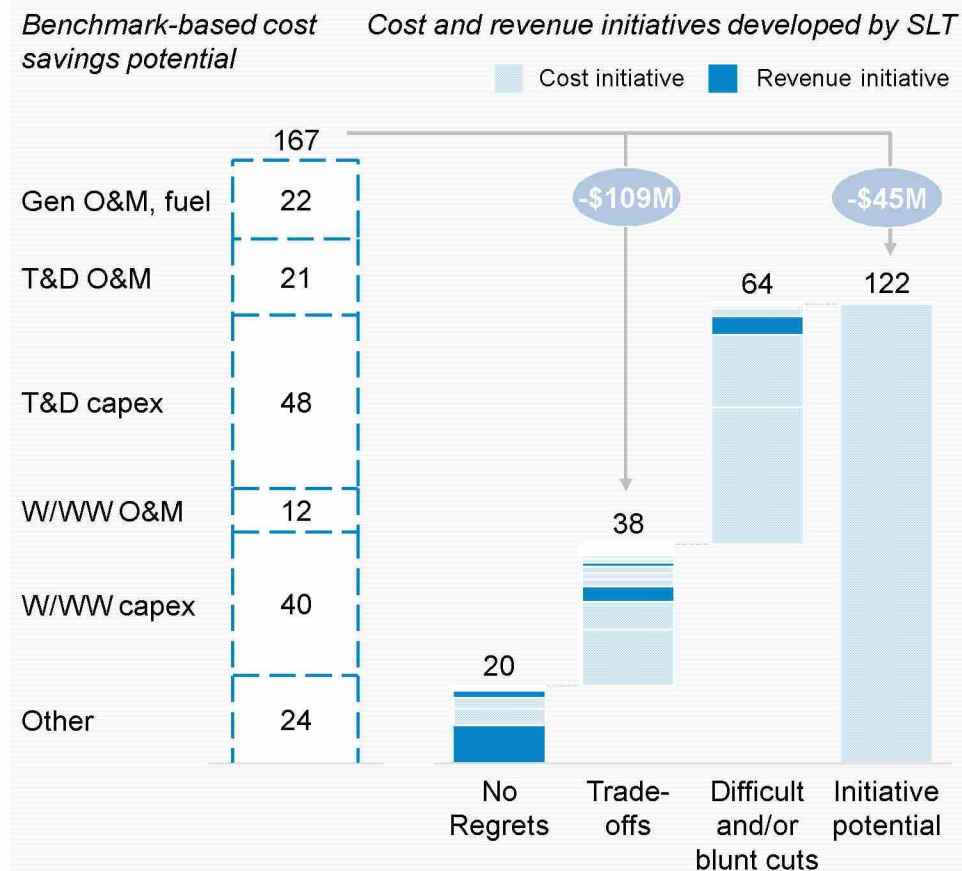




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## Initiatives developed by JEA total 2/3 of annual potential impact from top down sizing

Annual potential impact, \$M



- 61 initiatives have been identified with a total annual impact of **\$122M (\$95M cost impact, \$27M revenue)**
- Revenue initiatives with **minimal or manageable** board spending cuts and controversial revenue sources (e.g. 5% mandated O&M reduction, purple folder initiative, Blue Fin)
- Top-down opportunity sizing shows **\$167M cost savings from benchmarking against top-quartile peers**, with largest opportunity in T&D and W/WW capex
- Bridging the gap with activities within JEA charter, could be done through **additional blunt spending cuts** (e.g. reduce R&R capex, involuntary RIFs) **AND/OR step-change operational performance improvements**
- Step change operational improvements would **expand on what SLT members have already developed**, e.g.,
  - From replacing Oracle EAM to analytics-based asset management
  - From Considering 4x10's to lean field force deployment and execution
  - From IT cost roadmap to integrated digital strategy
  - From scope and fee negotiator to capital project design and procurement optimization
  - From plant outage deferral to heat rate improvements and fleet optimization
  - From load mapping app to DSM strategy that allows for major capex deferrals

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## Initiatives developed across JEA business areas represent opportunity of \$122M / year

Figures in \$M/year		Annual Savings opportunity <sup>1</sup>		% savings from baseline <sup>1</sup>	Baseline used	Major initiatives
		From initiatives	Benchmark-based top down sizing			
Energy	Generation	3	22	26%	Review and update slide, if needed	Outsource material handling
	Transmission	3	30	66%		JEA personnel for transmission work
	Distribution	1	42	40%		2018 distribution O&M, run-rate 2020-2030 capex Vegetation trim cycle
	Revenue	2	2	N/A		N/A Project Blue Fin
Water	Water	4	14	14%	2018 water capex and O&M	Scope and Fee Negotiator
	Wastewater	0	37	20%	2018 wastewater capex and O&M	Project funding revisions
	Revenue	1	1	N/A	N/A	Sewer Lateral Cleaning and Televising
Customer <sup>4</sup>		5	5	3%	2018 Customer O&M costs minus meter services	Outsource call centers
Corporate <sup>3</sup>	IT	9	17	34%	2018 IT O&M and capex costs in water and energy	Cost optimization roadmap
	Other corp <sup>5</sup>	1	6	6%	2018 appointed spend; adjustments by function	Facilities O&M Other Services and Charges (OSC) reduction
Cross-cutting		93	93	N/A	N/A	Vendor Contract Alignment with Capital and O&M Budgetary Performance
Total savings potential		122	167			

<sup>1</sup> Savings based annual savings with 2018 as starting point for benchmark comparison opportunities

<sup>3</sup> Costs are allocated to energy and water balance sheets, but are assessed in aggregate for opportunity sizing

<sup>5</sup> Other corporate includes HR, Finance, Compliance, Supply Chain, and other corporate functions

<sup>2</sup> Using high estimate of savings potential; top-down potential included if incremental to both business area-specific and cross-cutting

<sup>4</sup> Meter services included in "distribution," community engagement included in

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SOURCE: JEA

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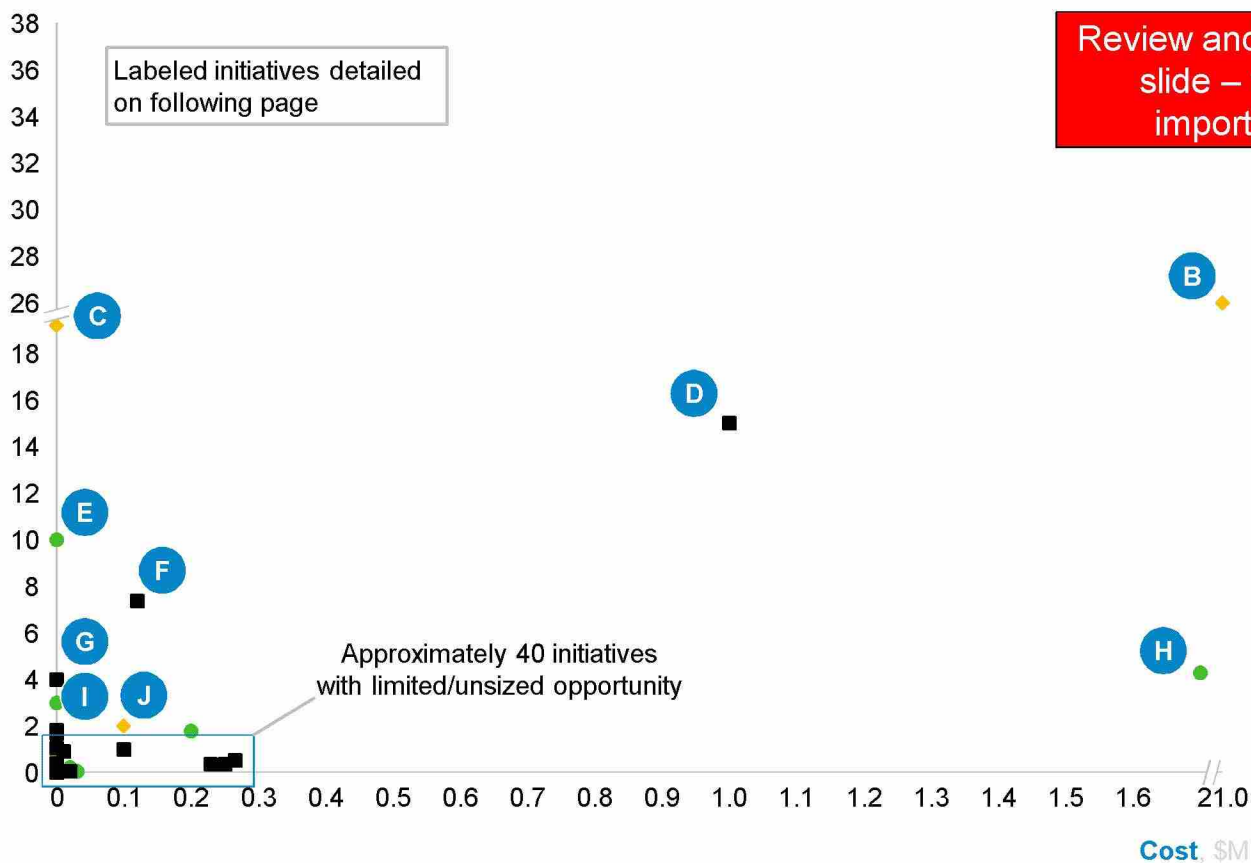
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## We will prioritize discussion of the highest impact initiatives with trade-offs

### Initiative sizing

Opportunity, 2020 – 2030 \$M



### Initiatives to focus discussion

- A Purple Folder
- Project Blue Fin
- C Mandated O&M reduction
- D Real estate optimization
- E Vendor contract alignment
- F Cost optimization roadmap
- G Inventory optimization
- H Retail marketplace
- I Facilities O&M
- J Market-provided services for non-core functions

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## Overview of top ten initiatives by impact

	Overview	Risks & considerations	Annual opportunity \$M	Include in SQ2?
<b>A</b>	<b>Purple Folder (HR) (N/A)</b>	<ul style="list-style-type: none"> <li>Confidential HR</li> </ul>	<ul style="list-style-type: none"> <li>\$36.3</li> <li>\$16.9 upfront cost</li> </ul>	
<b>B</b>	<b>Project Blue Fin (Planning) (P.65)</b>	<ul style="list-style-type: none"> <li>New Business Line – creating integrated energy utility</li> </ul>	<ul style="list-style-type: none"> <li>\$5 (26 revenue, 21 cost)</li> </ul>	
<b>C</b>	<b>Mandated O&amp;M reduction (HR) (P.68)</b>	<ul style="list-style-type: none"> <li>Mandate O&amp;M reduction spend by group. Would need vetting and filter (some of this may already be budgeted)</li> </ul>	<ul style="list-style-type: none"> <li>\$19.2</li> </ul>	
<b>D</b>	<b>Real estate optimization (Planning) (P.67)</b>	<ul style="list-style-type: none"> <li>Sell/lease surplus properties</li> </ul>	<ul style="list-style-type: none"> <li>\$150 aggregate</li> <li>\$10.0 cost</li> </ul>	
<b>E</b>	<b>Vendor contract alignment (SC) (P.134)</b>	<ul style="list-style-type: none"> <li>Vendor negotiations or like for like comparison of unit pricing from different vendors, largely on O&amp;M contracts</li> </ul>	<ul style="list-style-type: none"> <li>\$10.0</li> </ul>	
<b>F</b>	<b>Cost optimization roadmap (IT) (P.129)</b>	<ul style="list-style-type: none"> <li>3<sup>rd</sup> party support provider for Oracle and other software</li> </ul>	<ul style="list-style-type: none"> <li>\$1.05</li> </ul>	
<b>G</b>	<b>Inventory optimization (SC) (P.133)</b>	<ul style="list-style-type: none"> <li>Better materials management and siting in business areas where materials are fast-turn and workforce is distributed and currently has to make extra trips to pick up materials</li> </ul>	<ul style="list-style-type: none"> <li>\$3</li> </ul>	
<b>H</b>	<b>Retail marketplace (SC) (P.79)</b>	<ul style="list-style-type: none"> <li>Online marketplace to sell energy-related appliances and services. Use to collect data, create engagement and awareness, and generate modest income.</li> </ul>	<ul style="list-style-type: none"> <li>\$4.3</li> <li>\$1.7 upfront cost</li> </ul>	
<b>I</b>	<b>Facilities O&amp;M (SC) (P.135)</b>	<ul style="list-style-type: none"> <li>Optimize vendor contracts, reduce service levels on contracts, (e.g., fewer lawn cuts) and conserve on utilities expenses</li> </ul>	<ul style="list-style-type: none"> <li>\$4.0</li> </ul>	
<b>J</b>	<b>Market-provided services for non-core functions (SC) (P.132)</b>	<ul style="list-style-type: none"> <li>Outsource non-core functions within supply chain</li> </ul>	<ul style="list-style-type: none"> <li>\$2.0</li> </ul>	

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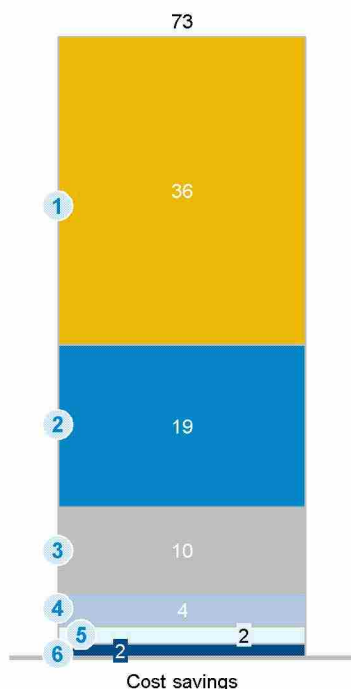


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Discussed previously in "top 10"

## Cross-cutting cost (1/2)

Annual potential, \$M



Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
1 Purple Folder Initiative (HR) (N/A)	<ul style="list-style-type: none"> <li>Confidential HR</li> </ul>	<ul style="list-style-type: none"> <li><b>Difficult</b>; confidential</li> </ul>	<ul style="list-style-type: none"> <li>\$36.3</li> <li>\$(16.9) upfront cost</li> </ul>	
2 Mandated O&M reduction (HR) (P.68)	<ul style="list-style-type: none"> <li>Mandate O&amp;M reduction group. Would need some of this may already be budgeted.</li> </ul>	<ul style="list-style-type: none"> <li><b>Difficult</b>; could result in lost employee development opportunities and benefits</li> </ul>	<ul style="list-style-type: none"> <li>\$19.2</li> </ul>	
3 Vendor Contract Alignment with Capital and O&M Budgetary Performance (Supply Chain) (P.134)	<ul style="list-style-type: none"> <li>Vendor negotiations or like for like comparison of unit pricing from different vendors, largely on O&amp;M contracts</li> </ul>	<ul style="list-style-type: none"> <li><b>No regrets</b></li> </ul>	<ul style="list-style-type: none"> <li>\$10.0</li> </ul>	
4 Facilities O&M Other Services and Charges (OSC) reduction (P.135)	<ul style="list-style-type: none"> <li>Optimize vendor contracts, reduce service levels on contracts, (e.g., fewer lawn cuts) and conserve on utilities expenses</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs</b>; vendor pushback, site quality</li> </ul>	<ul style="list-style-type: none"> <li>\$4.0</li> </ul>	
5 Market-provided services for non-core functions (P.132)	<ul style="list-style-type: none"> <li>Outsource non-core functions within supply chain</li> </ul>	<ul style="list-style-type: none"> <li><b>Difficult</b>; major operational change required</li> </ul>	<ul style="list-style-type: none"> <li>\$2.0</li> </ul>	

Review and update slide, if needed

Are there any other initiatives which should be included?

1 Benchmark spend by category for HR, Finance, Environmental, Supply Chain, and Procurement relative to 18 peers with similar revenues; other functions not explicitly benchmarked

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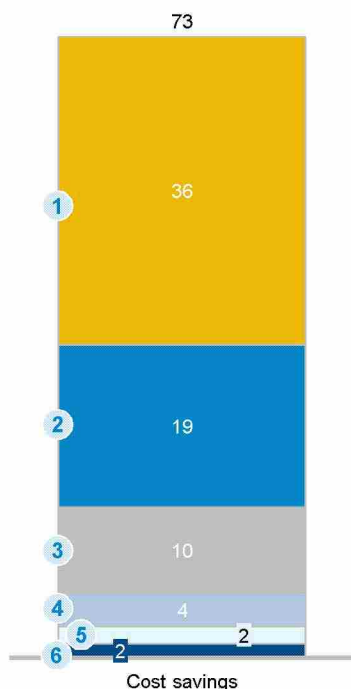
SOURCE: JEA

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## Cross-cutting cost (2/2)

Annual potential, \$M



Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
6 Corporate hiring review committee (HR) (P.69)	<ul style="list-style-type: none"> <li>Evaluate hiring of direct roles to reduce indirect long-term need</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs;</b> JEA could potentially lose some soft/non-essential services</li> </ul>	\$1.7	
7 Enhance/replace Oracle eam (Energy) (P.83)	<ul style="list-style-type: none"> <li>New software to improve employee satisfaction and productivity (ease of use)</li> </ul>	<ul style="list-style-type: none"> <li><b>regrets</b></li> </ul>	TBD	
8 Technology driven improvements (P.82) (Energy)	<ul style="list-style-type: none"> <li>Use technology to drive improvements. Condition based maintenance to replace time based maintenance process. Drones may allow reduced costs for inspection process. Tablets should allow enhanced asset management – <i>could also apply to water and wastewater</i></li> </ul>	<ul style="list-style-type: none"> <li><b>No regrets</b></li> </ul>	TBD	

Review and update slide, if needed

Are there any other initiatives which should be included?

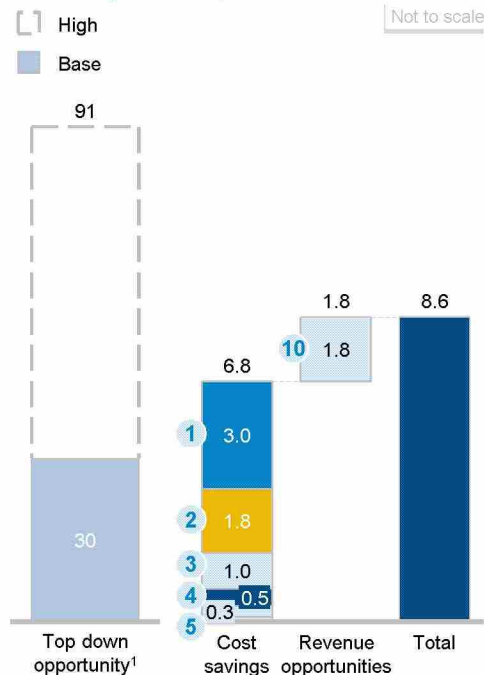
1 Benchmark spend by category for HR, Finance, Environmental, Supply Chain, and Procurement relative to 18 peers with similar revenues; other functions not explicitly benchmarked

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Discussed previously in "top 10"

## Energy cost (1/2)

### Annual potential, \$M



Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
1 Inventory optimization (Supply Chain) (P.133)	<ul style="list-style-type: none"> <li>Better materials management and siting in business materials are faster and is distributed and make extra trips</li> </ul>	<ul style="list-style-type: none"> <li>No regrets</li> </ul>	<ul style="list-style-type: none"> <li>\$3</li> </ul>	
2 Outsource material handling functions (P.90)	<ul style="list-style-type: none"> <li>Outsource material handling functions at Northside Generating. This would include but not limited to, fuel unloading and handling, ash handling and disposal and by-product support</li> </ul>	<ul style="list-style-type: none"> <li>Trade-offs; labor issues with IBEW</li> </ul>	<ul style="list-style-type: none"> <li>\$1.8</li> </ul>	
3 Contractor management (P.85)	<ul style="list-style-type: none"> <li>Develop and implement a contractor management program (currently sized based on NGS)</li> </ul>	<ul style="list-style-type: none"> <li>Trade-offs; monitoring and additional cost reduction burdens on current contractors could create discontent</li> </ul>	<ul style="list-style-type: none"> <li>\$1.0</li> <li>\$0.1 upfront cost</li> </ul>	
4 Vegetation trim cycle (P.89)	<ul style="list-style-type: none"> <li>Increase cycle by 20% (to 36 months) to decrease costs</li> </ul>	<ul style="list-style-type: none"> <li>Trade-offs; FAC-003 compliance risk, reliability metrics worsen, customer satisfaction decrease</li> </ul>	<ul style="list-style-type: none"> <li>\$0.5</li> </ul>	
5 JEA personnel for transmission work (P.86)	<ul style="list-style-type: none"> <li>Utilize JEA personnel to perform transmission maintenance, eliminating need for contractor</li> </ul>	<ul style="list-style-type: none"> <li>Trade-offs; may affect pricing for unit contract</li> </ul>	<ul style="list-style-type: none"> <li>\$0.3</li> </ul>	

Are there any other initiatives which should be included?

<sup>1</sup> Benchmark savings vs. FERC submissions at company- and plant- level for T&D and generation respectively; calculated using median and lowest quartile spend for T&D, median and lowest decile spend for generation

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SOURCE: JEA

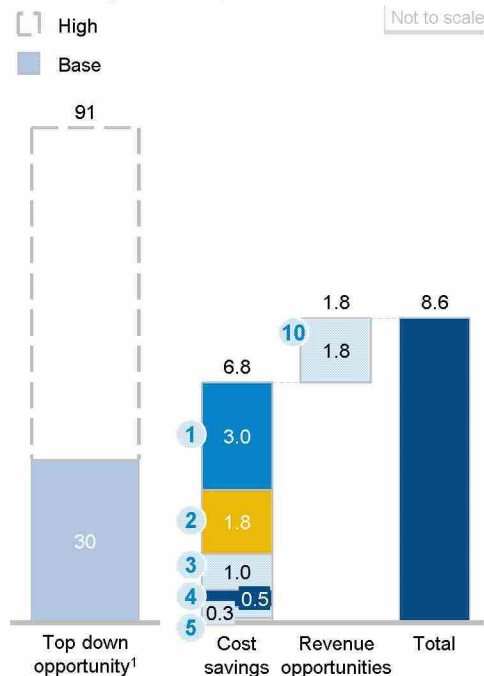
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## Energy cost (2/2)

### Annual potential, \$M



2018 energy spend baseline

\$264M

Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
6 JEA personnel for capital work (P.94)	<ul style="list-style-type: none"> <li>Utilize JEA personnel to perform assembly and v of new power tra a contractor; po impact on preve</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs;</b> delayed maintenance work</li> </ul>	<ul style="list-style-type: none"> <li>\$0.03</li> </ul>	
7 Demand app (Finance) (N/A)	<ul style="list-style-type: none"> <li>App showing demand in different areas. Create customer awareness and engagement.</li> </ul>	<ul style="list-style-type: none"> <li><b>No regrets</b></li> </ul>	<ul style="list-style-type: none"> <li>Minimal</li> </ul>	
8 Change to an "operating hours" overhaul scheduling strategy (P.88)	<ul style="list-style-type: none"> <li>Change from a "time frequency" based decision making process for major outage requirements, to an "operating hours" based approach as currently accepted by the OEM's (savings currently based on deferred maintenance (not eliminated) )</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs;</b> Risk is proportionate to the amount of hours on the machines. Insurance (FM Global) carrier concerns.</li> </ul>	<ul style="list-style-type: none"> <li>\$3.8 aggregate</li> </ul>	

Review and update slide, if needed

Are there any other initiatives which should be included?

1 Benchmark savings vs. FERC submissions at company- and plant- level for T&D and generation respectively; calculated using median and lowest quartile spend for T&D, median and lowest decile spend for generation

SOURCE: JEA

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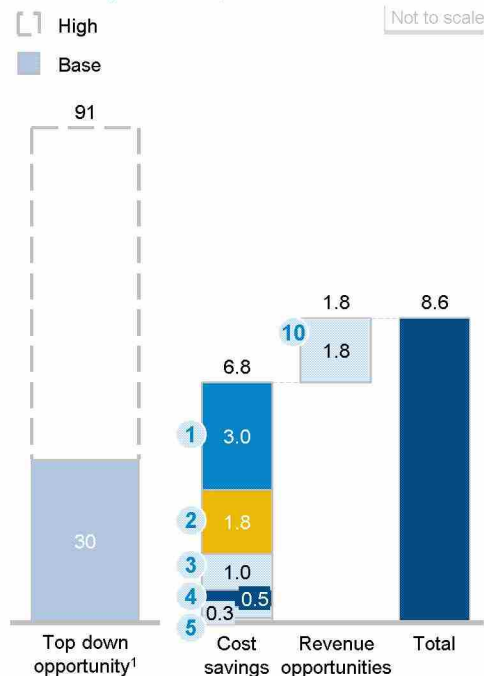
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## Energy revenue

### Annual potential, \$M



Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
9 Residential Solar Application Fee (Planning) (P.97)	<ul style="list-style-type: none"> <li>Charge an application/inspection fee to cover the cost of interconnection inspections</li> </ul>	<ul style="list-style-type: none"> <li>Trade-offs; publicity and customer pushback</li> </ul>	\$1.8	
10 Expand electrification (customer) (N/A)	<ul style="list-style-type: none"> <li>Convert more commercial and industrial customer to electric (e.g., vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>No regrets</li> </ul>	\$1.2	
11 Expand natural gas sales (P.84)	<ul style="list-style-type: none"> <li>Additional natural gas sales to commercial customers (likely need to implement fixed price option)</li> </ul>	<ul style="list-style-type: none"> <li>No regrets</li> </ul>	TBD	

Review and update slide, if needed

Are there any other initiatives which should be included?

<sup>1</sup> Benchmark savings vs. FERC submissions at company- and plant- level for T&D and generation respectively; calculated using median and lowest quartile spend for T&D, median and lowest decile spend for generation

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SOURCE: JEA

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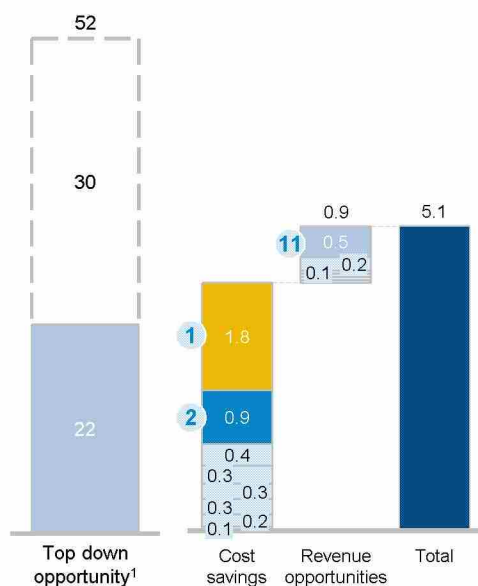


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## Water & wastewater cost (1/2)

### Annual potential, \$M

Not to scale



Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
1 Scope and Fee Negotiator (P.115)	<ul style="list-style-type: none"> <li>Hire an expert with experience in negotiating rates for capital projects</li> </ul>	<ul style="list-style-type: none"> <li>No regrets</li> </ul>	<ul style="list-style-type: none"> <li>\$1.8</li> <li>\$0.1 upfront cost</li> </ul>	
2 Perform Crane Inspections Utilizing JEA Personnel (P.111)	<ul style="list-style-type: none"> <li>Bring crane inspections in-house if certifications can be obtained</li> </ul>	<ul style="list-style-type: none"> <li>Trade-offs; effort involved to certify</li> </ul>	<ul style="list-style-type: none"> <li>\$0.9</li> <li>\$0.01 upfront cost</li> </ul>	
3 Wastewater Biosolids Hauling (P.103)	<ul style="list-style-type: none"> <li>In-source biosolids hauling from wastewater reclamation facilities to Buckman WRF</li> </ul>	<ul style="list-style-type: none"> <li>Trade-offs; unclear level of impact</li> </ul>	<ul style="list-style-type: none"> <li>\$0.4</li> <li>\$0.6 upfront cost</li> </ul>	
4 Design-Build Continuing Service Contract (P.114)	<ul style="list-style-type: none"> <li>Develop master contracts with qualified design-build contractors for repeat, small capex jobs</li> </ul>	<ul style="list-style-type: none"> <li>No regrets</li> </ul>	<ul style="list-style-type: none"> <li>\$0.3</li> </ul>	
5 Minimize Costs for Pump Station PM Visits (P.110)	<ul style="list-style-type: none"> <li>Reduce pump station inspections through condition-based maintenance and hire entry-level workers to perform remaining work</li> </ul>	<ul style="list-style-type: none"> <li>Trade-offs; reliability risk + effort to implement</li> </ul>	<ul style="list-style-type: none"> <li>\$0.3</li> </ul>	

Are there any other initiatives which should be included?

<sup>1</sup> Benchmark savings vs. AWWA and Bluefields category-level benchmarks (water distribution, treatment, wastewater collection, treatment); based on survey of US utilities<sup>2</sup>; all benchmarks used had at least 30 respondents

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SOURCE: JEA

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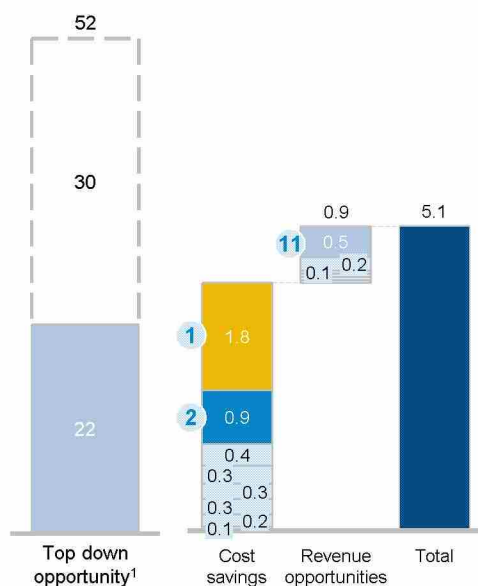
27

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## Water & wastewater cost (2/2)

### Annual potential, \$M

Not to scale



2018 water spend baseline

\$290M

Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
6 Project Funding Revisions (P.116)	<ul style="list-style-type: none"> <li>Modify project funding processes and requirement to s processes</li> </ul>	<ul style="list-style-type: none"> <li><b>No regrets</b></li> </ul>	<ul style="list-style-type: none"> <li>\$0.3</li> </ul>	
7 Hydrogen Peroxide Use Reduction (P.102)	<ul style="list-style-type: none"> <li>Optimize hydrog rate while maintaining odor control (estimate 10% reduction in usage possible)</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs</b>; potential customer dissatisfaction</li> </ul>	<ul style="list-style-type: none"> <li>\$0.2</li> </ul>	
8 Glycerin Use Reduction (P.101)	<ul style="list-style-type: none"> <li>JEA can reduce glycerin usage and still meet compliance limits (28% under compliance limit now)</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs</b>; environmental risk</li> </ul>	<ul style="list-style-type: none"> <li>\$0.1</li> </ul>	
9 Hydrogen Peroxide cost at Arlington East WRF (P.109)	<ul style="list-style-type: none"> <li>Reduce hydrogen peroxide feed rate and remain under TN TMDL limit</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs</b>; potential environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>\$0.02</li> </ul>	
10 Four Ten-Hour Days for Select Field Staff (P.112)	<ul style="list-style-type: none"> <li>There may be benefit in utilizing four, ten-hour days for certain classes of work. For instance, construction projects typically have a longer set up and break down time each day. One less commute day to work zones would save JEA time and miles driven.</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs</b></li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	

Are there any other initiatives which should be included?

<sup>1</sup> Benchmark savings vs. AWWA and Bluefields category-level benchmarks (water distribution, treatment, wastewater collection, treatment); based on survey of US utilities<sup>2</sup>; all benchmarks used had at least 30 respondents

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SOURCE: JEA

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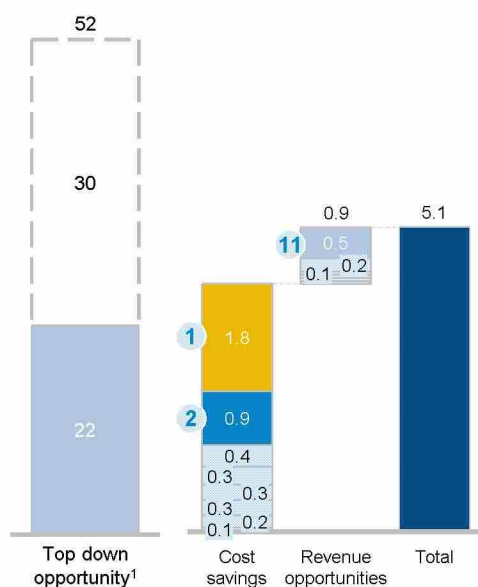
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## Water & wastewater revenue (1/2)

### Annual potential, \$M

Not to scale



2018 water spend baseline

\$290M

Initiative	Overview	Risks & considerations	Annual opportunity \$M	Include in SQ2?
11 Provide O&M and R&R Services for Private Pump Stations (P.100)	Operate and provide R&R services to owners of private pump stations	Trade-offs; assume risk for private pump stations	\$0.5 \$0.3 upfront cost	
12 Customer Owned Backflow Preventer Maintenance (P.106)	Provide backflow installation, testing and repair services. Bringing installation, testing and repair services in-house provides value for the customer with regard to ensuring easy compliance with the regulation and allows JEA an easier way to track compliance.	No regrets	\$0.2 \$0.02 upfront cost	
13 Sewer Lateral Cleaning and Televising (P.107)	Charge customers to clean out clogs in their sewer laterals. Currently when a customer calls regarding a stoppage, JEA provides a "courtesy" jetting of their pipe to clear the stoppage	Trade-offs; potential impact to community plumbers	\$0.1	
14 Private Water Repairs in Close Proximity to Water Meter (P.104)	Formalize repairs to private pipe and fittings near the meter the process and offer these services to the customer and include charges on the JEA bill.	Trade-offs; potential customer or local plumber issues	\$0.1 \$0.02 upfront cost	

Review and update slide, if needed

Are there any other initiatives which should be included?

<sup>1</sup> Benchmark savings vs. AWWA and Bluefields category-level benchmarks (water distribution, treatment, wastewater collection, treatment); based on survey of US utilities<sup>2</sup>; all benchmarks used had at least 30 respondents

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SOURCE: JEA

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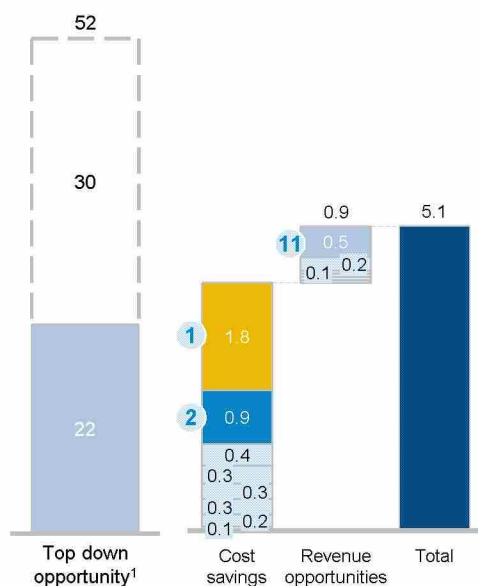
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## Water & wastewater revenue (2/2)

### Annual potential, \$M

Not to scale



2018 water spend baseline

\$290M

Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
15 Sewer Clean-Out Installation and Repair (P.108)	<ul style="list-style-type: none"> <li>Provide service to customer-owned sewer clean-out required by code</li> <li>unblock stoppage</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs;</b> potential impact to community plumbers</li> </ul>	\$0.05	
16 Water Softener and Faucet Aerator Troubleshooting and Repair (P.105)	<ul style="list-style-type: none"> <li>Provide water softener servicing/minor maintenance and faucet aerator replacement/cleaning to correct poor pressure issues</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs;</b> impact to plumbers in community</li> </ul>	\$0.04	
17 Collection/Conversion of Brown Grease to Biofuel or Methane (Enviro) (P.75)	<ul style="list-style-type: none"> <li>Establish dedicated "brown grease" collection and treatment facilities for conversion to bio-diesel and/or carbon source for digesters at WWTP</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs;</b> capital investment, taking on more services, politics</li> </ul>	TBD	

Review and update slide, if needed

Are there any other initiatives which should be included?

<sup>1</sup> Benchmark savings vs. AWWA and Bluefields category-level benchmarks (water distribution, treatment, wastewater collection, treatment); based on survey of US utilities<sup>2</sup>; all benchmarks used had at least 30 respondents

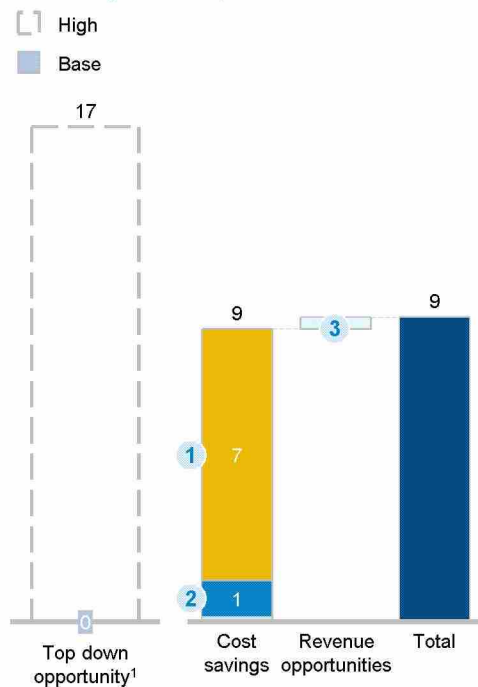


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Discussed previously in "top 10"

IT

## Annual potential, \$M



Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
1 Cost optimization roadmap (P.129)	<ul style="list-style-type: none"> <li>Broad cost optimization</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs;</b> Effective business change management and acceptance</li> </ul>	<ul style="list-style-type: none"> <li>\$7.35</li> <li>\$1.25 upfront cost</li> </ul>	
2 ERP cost optimization (P.127)	<ul style="list-style-type: none"> <li>3<sup>rd</sup> party support provider for Oracle and other support</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs;</b> JEA would no longer receive Oracle upgrades for ERP or database</li> </ul>	<ul style="list-style-type: none"> <li>\$1.05</li> </ul>	
3 Reconcile vendor use of duct bank to existing project agreements (P.128)	<ul style="list-style-type: none"> <li>Recover revenue according to original contracts with Comcast for use of space</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs;</b> potential legal/political risks</li> </ul>	<ul style="list-style-type: none"> <li>\$0.35</li> <li>\$0.25 upfront cost</li> </ul>	
4 Telecom audit (P.126)	<ul style="list-style-type: none"> <li>Identify over-billing opportunities to address</li> </ul>	<ul style="list-style-type: none"> <li><b>No regrets</b></li> </ul>	<ul style="list-style-type: none"> <li>\$0.15</li> </ul>	
5 Application rationalization to reduce/consolidate IT footprint (P.130)	<ul style="list-style-type: none"> <li>Application rationalization effort would shrink the IT footprint at JEA, in turn shrinking the resource footprint required to support it</li> </ul>	<ul style="list-style-type: none"> <li><b>Trade-offs</b> in familiar applications</li> </ul>	<ul style="list-style-type: none"> <li>\$0.6 one-time savings</li> <li>\$0.06 cost</li> </ul>	

Are there any other initiatives which should be included?

<sup>1</sup> Benchmark savings vs. \$49M of total spend; calculated using median and lowest quartile IT spend as a proportion of revenue; benchmarked against 6 North American utilities with revenues ranging from \$1-10B.

SOURCE: JEA

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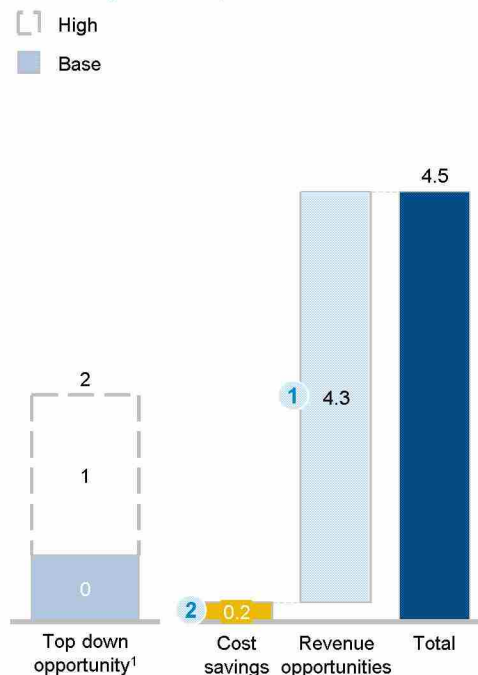
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## Customer

Discussed previously in "top 10"

### Annual potential, \$M



2018 Customer spend baseline

\$48M<sup>1</sup>

Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
1 Retail marketplace (P.79)	Online marketplace to sell energy-related appliances to collect data, and awareness, modest income.	No regrets	\$4.3 \$1.7 upfront cost	
2 Reduce paper bills (HR) (P.74)	Reduce paper bills sent out. Initiative underway to implement "opt-out" program for new customers	Trade-offs; some customers may not have computers	\$0.2	
3 Outsource call centers (HR) (P.96)	Outsource some call center operations, e.g., start/stop service	Trade-offs; customer satisfaction	TBD	
4 Co-branded retail sales (P.80)	Sell co-branded items (e.g., wipes, water filtration) and services with major providers. Create awareness for key issues, generate revenues.	Trade-offs; risk of non-performing partner doing reputational damage	TBD	

Review and update slide, if needed

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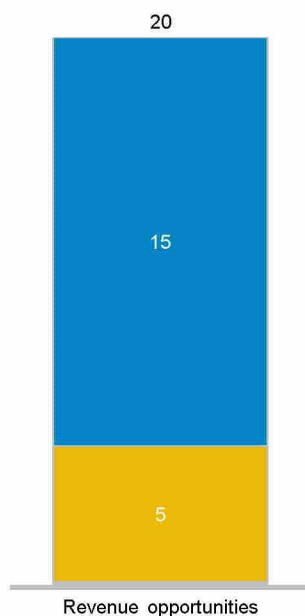
<sup>1</sup> Benchmark savings vs. \$39M of O&M spend; calculated using median and lowest quartile performance against key metrics; benchmarked against 10+ North American utilities

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Discussed previously in "top 10"

## Non-IT corporate revenue

Annual potential, \$M



Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
▪ Real estate optimization (Planning) (P.67)	▪ Sell/lease surplus properties	▪ <b>Trade-offs;</b> less flexibility	▪ \$150 aggregate	
▪ Project Blue Fin (Planning) (P.65)	▪ New Business Line integrated energy	▪ <b>Trade-offs;</b> confidential	▪ \$10 cost	
▪ Consult out ethics services (Compliance) (P.125)	▪ Provide Ethical compliance services to other independent agencies such as Jacksonville Housing Authority, Jax Port, and DCPS	▪ <b>No regrets</b>	▪ \$5.0	
▪ Permitting fee review (Enviro) (P.77)	▪ Review all permitting fees; fees are among the lowest within the surrounding area and Florida and have not been changed for several years.	▪ <b>Trade-offs;</b> negative feedback maybe received as a result of fee increases	▪ \$0.1	
▪ eLearning Technologies (HR) (P.71)	▪ Sell JEA's eLearning to external parties	▪ <b>No regrets</b>	▪ \$0.04	
▪ Expand lab services (Enviro) (P.76)	▪ Provide lab services to other government agencies	▪ <b>No regrets</b>	▪ \$0.03	
▪ JEA Academy (HR) (P.79)	▪ Opportunity selling JEA's eLearning to public; requires payment for non-JEA customers and ability to sell new services	▪ <b>No regrets</b>	▪ \$0.02	

Are there any other initiatives which should be included?

1 Benchmark spend by category for HR, Finance, Environmental, Supply Chain, and Procurement relative to 18 peers with similar revenues; other functions not explicitly benchmarked

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SOURCE: JEA

JEA

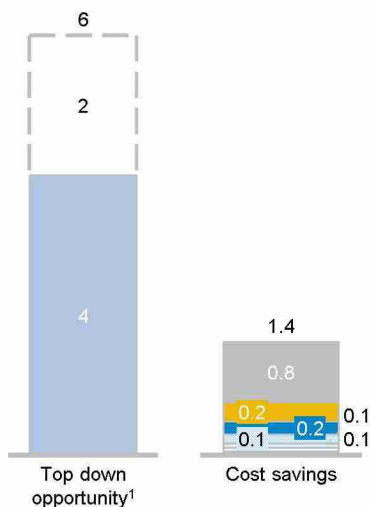
33

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## Non-IT corporate cost

High Base Discussed previously in "top 10"

### Annual potential, \$M



2018 corporate spend baseline

\$103M

Initiative	Overview	Risks & considerations	Annual opportunity, \$M	Include in SQ2?
▪ Reduce security patrol (P.120)	▪ Reduce number of security patrol personnel	▪ <b>Difficult</b> ; increased security across affected areas	▪ \$0.8	
▪ Consolidate HR support staff (P.70)	▪ Consolidate some employee service	▪ <b>Trade-offs</b> ; increased workload on department	▪ \$0.2	
▪ Reduce downtown security (P.121)	▪ Reduce number of downtown security personnel	▪ <b>Trade-offs</b> ; increased security risk across affected areas	▪ \$0.2	
▪ Audit services reduction (P.122)	▪ Potential for consolidation and utilization of software	▪ <b>No regrets</b>	▪ \$0.1	
▪ IP Electronic data management (p.78)	▪ Direct upload or upload by data providers eliminates data errors, and reduces contract administrative costs (sized for Environmental)	▪ <b>No regrets</b>	▪ \$0.1	
▪ CIP compliance expense reduction (P.123)	▪ Reduce use of external cyber vulnerability assessments	▪ <b>Trade-offs</b> ; increased cybersecurity risk	▪ \$0.1	
▪ Consolidate legal fees (P.124)	▪ Reduce legal fees associated with guidance on regulatory issues	▪ <b>Trade-offs</b> ; increased regulatory risk	▪ \$0.04	
▪ Outsource HR functions (N/A)	▪ Outsource payroll and benefits	▪ <b>Trade-offs</b> ; increased workload on department	▪ TBD	

Review and update slide, if needed

Are there any other initiatives which should be included?

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## Goals for today

Item	Time	Presenter
1. Review status quo high-level results and reminder of why we are looking at status quo 2	30 minutes	Ryan
2. Review high-level results of status quo 2: remaining cash flow gap after taking all action within JEA constraints	1 hour	Delete slide
3. Break	15 minutes	
4. Review results of initiative development and opportunity sizing by business area	2 hours	Julio (all)
a. Decide whether to include / exclude initiatives as part of status quo 2		
b. Decide whether to develop additional initiatives by business area, given top-down opportunity sizing		
5. Lunch Break	1 hour	
6. Finalize status quo 2 initiatives for inclusion in May analysis	1 hour	Julio (all)
7. Media training for SLT	1 hour	
8. Break	15 minutes	
9. Review parking lot initiatives, decide whether to include any as part of status quo 2	1 hour	Ryan (all)
10. Present path forward and discuss action steps required to be prepared for May 28 Board meeting and beyond	1 hour	Aaron (all)

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## Parking lot initiatives (1/2)

Group	Initiative	Needs to change	Notes
Customer	Customer service center / customer advisor: operations hours		Proposed trimming operating hours for CSC; general agreement that service reductions infeasible
Distribution	2-way meter outsourcing		outsourcing installation; sounds like this may already be in place, no full-time employees except oversight)
Finance	Sales and leaseback of fleet	Charter	meet, enable allocation to capex, potentially reduce associated costs
	Sale of real estate (SJRPP)	Referendum?	
	Sale of DES	Referendum?	
	Monetize telecom	Referendum?	
	Sale and leaseback of gas pipeline	N/A	
	Debt restructure: SJRPP	N/A	Evaluate folding SJRPP into electric; accounting savings impact
Environmental	C&D Landfill	Charter	Construct and operate C&D landfill on JEA owned property at NGS north of William Ostner Road (currently undeveloped) or at SJRPP
HR	Replace civil service with negotiated contractual language	Requires charter change	Could reduce cost associated with hiring
Planning	Subscription Model	PSC approval?	Provide services (energy efficiency, solar, battery, etc.) to customers and charge customers a monthly subscription fee. Change revenue basis from variable to fixed
	PACE Financing	Charter	Provide Property Assessed Clean Energy (PACE) financing for customers to be able to increase efficiency, add solar, etc. Loan goes with property, paid through property taxes

<sup>1</sup> Note: initiatives removed from list following discussion include third party utilization of KGS Property, Capitalization of STOP engineering, capitalization, expand use of employee ideas, dual check valve (duplicate), eliminate contractor support for delivery and collection, business process improvement – technology/software (duplicate), U3 (overlaps with deferral initiative, tidal power, and customer service automation

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## Parking lot initiatives (2/2)

Group	Initiative	Needs to change	Notes
Water	Perform capital for surrounding utilities with our staff or contractors	Charter	
	Perform call-out to operational issues for surrounding utilities (JEA has 24/7 operations)	Charter	Delete slide
	Replace customer water and sewer laterals and be billed/financed by JEA	Charter	
	Permit customers to utilize our site restoration contractors and be billed by JEA	Charter	
	JEA owns numerous vacant parcels of land; look for lease opportunities depending on zoning, etc.	Charter	
	Installation and maintenance of private metering for mater-metered customers	Charter	
	Leak detection and repair	Charter	
	Permit customers to utilize our site restoration contractors and be billed by JEA	Charter	
	JEA owns numerous vacant parcels of land; look for lease opportunities depending on zoning, etc.	Charter	
	Sell bottled water	Charter	
	Make bio-diesel from sewer grease (combining with JEA pumping grease trap idea, or offer as disposal service for private haulers)	Charter	
	Grow and sell palm trees grown on JEA properties	Charter	



## Goals for today

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10. <b>Present path forward and discuss action steps required to be prepared for May 28 Board meeting and beyond</b>	<b>1 hour</b>	<b>Aaron (all)</b>



## Next steps

### First half of April

- Identify the true no-regrets initiatives for your business area (related to stakeholders in agreement, low risk) and develop action plans and timeline to execute

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### Second half of April and May

- Develop sizing for additional initiatives agreed upon today / current initiatives that have not been sized
- Provide input on top-down opportunity sizing approach, review any revisions
- May 7 – “Stack hands” around status quo 2 opportunity sizing, initiatives, and near-term actions
- May 10 – review and sign off on Board presentation

### June onwards

- Begin development of strategic plan

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## Appendix A: benchmarking

The following "Baseline Conversation" financial projections are presented solely for JEA Board of Directors planning and action. They are not a projection of future financial performance and, as such, should not be relied upon by present or prospective JEA bond investors to purchase or sell any security or to make an investment decision. The projections are merely a mathematical representation of a hypothetical case for change. Actual results are likely to differ materially from this business case. Use of this presentation not in its entirety could result in material financial harm to the company.

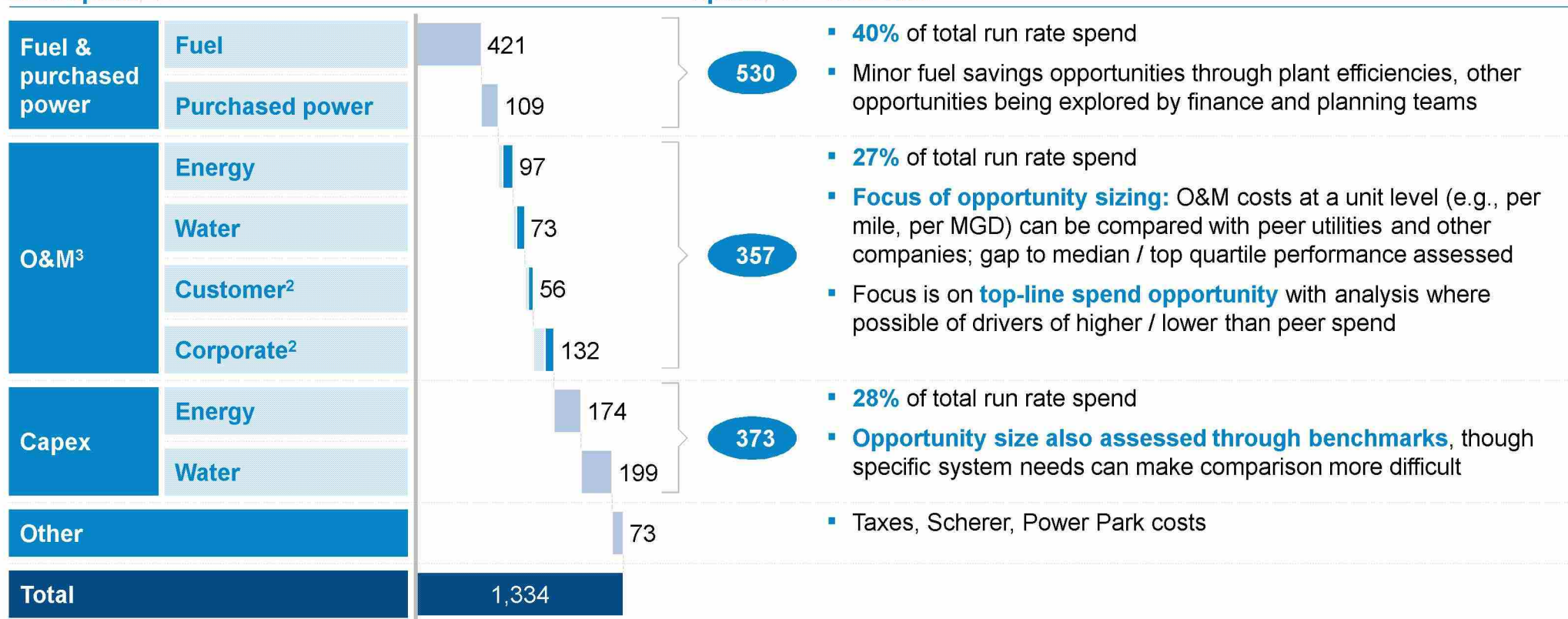
PRELIMINARY

## JEA's run rate spend breakdown is split between fuel and purchased power and fixed O&M and capex, with opportunity sizing focused on O&M and capex

■ Labor ■ Other

2018 spend, \$M

Spend, \$M Overview



<sup>1</sup> Costs based on audited 2018 financial statements; "other" includes "cash" expenses and O&M difference driven mainly by Scherer (e.g., includes taxes, excludes depreciation and revenue recognition)

<sup>2</sup> Costs are allocated to energy and water balance sheets, but are assessed in aggregate for opportunity sizing

<sup>3</sup> "Intercompany charges" considered as "labor" for charting purposes

SOURCE: JEA financials

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## Benchmarking methodology

Category	Approach	Areas not benchmarked
Energy (generation, transmission, distribution)	<ul style="list-style-type: none"> <li>▪ <b>Generation:</b> Plant-level comparison to most similar units (e.g., fuel type, plant size)</li> <li>▪ <b>T&amp;D:</b> Comparison of JEA FERC accounting cost to other US utilities on an expenditures-per-mile basis for O&amp;M and capital</li> </ul>	<ul style="list-style-type: none"> <li>▪ Generation capex</li> <li>▪ Energy O&amp;M and capex classified as "Other," (except IT capex expenditures, included in "corporate" benchmark)</li> </ul>
Water (water & wastewater)	<ul style="list-style-type: none"> <li>▪ <b>Water &amp; Wastewater:</b> Comparison to other US utilities on an expenditures-per-mile and MGD basis for O&amp;M and capital</li> </ul>	<ul style="list-style-type: none"> <li>▪ Water O&amp;M and capex classified as "Other," (except IT capex expenditures)</li> </ul>
Customer	<ul style="list-style-type: none"> <li>▪ Savings opportunities identified based on comparison to key customer metrics (e.g., eBilling, call handling)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Top-down benchmark of "Customer" team, e.g., FTE count (portions of this are accounted for in "distribution" and "corporate" benchmarks)</li> </ul>
Corporate	<ul style="list-style-type: none"> <li>▪ <b>HR, Finance, Procurement, Supply Chain, Community Engagement, Environmental, IT:</b> Benchmarking of spend and certain FTEs based on company size and revenues</li> </ul>	<ul style="list-style-type: none"> <li>▪ Executive Office, Compliance, Government affairs, and "Other" categories</li> <li>▪ Union spend for Procurement, Supply chain and Environmental groups</li> </ul>
Additional (potential)	<ul style="list-style-type: none"> <li>▪ Revenue opportunities</li> <li>▪ Spend Cube (procurement) analysis</li> <li>▪ Deeper dives into components of areas addressed above (e.g., plant-level diagnostics)</li> </ul>	

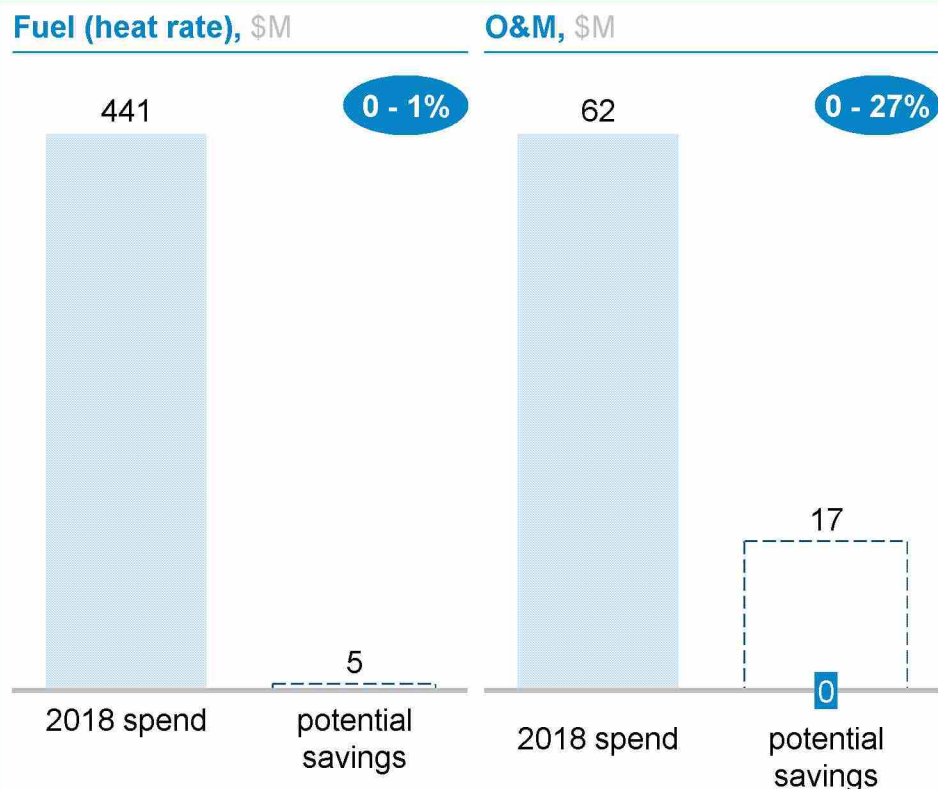


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# 1 \$22M savings opportunity in generation

 Savings potential

## Savings opportunity



Total savings potential: \$22M

## Approach to benchmarking

- Plant-level comparison to most similar units (e.g., fuel type, plant size)
- Comparison to best matches from 1,500 plants across the US; similar plants for each facility benchmarked against predominant driver (e.g., coal for NGS)
- Benchmarked against median and top decile performers
- For both O&M and capex, base savings determined as difference to median; high savings determined as difference to lowest spend decile
- Utilizing ABB Energy Velocity database based on FERC utility reporting

## Potential savings levers

- Heat rate improvements:** identify optimal min/max parameters and target operation within these bounds
- O&M productivity:** improve schedule and routine, manage overtime, enable mobile field management
- Asset management:** develop maintenance programs based on risk / criticality
- Sourcing and procurement:** demand management; spend control tower
- Aux load improvements:** identify major drivers of aux load across plants and reduce in line with fleet best practice

1 Run-rate distribution capex closer to \$55-60M/yr  
2 O&M opportunity includes aux load spending (e.g., electricity)

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# 1 Potential plant-level opportunities in heat rate enhancements and O&M savings

Savings opportunities

\$X M Savings potential

## Overview

## Net heat rate<sup>3</sup>, Btu/kWh

## O&M, \$/kW

## Aux Load, %

## Total

Median LD

NGS

(coal, gas, diesel)  
CF: 48%

- O&M opportunity in bringing costs in line with median
- Boilers converted to CFBs in 2005



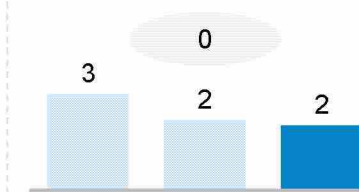
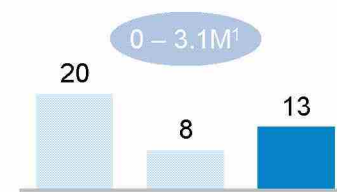
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Brandy

(gas)  
CF: 75%

- Units relatively new (post-2000)
- Some heat rate opportunity exists
- Staffing opportunity likely (typically ~30 FTE for CCGT)<sup>5</sup>

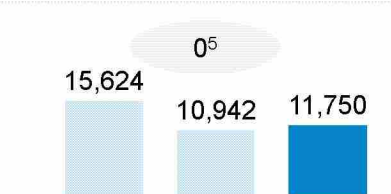


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Kennedy

(gas)  
CF: 4%

- Combined cost center accounting for GEC/Kennedy suggests O&M opportunity exists; further evaluation required to identify source of potential

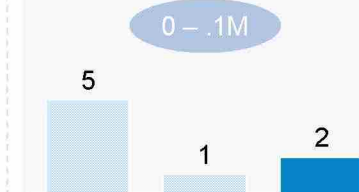
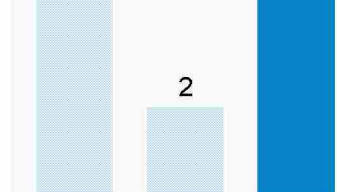
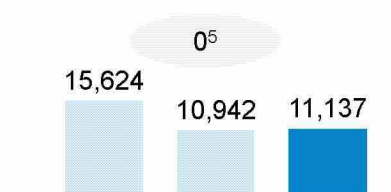


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GEC

(gas)  
CF: 13%

- Kennedy Aux Load high relative to JEA fleet and benchmarks



Total potential plant savings

\$0M \$21.7M

<sup>1</sup> Based on coal plant comparison; small coal (<500) used as comparable for units 1 and 2.

<sup>2</sup> Heat rate comparison for CCGT benchmarked; limited upside in heat rate gains for GT.

<sup>3</sup> Kennedy/GEC cost center roll up into single site.

<sup>4</sup> Staffing opportunity present event after accounting for 8-10 GT-oriented FTE. Note: all data is plant-level as opposed to unit-level; weighted average applied to Brady Branch (GT/CC).

<sup>5</sup> Limited takeaway from heat rate comparison for GT. DRAFT 9/10/2020

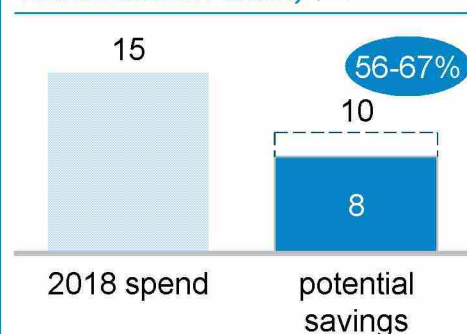
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## 2 \$69M savings opportunity in transmission and distribution

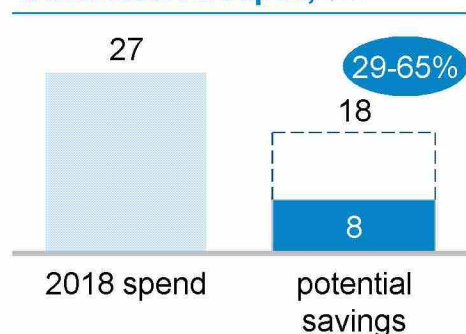
 Savings potential

### Savings opportunity

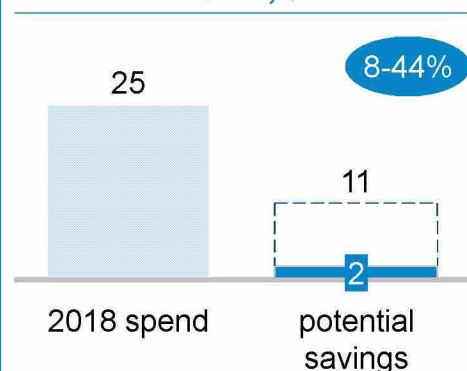
#### Transmission O&M, \$M



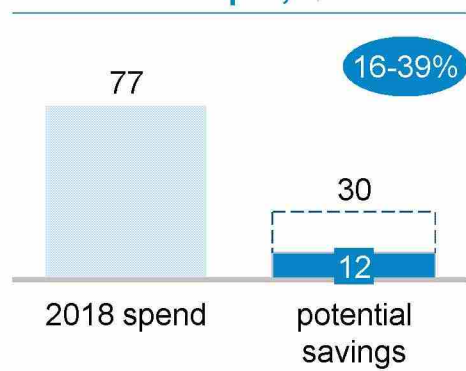
#### Transmission capex, \$M



#### Distribution O&M, \$M



#### Distribution capex,<sup>1</sup> \$M



**Total savings potential: \$69M**

### Approach to benchmarking

- Per-mile comparison (transmission/distribution) of capital and O&M spend
- Comparison to 120 US investor-owned utilities which report transmission and/or distribution mileage and spend to FERC<sup>2</sup>
- FERC cost accounting benchmarked against median and top quartile spending
- For both O&M and capex, base savings determined as difference to median; high savings determined as difference to lowest spend quartile
- Utilizing ABB Energy Velocity database based on FERC utility reporting

### Potential savings levers

- Field productivity:** improve schedule and routine, manage overtime, enable mobile field management
- Asset management:** develop maintenance programs based on risk / criticality
- Sourcing and procurement:** Demand management; spend control tower
- Fleet management:** optimize routing and yard location
- Capital project design:** optimize scope and design of large capital projects

<sup>1</sup> Run-rate distribution capex closer to \$55-60M/yr

<sup>2</sup> 18 utilities in "medium" peerset; 33 utilities in "Southern" peerset

Note Historic distribution capex equal to ~\$50M consistently, while transmission capex was roughly \$20M, but trending up

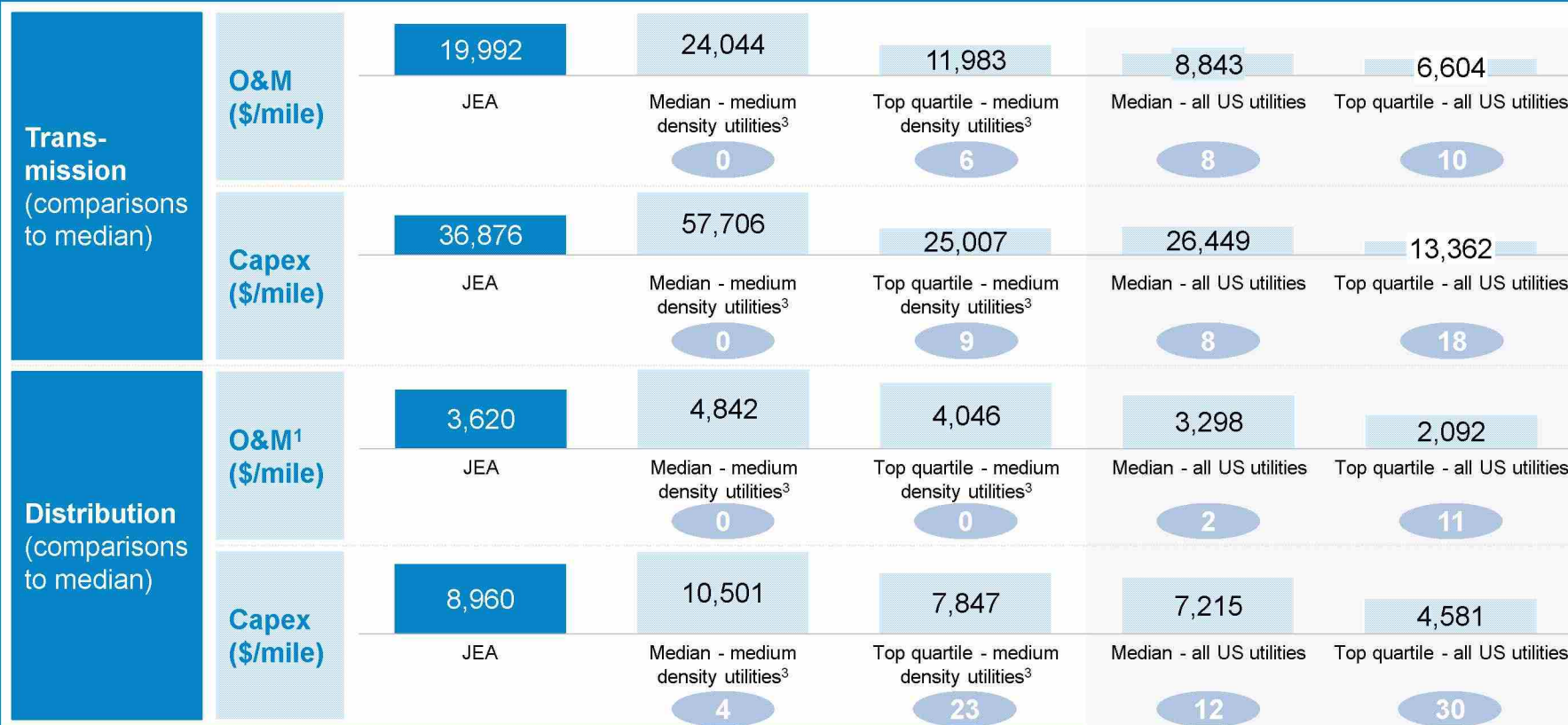


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## 2 T&D comparable considerations suggest US comparable set presents largest opportunity

Select comps \$X M Savings potential

### T&D median comparable spend



What is the most appropriate aspirational goal for JEA?

<sup>1</sup> European benchmarks suggest similar level of O&M spend, at 4,672 median per-mile

is closer to \$60M/yr

<sup>3</sup> "Medium density" classified as 300 – 800 customers/square mile; JEA falls within this range

Note: <sup>3</sup> Historic distribution capex consistently averages ~\$50M, while transmission capex was roughly \$20M, but trending up

<sup>2</sup> "Run-rate distribution capex" used as comparable here due to 2018 spend relative to future years; "run rate" is defined as average capex in 2029-2030,



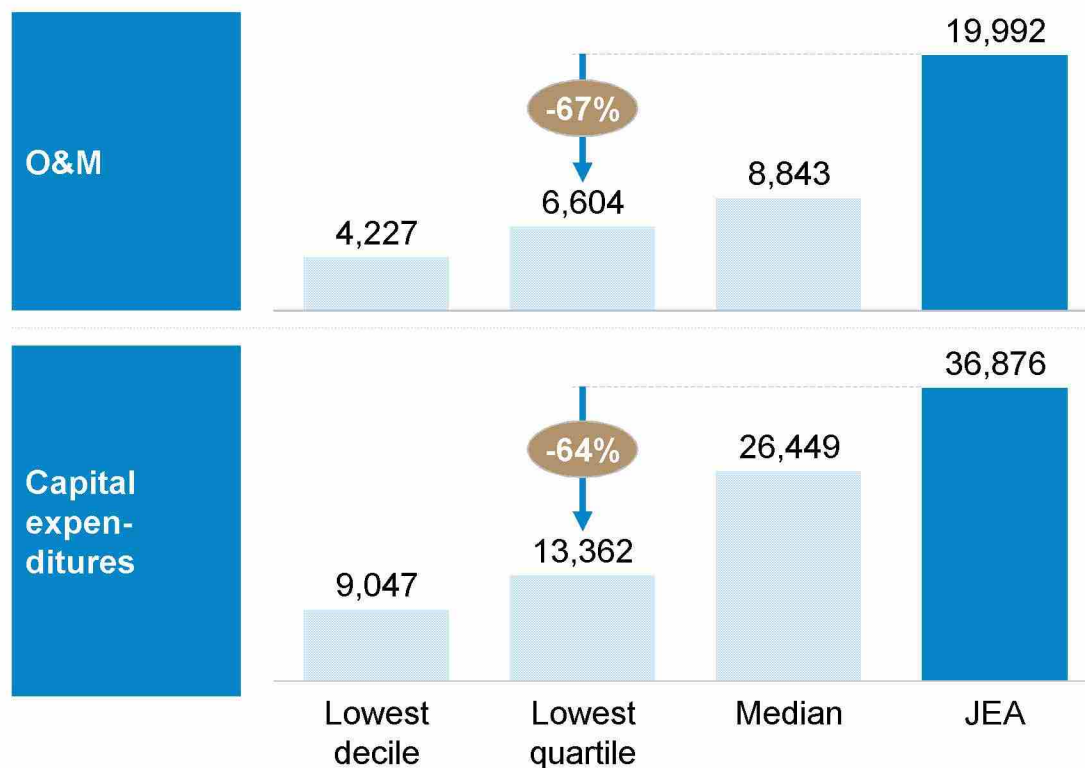
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## 2A JEA significantly exceeds median transmission spend relative to US peers

\$X M Savings potential

### Transmission

\$/mile



Savings potential,  
\$M

\$8 — \$10

\$8 — \$18

### Takeaways

- JEA maintains small transmission network relative to customer base (compared to US utility peer set)
- Reduction in transmission spend may come with reliability tradeoff
- 71% of O&M and 6% of capex is internal labor

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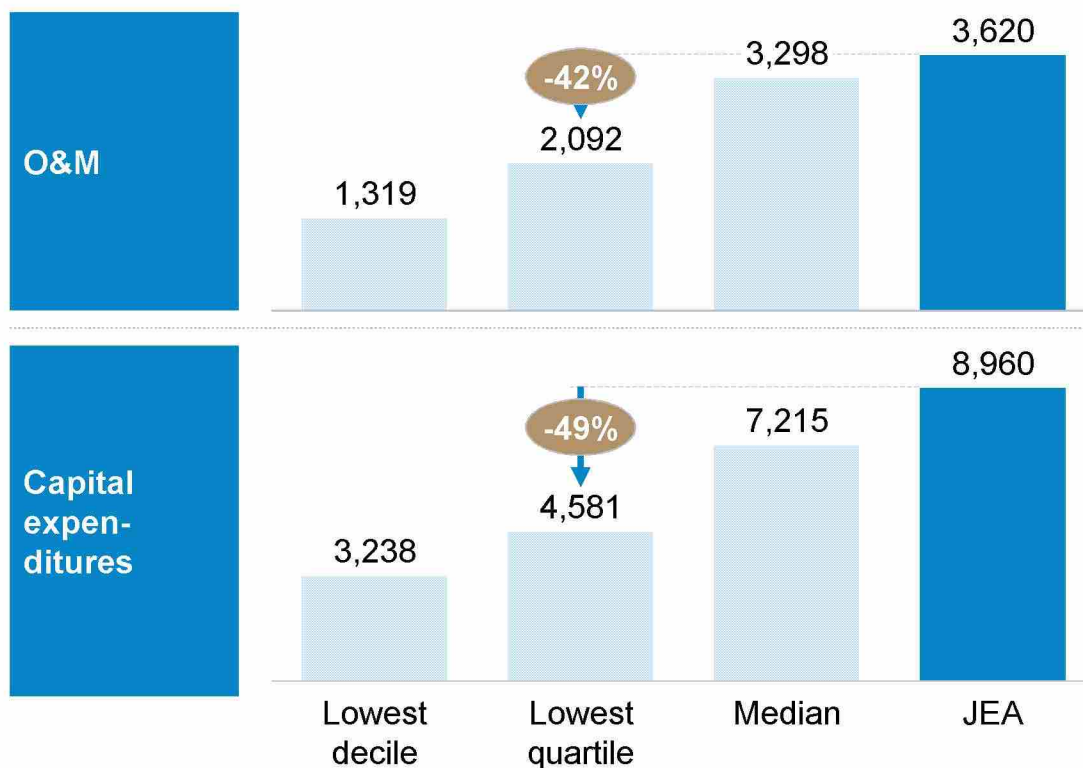
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## 2A JEA shows top quartile spend in distribution O&M

\$X M Savings potential

### Distribution

\$/mile



Savings potential,  
\$M

\$2 — \$11

\$12 — \$30

### Takeaways

- 74% of O&M and 27% of capex is internal labor
- O&M opportunities in
  - Field operations (meter and field services) (25%)
  - Maintenance, which drives the majority (~70%) of distribution-related expenses
- Distribution capex spending driven by customer growth
  - Reduction in line with slower-growing utilities may be challenging
  - Capex in line with Southern peer group despite falling above US average

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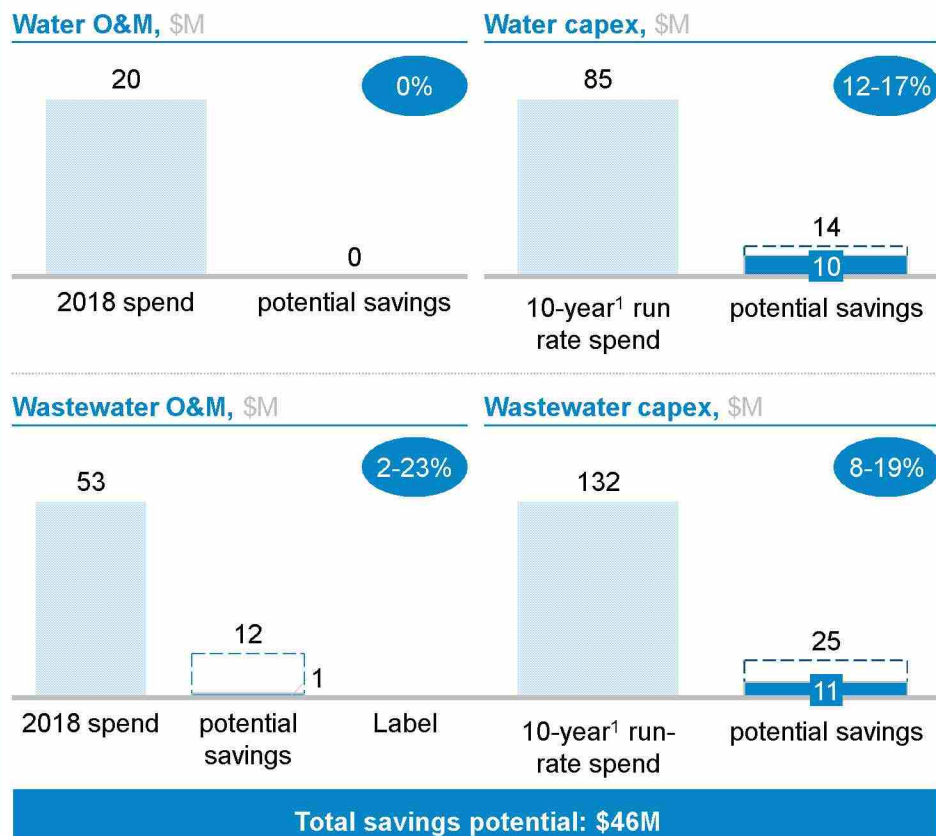
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### 3 \$21-46M savings opportunity in water and wastewater, largely in capex

Savings potential

#### Savings opportunity



#### Approach to benchmarking

- O&M used AWWA category-level benchmarks (water distribution, treatment, wastewater collection, treatment); benchmarks based on survey of US utilities<sup>2</sup>; all benchmarks used had at least 30 respondents
  - Sewer pump station O&M included in wastewater collection per AWWA definitions, but O&M reduced by factor of 14 to account for number of JEA pump stations
  - Wastewater O&M opportunity also identified using internal plant variance (i.e. delta to best fit line identified between O&M cost per MGD and plant size)
- Capex used Bluefield Research report of ~100 municipal CIPs 2018-27, with peer set selected based on cities with similar service territory size, number of customers, population growth and density, and for each category, similar size of system where possible (e.g. >2 treatment plants for water treatment capex, 3-6k miles of pipe for collection capex)
  - Used JEA R&R capex to remove one-off projects
- For both O&M and capex, base savings determined as difference to median; high savings determined as difference to lowest spend quartile<sup>3</sup>
- Reclaim and other O&M and capex not benchmarked

#### Potential savings levers

- Production efficiency:** optimize energy, chemicals, labor spend on production
- Plant maintenance:** increase plant availability, explore automation and condition-based maintenance
- Field force optimization:** for distribution and collection maintenance
- Leak and break detection:** increase early detection of leaks and avoid repeat repairs
- Capital project design and procurement:** particularly for large capital projects

<sup>1</sup> Run-rate calculated using 2018-30 projected yearly spend    <sup>2</sup> 75 combined water waste water utilities, of which 43 are in the South and 9 are in Florida

<sup>3</sup> Wastewater treatment O&M high estimate determined using plant variance

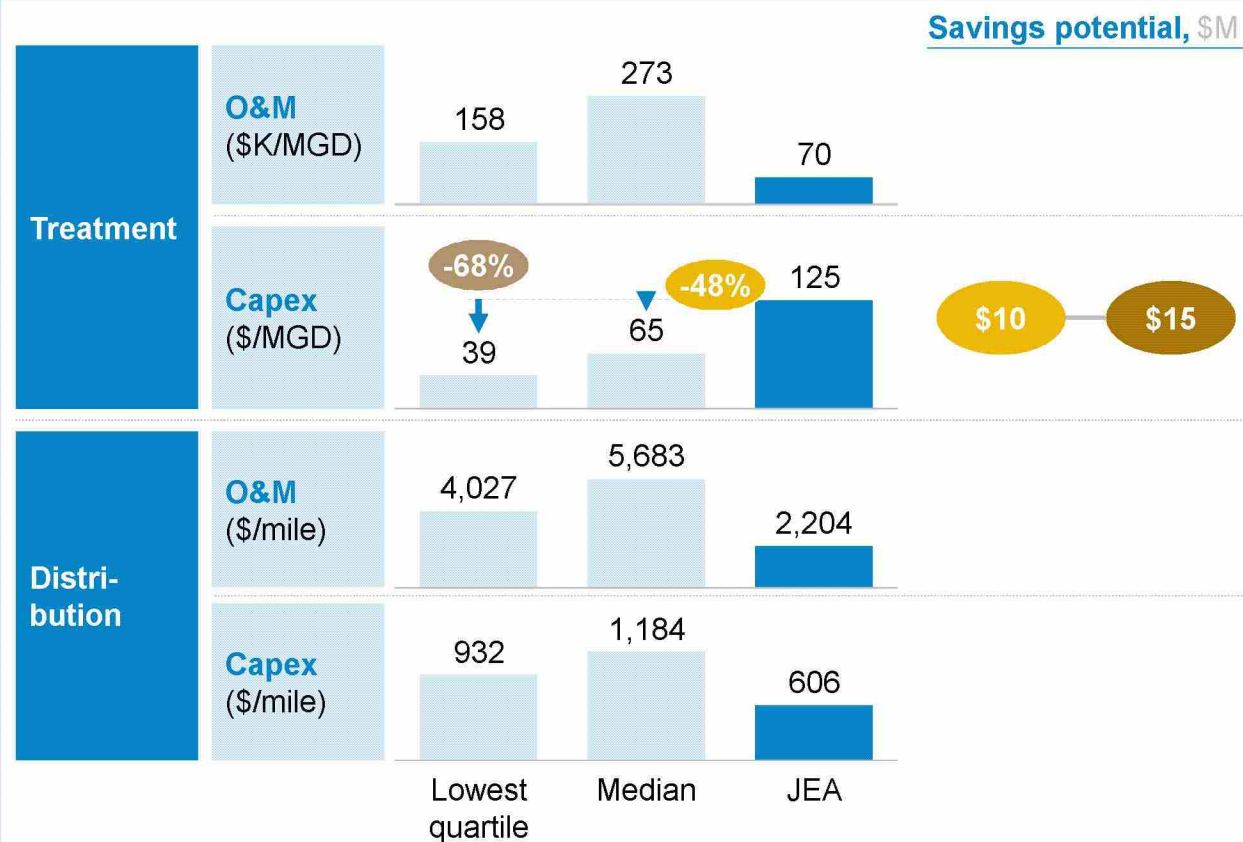


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### 3A Within major spend categories for water, JEA is only above the median in treatment capex

\$X M Savings potential

#### Water spend



#### Takeaways

- **Treatment O&M:** No savings using median / top quartile benchmarks, likely because of system characteristics (groundwater, high water table)
  - Potential savings when comparing internally in plant labor, energy, and chemical costs
- **Treatment capex:** Opportunity to reduce capex spend when benchmarking JEA R&R (to remove one-off new projects) against closest available peer set from Bluefield. Annual R&R spend as a % of total system value is also higher than AWWA median (5% compared with 2%)
- **Distribution O&M and capex:** No savings when looking on a per mile basis - low topography and high number of system miles likely play a role. System inspection rates are also low compared with benchmarks (.1% compared with median 1%)
  - Potential savings when comparing internally (e.g. by service center) in field force operations

1 Assuming annual water production of 42,416 MGal and annual water sales of 36,186 MGal

SOURCE: JEA financials, AWWA, Bluefield Research

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## 3B Within major spend categories for wastewater, largest opportunity is in treatment capex

\$X M Savings potential

### Wastewater spend



### Takeaways

- **Treatment O&M:** Some O&M savings when compared to top quartile benchmarks; comparing O&M on a plant level shows potential \$5m opportunity by bringing plants with high O&M in line with average (after accounting for size and including Buckman)
- **Treatment capex:** benchmarking JEA R&R spend against peers shows opportunity to improve efficiency of maintenance capex portfolio
- **Collection O&M (incl pump station) and capex:** O&M savings opportunity when compared to peers (and after scaling pump station costs), potentially from efficient field force operations; capex opportunity limited given system size
- **Sewer pump capex:** currently spend 4% of replacement value annually, or a 25-year replacement cycle, sizing based on bringing down to 30-50 year replacement cycle, in line with AWWA median

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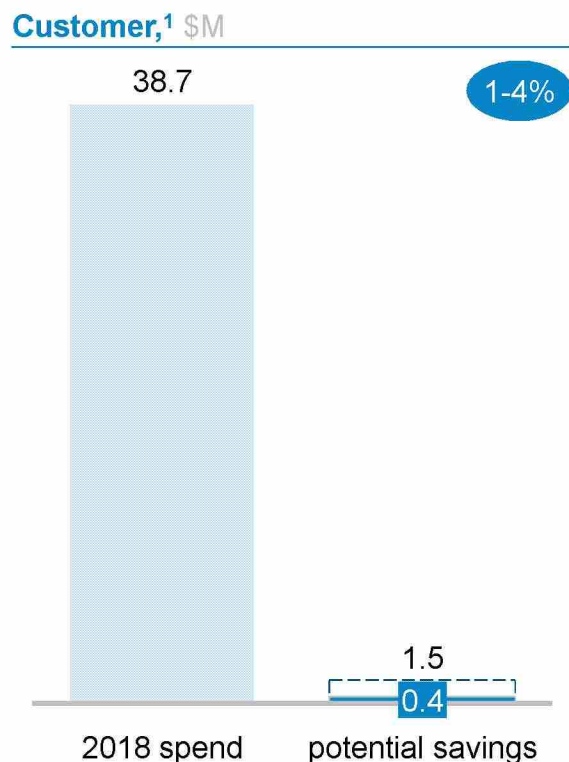
51

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## 4 \$1.5M savings opportunity in customer

 Savings potential

### Savings opportunity



**Total savings potential: \$1.5M**

### Approach to benchmarking

- Per-unit comparison of different customer service components against both utilities and other businesses with similar functions
- Comparison to North American utility and telecommunications companies (~15)
- Savings opportunities identified based on comparison to key customer metrics (e.g., eBilling, call handling)
- Benchmarking against performance of peers in a variety of areas where opportunities for efficiencies and improvement exist

### Potential savings levers

- **IVR:** improve ability to resolve calls through automated systems
- **eBilling:** reduce costs associated with mail and postage through signing more customers up for electric billing
- **FCR:** Increase resolution of calls to reduce overall call volume and increase customer satisfaction
- **Employee utilization:** identify opportunities to utilize workforce more efficiently, e.g., communication and call routing

<sup>1</sup> Total customer costs (excludes meter services (allocated to distribution) and community engagement (allocated to corporate) )

#### 4 Customer savings opportunities could be driven by improvements across processes; JEA excels across key customer service metrics

1 Based on 15 utilities and telco institutions within McKinsey's CC360 benchmarking  
2 Based on total customers listed and (466,000) total calls (residential + commercial)

SOURCE: JEA, McKinsey CC360 database

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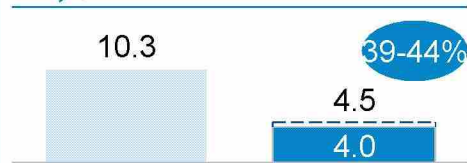
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## 4 \$7M savings corporate business functions

 Savings potential

### Savings opportunity

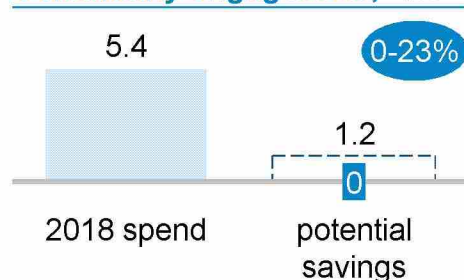
#### HR, \$M



#### Supply chain, \$M



#### Community engagement,<sup>1</sup> \$M



#### Finance, Procurement, EHS, Other<sup>2</sup> (\$40M) \$M

Limited opportunities identified

**Total savings potential: \$7M**

### Approach to benchmarking

- Diagnostic focused on benchmarking headcount and cost for these functions against peer companies drawn from McKinsey's proprietary database
- Position-level benchmarking of spend and FTEs relative to company size and revenues
- Comparison to 18 companies in utility and related spaces with similar metrics (e.g., revenue)
- Opportunities expressed as savings to reach median and lowest quartile figures on a FTE/total and spend/revenue basis

### Potential savings levers

- HR:** Increase leverage of management and support functions to reduce costs
- Community engagement:** Define and communicate management vision and desired practices
- Supply chain:** Remove organizational complexity, overlapping roles, harmonize salaries/levels

<sup>1</sup> Community engagement benchmarked against combined "marketing" and "communications/PR" categories  
Note: Union employees and associated costs excluded from HR and Supply Chain benchmarks

<sup>2</sup> "Other" includes executive office, compliance, government affairs, and "other" categories; excludes \$18M "other" environmental charge

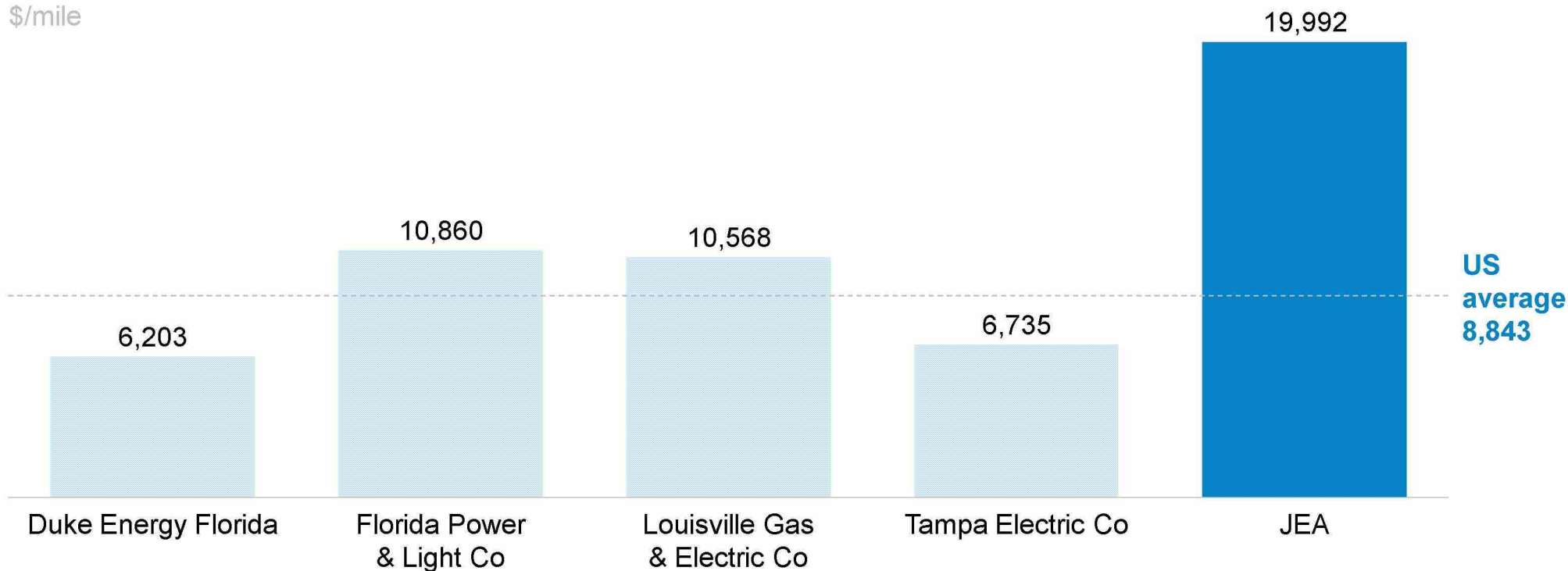


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## 2A JEA transmission O&M spending exceeds both regional and US electric utilities peers

### Transmission O&M

\$/mile



Heavy expenditures relative to small transmission based (on per-mile basis)

1 x

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SOURCE: JEA financials, ABB Energy Velocity

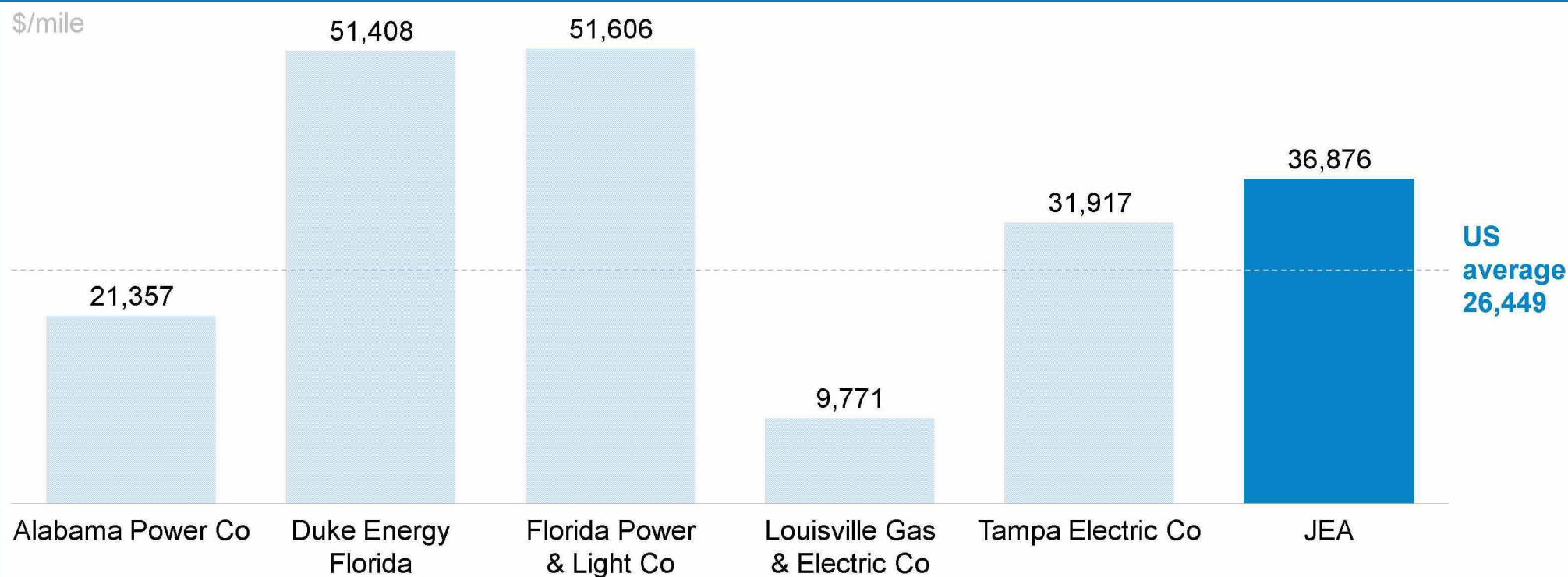
JEA

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## 2A JEA transmission capex in line with Southern peers despite exceeding US average

### Transmission capex



**Multiple Florida utilities exhibiting outsize transmission spending in recent years, potentially driven by resiliency investments**

1 x

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SOURCE: JEA financials, ABB Energy Velocity

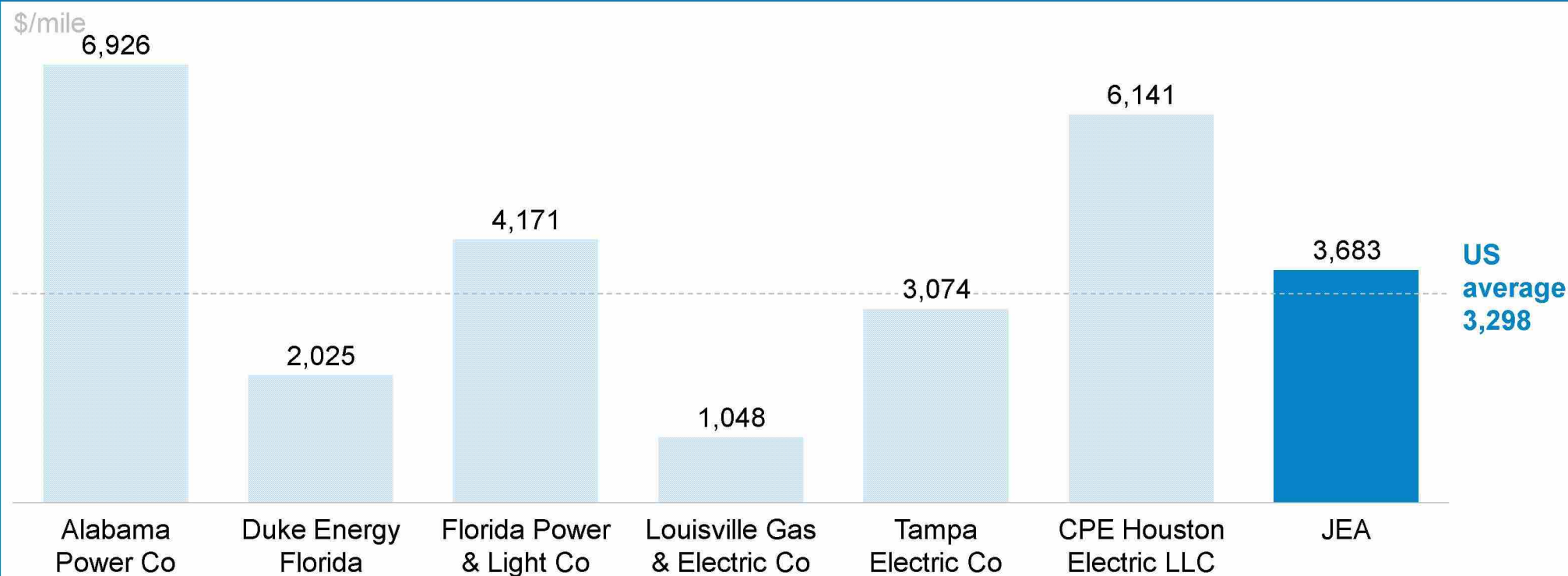
**JEA**

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## 2B JEA distribution O&M spending significantly below Florida and Southern peers

### Distribution O&M



JEA distribution spending near US average; peers vary significantly in spend

1 x

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SOURCE: JEA financials, ABB Energy Velocity

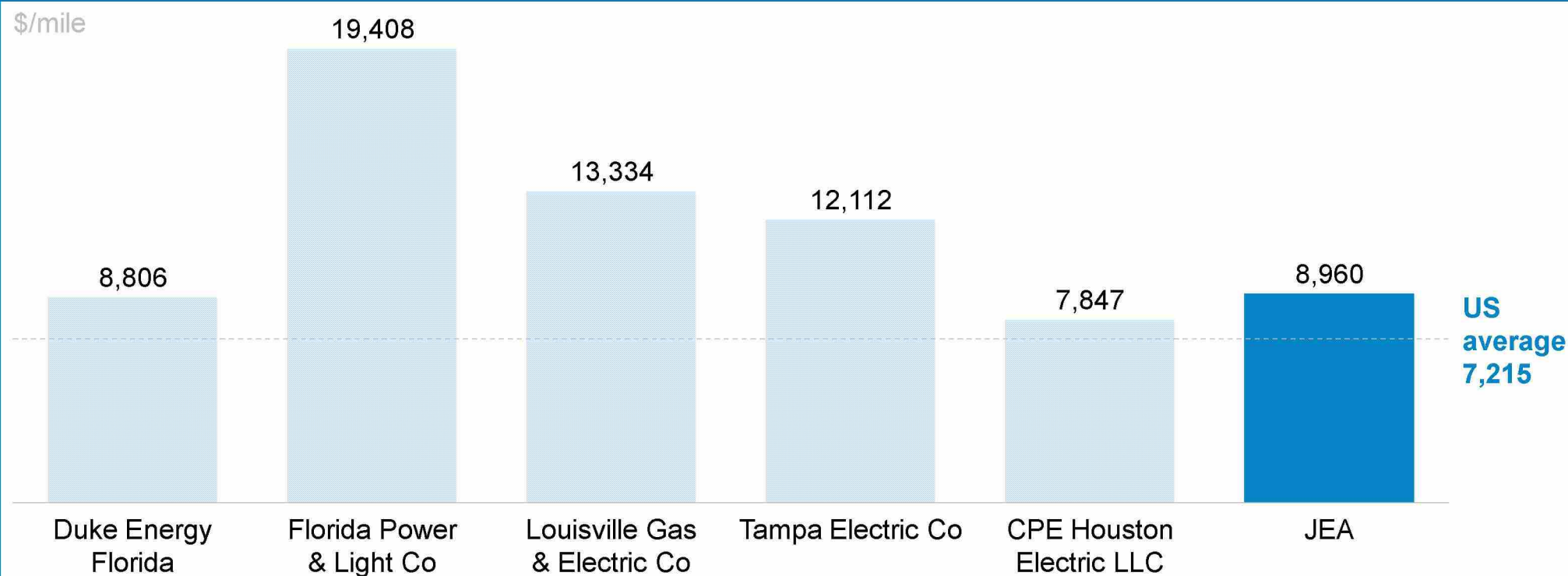
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### 3 JEA distribution capex spending falls below Florida and Southern peers

#### Distribution capex



JEA distribution capex is in line with peer group where FERC data is available despite falling significantly above US average

1 x

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SOURCE: JEA financials, ABB Energy Velocity

JEA

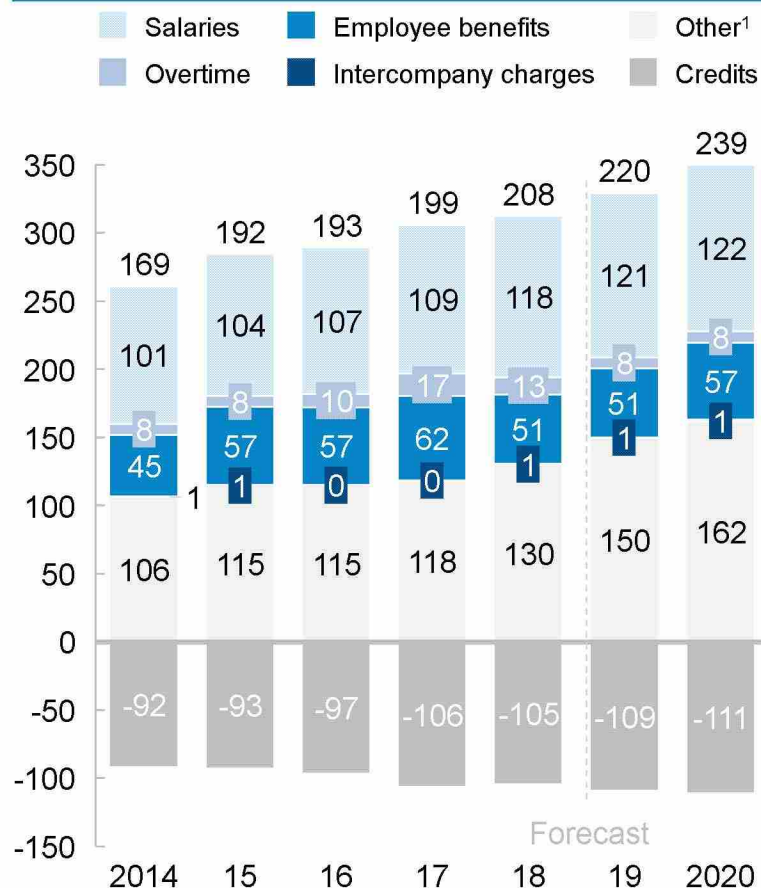
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## Energy opex breakdown and assumptions

### Yearly energy opex breakdown, \$M



### CAGR 2014-20 and drivers

- 2.8%**
  - 8% increase in 2018 (CBA)
- 0.2%**
  - Sto 201
- 3.3%**
  - Reduction in pension liability 2018
  - Increased health care costs throughout
- 12%**
  - Fluctuates throughout period
- 6.2%**
  - 10-15% growth 17-18 and 18-19 due to outages, professional services incl legal, contractors
- 2.7%**
  - Increase in 2017 due to storm recovery capital work

### CAGR 2021-2030 and assumptions

- 5%**
  - Recent average historical growth (18-20)
- 5%**
  - Tracks with salary growth
- 6%**
  - Tracks with salary growth with 1% adder to account for healthcare costs
- 10%**
  - Historical growth (using 2012-20)
- 4%**
  - 2012-18 historical growth (outsized outage impact 2019-20)
- 6%**
  - Tracks with salary and benefits growth

Review and update slide, if needed

<sup>1</sup> Interest, contracts & contingencies, city services, other services & charges, materials & supplies

<sup>2</sup> Expected to fall in line with historic trends (e.g., barring one-time events)

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## Energy capex breakdown and assumptions

### Yearly energy capex, \$M



### Key assumptions:

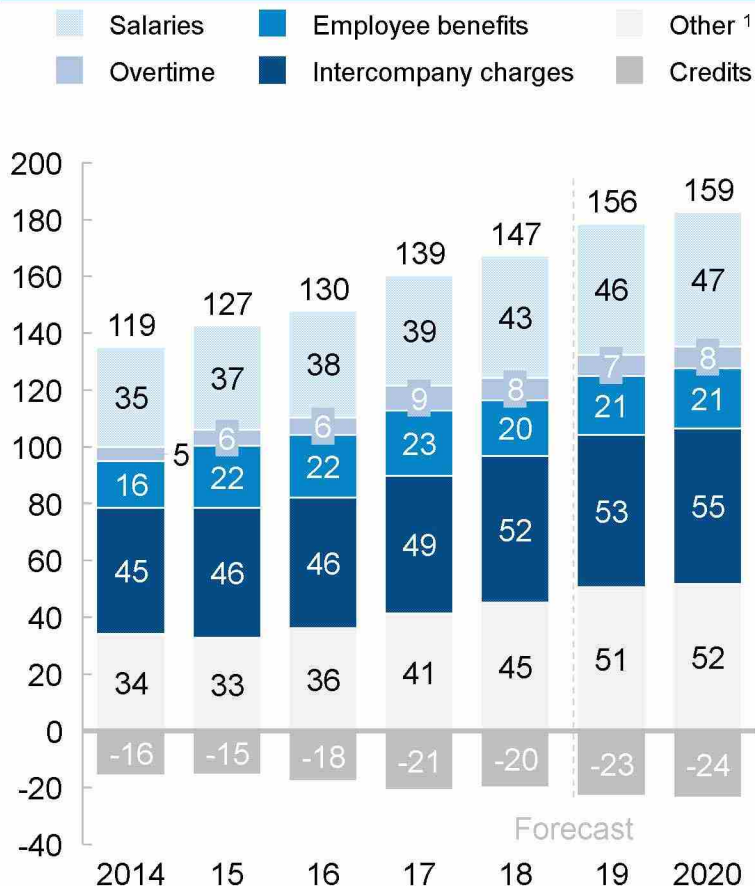
- Greenland CC replacement capacity project cost and schedule in line with IRP base case (\$518M to be completed FY25)
- FY19-23 capacity and R&R spend based on current capital budget planning project list
- FY24-30 capacity and R&R spend based on current project list, with unspecified future spend added to bring each category in line with FY19-23 average
- Projects currently not on project list that could make up future spend include:
  - Resiliency / grid hardening investments
  - Grid modernization (e.g. AMS, remote monitoring and automation)
  - Communications infrastructure

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## Water opex breakdown and assumptions

### Yearly energy opex breakdown, \$M



### CAGR 2014-20 and drivers

- 4.3%**
  - One-time increase 2018 (hiring)
  - CB
- 6.6%**
  - Sto
  - XX 2019-2020
- 3.8%**
  - Reduction in pension liability 2018
  - Increased health care costs throughout
- 3.0%**
  - Increased allocation starting 2017
- 6.1%**
  - 10+% growth 16-19 driven by increased professional services, supplemental workforce spend
- 6.0%**
  - xx

### CAGR 2021-2030 and assumptions

- 5%**
  - Recent average historical growth (18-20)
- 5%**
  - Tracks with salary growth
- 6%**
  - Tracks with salary growth with 1% adder to account for healthcare costs
- 5%**
  - Historical growth (using 2012-20)
- 4%**
  - 2012-18 historical growth (outsized outage impact 2019-20)
- 6%**
  - Tracks with salary and benefits growth

Review and update slide, if needed

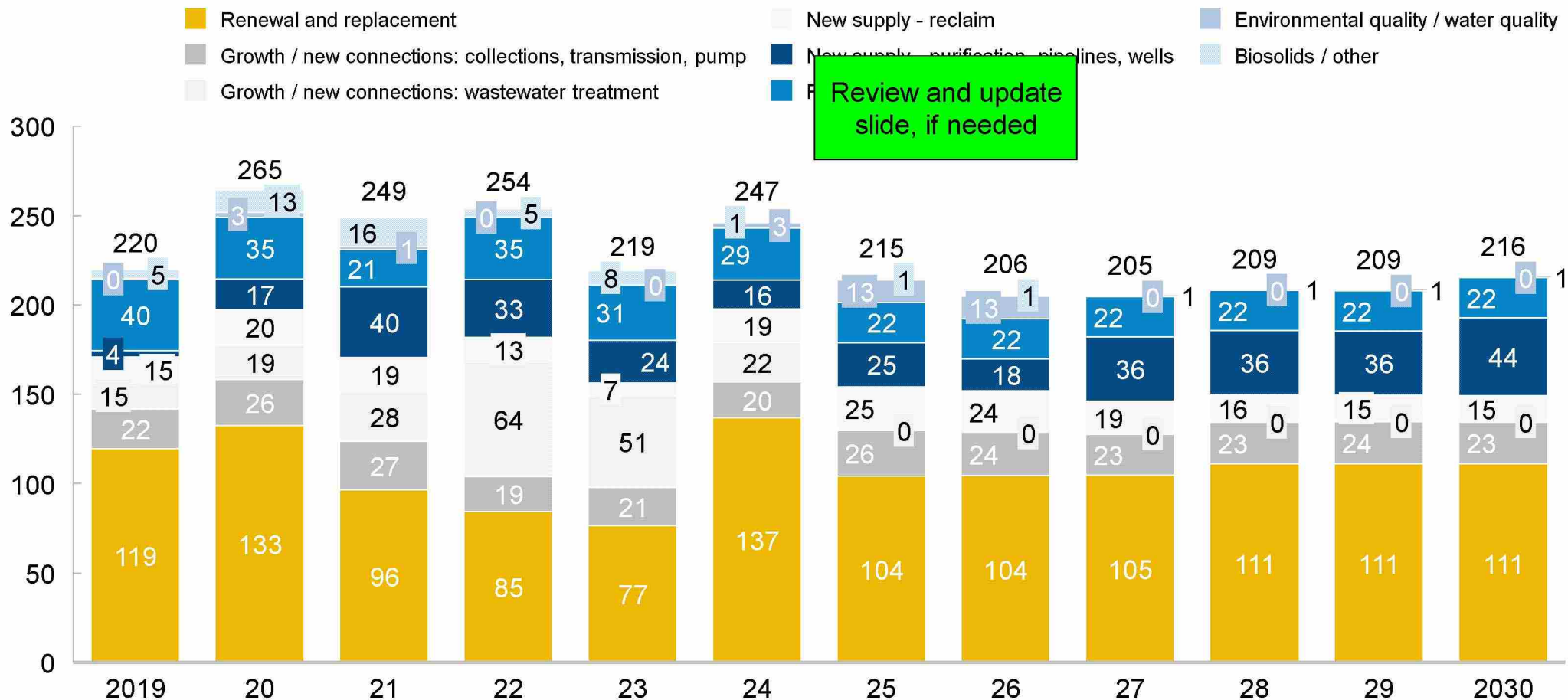
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## Water capex breakdown

### Yearly water capex, \$M



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## Appendix B: initiatives

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## General

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## Project Blue Fin

### Details

#### Description

CONFIDENTIAL

#### Rationale

New Business Line – creating integrated energy utility

#### Risks

Mark low/medium/high for each risk category that applies:

☐ L Environmental ☐ H Customer satisfaction ☐ M Reliability ☐ M Safety  
☐ H Financial ☐ M Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☐ Minimal effort to implement ☐ Significant effort to implement  
☒ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 26,000

Estimated cost to implement: 21,000

Estimated net impact (total impact minus cost): 5,000

### Assumptions and supporting data

- Detailed ProForma Developed
- Consultant/Internal Team working on Business Case
- Metrics for early year shown. Growth expected

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## PPP Electronic Data Management

### Details

#### Description

Electronic data management for IP/Cross Connection (reduces contract labor) and Self-Permitting.

#### Rationale

Current method of collecting data via USPS or spreadsheets and manual entry of the data into multiple systems – increased potential for errors. Direct upload or upload by data providers eliminates data errors, and reduces administrative costs. In self-permitting documents are duplicated and stored offsite.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 70

Estimated cost to implement: 10

Estimated net impact (total impact minus cost): 60

### Assumptions and supporting data

- Based on current systems capability and use of additional modules from current vendor – and LINKO estimated cost for enhancements. Cost basis is annual recurring cost of \$10,000. An additional \$7000 is one-time cost for roll-out and implementation.
- For XC2, current capability exists and will implement with commercial CCC program.
- For self-permitting, one –time investment in two large screen monitors are required for permit/drawing review (~\$1000) and to avoid document printing and storage costs.



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## Real Estate Optimization

### Details

#### Description

Sell/lease/develop surplus JEA properties

#### Rationale

Project will convert properties that take resources and turn them into cash, allowing debt paydown and cash financing of other projects

#### Risks

Mark low/medium/high for each risk category that applies:

☒ M Environmental
 ☒ M Customer satisfaction
 ☐ L Reliability
 ☐ L Safety  
☐ H Financial
 ☐ L Compliance
 ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☒ Minimal effort to implement
 ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets
 ☒ Trade-offs
 ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- [Viewpoints of relevant directors, business area leads, and SMEs who have been consulted on initiative]

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue
 ☐ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor
 ☐ O&M
 ☐ Capital

☐ Contracted services
 ☐ Other

*Is impact one-time or recurring?*

☒ One-time
 ☐ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 150,000

Estimated cost to implement: 10,000

Estimated net impact (total impact minus cost): 140,000

### Assumptions and supporting data

- Initiative launch in March - 1<sup>st</sup> property Coggin

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## Mandated 5% O&M Budget Reduction

### Details

#### Description

Mandate an across the organization directive to reduce O&M spending by 5% effective immediately.

#### Rationale

Traditional method used to reduce non-essential expenditures.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental
 ☐ Customer satisfaction
 ☐ Reliability
 ☐ Safety  
☐ Financial
 ☐ Compliance
 ☒ Other

Could result in some lost employee development opportunities and benefits

#### Implementation

☒ Minimal effort to implement
 ☐ Significant effort to implement

☐ Major operational change required to implement

Executive Order required only

#### Category

☐ No-regrets
 ☒ Trade-offs
 ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Unknown

Update to 10% O&M reduction

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue
 ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor
 ☒ O&M
 ☐ Capital

☐ Contracted services
 ☐ Other

*Is impact one-time or recurring?*

☐ One-time
 ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 19.2M

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): 19.2M

### Assumptions and supporting data

- Corporate FY19 O&M Budget: \$383,903,874 / 5% reduction = \$19,195,000
- Potential areas of reduction: Travel, Training, Memberships and Subscriptions, Car & Phone Allowances, Office Supplies
- Concept to be applied across the entire company

## Corporate Hiring Review Committee

### Details

<b>Description</b>	Reconstitute an internal oversight committee that would review and approve all new hiring requests to insure replacement hires are only for direct labor assignments or vital roles as defended by the requesting business leadership.
<b>Rationale</b>	JEA has continued to hire a disproportionate number of indirect positions in recent years. JEA currently has an approximate population of 900-1,000 (~50%) indirect positions ranging widely in assignment and contribution.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental           <input checked="" type="checkbox"/> Customer satisfaction           <input type="checkbox"/> Reliability           <input type="checkbox"/> Safety         </p> <p> <input type="checkbox"/> Financial           <input type="checkbox"/> Compliance           <input checked="" type="checkbox"/> Other         </p> <p>JEA could potentially lose some soft/non-essential services</p>
<b>Implementation</b>	<p> <input type="checkbox"/> Minimal effort to implement           <input checked="" type="checkbox"/> Significant effort to implement         </p> <p> <input type="checkbox"/> Major operational change required to implement         </p> <p>Would require increased time and effort of leadership to implement</p>
<b>Category</b>	<input type="checkbox"/> No-regrets <input checked="" type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

**Source of impact:**

☐ Increased revenue
 ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor
 ☒ O&M
 ☐ Capital

☐ Contracted services
 ☐ Other

*Is impact one-time or recurring?*

☐ One-time
 ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	1.67M
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	1.67M

### Assumptions and supporting data

- Savings would occur as a result of rehire decisions occurring by normal attrition (~7% annually). For every indirect non-vital role not refilled, those salary and benefit dollars could be redirected. This would also insure existing funding would be available when needed to keep the pipeline of the strategic direct jobs fed (ex. Linemaintainer, MMUIS, Unit Operator, WWW Operator, etc.) Recently this has been a problem because many of the direct role vacancies were redeployed into non-direct jobs leaving a funding shortage to sustain our mission critical roles.
- In the last five years, 56% of positions hired externally were for indirect positions (392 of 705)
- Savings estimate assumptions:
  - 10% reduction in refilling indirect vacancies -
  - Those vacancies and funding would be returned to the corporate pool
  - Est. 14 vacancies/year not refilled with average salary and benefits of \$119,491 = \$1,672,874



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## Consolidate HR Support Staff

### Details

**Description** Consolidate administrative support services position within Human Resources into 2 positions. Areas of consideration include OPI, Employee Services, Safety and Training.

**Rationale** The clerical support incumbents are not utilized at full capacity and through attrition, consideration should be given to consolidating these roles versus replacement or a part-time role.

**Risks** Mark low/medium/high for each risk category that applies:

☐ Environmental
 ☐ Customer satisfaction
 ☐ Reliability
 ☐ Safety
 ☐ Financial
 ☐ Compliance
 ☐ Other

Increased workload on department

**Implementation** ☒ Minimal effort to implement ☐ Significant effort to implement

☐ Major operational change required to implement

Requires minimal new skills or training

**Category** ☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: \$240,000

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): \$240,000

### Assumptions and supporting data

Chief Human Resources Officer

HR Directors (OPI, ES, Safety, Trng)

HR Assistant - ES

HR Assistant - OPI

HR Consultant II - Safety

OSA - Trng

OSA Trng

Current state

Proposed future state

- Limited clerical work needed for the group
- Jobs support 2 directors on payment of invoices, ad hoc reporting, distribution of safety equipment
- Managers are having to seek work for the position

- Consolidate 1-2 positions through attrition and do not backfill
- Not detrimental to the workload and output of the group

*Data source: 2019 employee database, annual benefits included, based on manager interviews*



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## eLearning Technologies – Outside Sales

### Details

**Description** The JEA Academy provides JEA employees with eLearning training on human resources and compliance topics such as Business Ethics, Harassment-free Workplace, and HIPAA. The universal concepts covered in the courses are applicable in many workplaces.

**Rationale** It would require little effort to remove JEA branding and JEA specific content, to provide other organizations with a generic version. The eLearning courses are updated annually. This eLearning could be sold from \$5K-\$7K per eLearning with currently 5 new compliance eLearning courses available per year

**Risks** Mark low/medium/high for each risk category that applies:  
☐ Environmental ☐ Customer satisfaction ☐ Reliability ☒ Safety  
☐ Financial ☐ Compliance ☒ Other  
 Guests on secure JEA sites.

**Implementation** ☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement  
 Advertising efforts; Billing Process.

**Category** ☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 35K+

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): 35K+

### Assumptions and supporting data

- There are more than [2 billion potential learners](#) around the world today.
- If we expand beyond just our compliance topics to include Managerial or Leadership skills those may sell for as high as 10K each. Additionally industry courses like Everything Electric or Water could be sold to individuals seeking certifications, etc.
- We can use a platform like Udemy to host our eLearning for external students and be paid via PayPal every time one of our courses is purchased.
- Currently, JEA can only receive payment via Credit Card from outside parties unless they are a customer of JEA.
- Modifications would be needed to JEA.com or possibly a link created that routes to another website to make/receive payment and allow external parties. In addition, this system would somehow have to integrate with JEA's system to receive the payments (if not JEA's website).

## L&D Cost Recovery Initiative – Charging External Students in JEA Academy

### Details

<b>Description</b>	The JEA Academy offers numerous training & development courses that may be of interest to other agencies, businesses, engineering firms, individuals, etc. within our service territory and the surrounding counties. The training could be offered at JEA locations or possibly at the customer's location depending on the number of participants. Charge a rate consistent with other organizations that provide similar training. Initial revenue is estimated at \$10K-\$20K, but could increase over time based on customer interest and the number of courses offered.
<b>Rationale</b>	JEA Academy Trainers are highly skilled, educated, certified and licensed Reputation of JEA L&D in the community
<b>Risks</b>	Mark low/medium/high for each risk category that applies: <input type="checkbox"/> Environmental <input type="checkbox"/> Customer satisfaction <input type="checkbox"/> Reliability <input checked="" type="checkbox"/> Safety <input type="checkbox"/> Financial <input type="checkbox"/> Compliance <input type="checkbox"/> Other Guests on secure JEA sites.
<b>Implementation</b>	<input type="checkbox"/> Minimal effort to implement <input checked="" type="checkbox"/> Significant effort to implement <input type="checkbox"/> Major operational change required to implement Advertising efforts; Billing Process.
<b>Category</b>	<input checked="" type="checkbox"/> No-regrets <input type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

**Source of impact:**

☒ Increased revenue    ☐ Reduced costs  
*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor    ☒ O&M    ☐ Capital  
☐ Contracted services    ☐ Other

**Is impact one-time or recurring?**

☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	20K
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	20K

### Assumptions and supporting data

- Training is one of the most effective things that a company can do to increase productivity. For example, in a study conducted by the National Center on the Educational Quality of the Workforce (EQW), increases in workforce education level were far more effective at increasing productivity than increases in the value of equipment (a 10% increase in both produced a productivity gain of 8.6% for education vs. a mere 3.4% increase for upgraded equipment). Most companies in Jacksonville and surrounding area do not have the L&D resources we can offer.
- Focus on "Cost Recovery" of L&D to off-set O&M budget for internal training as opposed to Profit Center.
- Currently, JEA can only receive payment via Credit Card from outside parties unless they are a customer of JEA. We piloted this training revenue concept several years ago and the only way to receive payment was by a personal check, which was difficult to process through our Accounts Receivable department. This process change has not been accomplished to date, but would absolutely be needed for this program to be successful.
- Modifications would be needed to JEA.com or possibly a link created that routes to another website to make/receive payment and allow external parties to register for courses offered. In addition, this system would somehow have to integrate with JEA's system to receive the payments (If not JEA's website). Staffing may or may not need to be increased depending on the scope of the external training provided.



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## Rental of Training\Meeting Space in New Building

### Details

#### Description

Rent out to non-JEA users, our meeting\training spaces that are not in use on a given day. Could be limited to other city agencies or to a wider audience.

#### Rationale

When the training facilities come on-line in the new JEA location, rent space out on days when not being used. Traditionally, we have much lower use of the rooms on Mondays and Fridays. Especially on Friday. Saturday and Sunday use is non-existent other than during storms.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☒ Safety  
☐ Financial ☐ Compliance ☐ Other

Guests on secure JEA sites.

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

Advertising efforts; Billing Process.

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

▪ ..

Review with Sarah,  
not included in  
Excel spreadsheet

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 10K+

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): 10K+

### Assumptions and supporting data

- A meeting room, set-up with standard AV and no catering could rent out for \$300-500 per day depending on size.
- Conservative estimation of once per month.
- Parking would need to be negotiated depending on site availability.
- Security concerns would need to be addressed.
- Currently, JEA can only receive payment via Credit Card from outside parties unless they are a customer of JEA.
- Modifications would be needed to JEA.com or possibly a link created that routes to another website to make/receive payment and allow external parties. In addition, this system would somehow have to integrate with JEA's system to receive the payments (If not JEA's website).

## Idea: Reduce Paper Bills

### Details

<b>Description</b>	Reduce the % of paper bills that go out by requiring e-bills in some form or capacity. I understand the number is around 72% of customers still get a paper bills.
<b>Rationale</b>	Save cost of mailing, and processing time when JEA customer sends bill back in.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental           <input checked="" type="checkbox"/> Customer satisfaction           <input type="checkbox"/> Reliability           <input type="checkbox"/> Safety         </p> <p> <input type="checkbox"/> Financial           <input type="checkbox"/> Compliance           <input type="checkbox"/> Other         </p> <p>Low income customers may not have a computer. Could negatively impact customer satisfaction - could use smart phone or computer at a local library to mitigate.</p>
<b>Implementation</b>	<p> <input type="checkbox"/> Minimal effort to implement           <input checked="" type="checkbox"/> Significant effort to implement         </p> <p> <input type="checkbox"/> Major operational change required to implement         </p> <p>Not a process that I know well but transition to a small fee for customers who choose to remain on paper bills – only the difference in cost of the mailing vs the cost of the e-bill should be charged.</p>
<b>Category</b>	<input type="checkbox"/> No-regrets <input checked="" type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

- Director states good initiative and work has begun on this effort already. Considering a text notification w/link for payment, a soft ask of folks to switch and other strategies.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue
 ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor
 ☐ O&M
 ☐ Capital

☐ Contracted services
 ☐ Other

*Is impact one-time or recurring?*

☐ One-time
 ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	1,200
Estimated cost to implement:	Unknown
Estimated net impact (total impact minus cost):	Unknown

### Assumptions and supporting data

- With almost 500,000 customers, savings (expense avoidance) on annual bulk mail cost would be just over a million dollars at a 100% conversion rate.  $480,000 \text{ customers} \times 75\% \times 27\text{cents per mailing} = \sim \$97,000/\text{mo.}$



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## Collection/Conversion of Brown Grease to Biofuel or Methane

### Details

<b>Description</b>	Establish dedicated "brown grease" collection and treatment facilities for conversion to bio-diesel and/or carbon source for digesters at WWTP.
<b>Rationale</b>	Buckman currently handles grease from sewer maintenance. Increase brown grease handling capability, providing alternate disposal for FOG haulers. Revenue opportunity by converting to biofuel, sale decanted material to bio-diesel producers, or feed to digesters to increase methane gas production
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental    <input type="checkbox"/> Customer satisfaction    <input type="checkbox"/> Reliability    <input type="checkbox"/> Safety  <input checked="" type="checkbox"/> Financial    <input type="checkbox"/> Compliance    <input checked="" type="checkbox"/> Other         </p> <p>Complex project requiring investment and operating changes.</p>
<b>Implementation</b>	<p> <input type="checkbox"/> Minimal effort to implement    <input checked="" type="checkbox"/> Significant effort to implement  <input type="checkbox"/> Major operational change required to implement         </p> <p>[brief explanation of level of effort]</p>
<b>Category</b>	<input type="checkbox"/> No-regrets <input type="checkbox"/> Trade-offs <input checked="" type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue    ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor    ☐ O&M    ☐ Capital

☐ Contracted services    ☐ Other

*Is impact one-time or recurring?*

☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	TBD
Estimated cost to implement:	TBD
Estimated net impact (total impact minus cost):	TBD

### Assumptions and supporting data

- FOG is a continuing concern for WWTP and there is a need for additional disposal options for collected brown grease.
- Potential opportunity for collecting additional fees for handling waste (tipping fees) while also converting waste that eventually goes to landfill to digesters to increase gas production. Our own maintenance crews bring grease into the plant now when they do cleaning of lift stations and pipes. When it is brought in it is put on the pad, dewatered, and then sent to the landfill. Other brown grease haulers typically land apply the material. This material is difficult to handle from a separations standpoint – but potential is to convert to fuel reducing waste, increasing revenues and improving our carbon footprint by potentially use or market bio-diesel (for example to power JEA trucks) or to send brown grease to digester capacity as a carbon source to increase methane production and increase renewables credits in the TEA evaluation that is underway.
- 2017 Biosolids Management Study section 4.1.2.1 stated "The FOG/APD alternative also has potential benefits including an additional revenue stream, removing FOG from the wastewater system, and increasing gas production at Buckman WRF. A key factor in the overall viability of this alternative is the availability of FOG and potential impacts to private FOG contractors. At this time, the uncertainty of the FOG market along with the additional maintenance and administrative costs led to this alternative not being recommended during this evaluation as a short-term improvement."

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## Expand Lab Services

### Details

#### Description

Expand Lab Services analyses to other Government Agencies.

#### Rationale

Additional work will provide financial vail to JEA.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☒ Other

[brief explanation of level of risks shown]

#### Implementation

☐ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 50

Estimated cost to implement: 20

Estimated net impact (total impact minus cost): 30\*

### Assumptions and supporting data

- \*Unknown if any agency would want to switch from current lab situation/contract.

## Permitting Fee Review

### Details

#### Description

Review all permitting fees for programs where JEA regulates customer.

#### Rationale

Permitting fees are among the lowest within the surrounding area and Florida and have not been changed for several years.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☒ L Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ Other

Some permittee negative feedback maybe received as a result of fee increases.

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 50

Estimated cost to implement: <1

Estimated net impact (total impact minus cost): 50

### Assumptions and supporting data

- Pollution Prevention Program fees have not been adjusted for several years. Anecdotal data indicates our fees are well below those of other jurisdictions in the surrounding area and Florida.
- Comparison with local counties (Duval/St John's, etc.). A more formal comparison of fees will be undertaken before final recommended fee changes.
- Revenue assumptions assume changes in IP and Waste Hauler fees (including new fee for modifications) and a self permitting fee for new water / wastewater connections review and permits.



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## IP Electronic Data Management

### Details

#### Description

Electronic data management for IP/Cross Connection (reduces contract labor).

#### Rationale

Current method of collecting data via USPS or spreadsheets and manual entry of the data into multiple systems – increased potential for errors. Direct upload or upload by data providers eliminates data errors, and reduces contract administrative costs.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 55

Estimated cost to implement: 10

Estimated net impact (total impact minus cost): 45

### Assumptions and supporting data

- Based on current systems capability and use of additional modules from current vendor - LINKO
- LINKO Vendor quote / Engineering quote (to move to
- Cost basis above, is the annual recurring cost of \$10,000. An additional \$7000 is one-time cost for roll-out and implementation.



# JEA Marketplace

## Details

<b>Description</b>	Create a JEA 'Marketplace' for consumer advice on and purchase of consumer goods and services in the energy and water business.								
<b>Rationale</b>	Financial value (revenue), Customer value (becoming the trusted advisor for and gateway to purchasing consumer goods and services related to energy and water), Environmental value (gives customers a way to explore conservation ROI).								
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <table border="0"> <tr> <td><input type="checkbox"/> Environmental</td> <td><input type="checkbox"/> Customer satisfaction</td> <td><input type="checkbox"/> Reliability</td> <td><input type="checkbox"/> Safety</td> </tr> <tr> <td><input type="checkbox"/> Financial</td> <td><input checked="" type="checkbox"/> Compliance</td> <td><input checked="" type="checkbox"/> Other – <i>Reputational - Fulfillment or other operational issues would be seen as JEA issues.</i></td> <td></td> </tr> </table>	<input type="checkbox"/> Environmental	<input type="checkbox"/> Customer satisfaction	<input type="checkbox"/> Reliability	<input type="checkbox"/> Safety	<input type="checkbox"/> Financial	<input checked="" type="checkbox"/> Compliance	<input checked="" type="checkbox"/> Other – <i>Reputational - Fulfillment or other operational issues would be seen as JEA issues.</i>	
<input type="checkbox"/> Environmental	<input type="checkbox"/> Customer satisfaction	<input type="checkbox"/> Reliability	<input type="checkbox"/> Safety						
<input type="checkbox"/> Financial	<input checked="" type="checkbox"/> Compliance	<input checked="" type="checkbox"/> Other – <i>Reputational - Fulfillment or other operational issues would be seen as JEA issues.</i>							
<b>Implementation</b>	<p><input checked="" type="checkbox"/> Minimal effort to implement      <input type="checkbox"/> Significant effort to implement</p> <p><input type="checkbox"/> Major operational change required to implement</p> <p>[brief explanation of level of effort]</p>								
<b>Category</b>	<input checked="" type="checkbox"/> No-regrets <input type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)								

## Stakeholder Perspective

- CX team has interacted with multiple vendors, other utilities and believe that, based on presentations and recommendations, a JEA Marketplace is the next logical step to becoming a trusted advisor and getting to the other side of the meter. CX Team also strongly believes Marketplace should be outsourced.

## Expected impact when fully implemented

### Source of impact:

☒ Increased revenue      ☐ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor      ☐ O&M      ☐ Capital

☐ Contracted services      ☐ Other

*Is impact one-time or recurring?*

☐ One-time      ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	\$4,300
Estimated cost to implement:	\$1,700
Estimated net impact (total impact minus cost):	\$2,600

## Assumptions and supporting data

- Supporting attachments are from ONE vendor based solely on an energy marketplace. The financial impacts are also based solely on ONE proposal, for energy products and services only. The CX teams believes that either through one or multiple vendors, the JEA Marketplace should include energy AND water solutions for customers. The team has collectively and individually met with vendors and other utilities to understand the current capabilities and risks associated with creating a Marketplace. The proposal (with pricing) provided by Enervee is an example of just one of the potential turnkey vendors available to do the work. We have met with other vendors with similar offerings on the water side of the business. Since the offerings are really just marketing and fulfillment platforms, our team believes that one platform (even with – perhaps – multiple vendors) would serve all sides of the current and future lines of business.
- Data source for this case is from Enervee.
- The CX Team has had this initiative on hold until we get the green light for further exploration.

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## Co-Branded Retail Sales

### Details

#### Description

Co-branding consumer goods and products with trusted local, regional and national brands.

#### Rationale

Financial value: revenue from co-branded sales; Customer value: trusted advisor and brand awareness opportunities; Environmental value: co-branding opportunities with environmentally sustaining goods/services.

#### Risks

Mark low/medium/high for each risk category that applies:

- ☐ Environmental
 ☐ Customer satisfaction
 ☐ Reliability
 ☐ Safety  
☐ Financial
 ☐ Compliance
 ☒ L Other – Risk of non-performing partner doing reputational damage to JEA.

#### Implementation

- ☒ Minimal effort to implement
 ☐ Significant effort to implement  
☐ Major operational change required to implement

Condition based maintenance algorithms need to be developed/implemented.

#### Category

- ☒ No-regrets
 ☐ Trade-offs
 ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

- ☒ Increased revenue
 ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

- ☒ Internal labor
 ☒ O&M
 ☐ Capital

- ☐ Contracted services
 ☐ Other

*Is impact one-time or recurring?*

- ☐ One-time
 ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

#### Examples:

- Water/Environmental and CX teams have been working with Kimberly-Clark on an educational/outreach initiative to reduce the number of non-desirable items in our wastewater system. This opportunity has multiple ways to benefit JEA: 1) Reduced costs for O&M costs related to de-ragging and other O&M items (annual est. cost currently ~800k-1M); 2) Environmental value through education/advertising efforts about what not-to-flush or put down the drain; 3) Customer value through increased sentiment of JEA as a trusted advisor.
- Attached is proposal from Culligan for co-branding with JEA for water treatment opportunities. There is incremental revenue associated with the proposal and customer value associated with the co-branding opportunity with a highly regarded regional brand. Culligan also currently runs commercials in our territory that open with "Have you ever tasted the water out of the tap?!? It tastes TERRIBLE!!" The commercial is the reason we reached out and it has turned in to a partnership opportunity.
- As we look forward to our Electrification strategy for the next 5 years, the CX team sees co-branding opportunities as an important way to incent purchase without providing \$\$ incentives.

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## Energy

## Technology Driven Improvements

### Details

#### Description

Use technology to drive improvements in maintenance processes and procedures.

#### Rationale

Advances in technology should allow condition based maintenance to replace time based maintenance process. Condition based maintenance should allow fewer crews to properly maintain equipment. Drones may allow reduced costs for inspection process. Tablets should allow enhanced asset management.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ Other

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement

Condition based maintenance algorithms need to be developed/implemented.

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

Maintenance decisions should reduce unnecessary maintenance and thus right size the maintenance work force.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- Advances in technology should allow condition based maintenance to replace time based maintenance process. Technological advances are providing more and more information on the condition of equipment. Condition based maintenance should allow more accurate scheduling of maintenance activities and should require fewer crews to properly maintain equipment. Drones may allow reduced costs for inspection process. Tablets should allow enhanced asset management.



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## Enhance/Replace Oracle eam

### Details

#### Description

We (Energy, WWW, Technology) plan to explore what it would take to enhance or replace Oracle eam. The current tool requires navigating to multiple screens to enter and to schedule work – it is not intuitive and creates a loss of productivity.

#### Rationale

Productivity increased, employee frustration decreased. Cost savings will need to be quantified

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☒ Financial ☐ Compliance ☒ Other

[brief explanation of level of risks shown]

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- This is the second most brought up employee dissatisfier in my skip level meetings

## Increase Natural Gas Commercial Sales (Revenue)

### Details

#### Description

Revenue Ideas – We brainstormed ideas for additional revenue. There is a potential for additional commercial natural gas sales. Large commercial customers are reluctant to purchase from us without a fixed price option available (12-24 mo)

#### Rationale

Increased Revenue to JEA

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☒ Financial ☐ Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- Risk will be minimized by hedges (TEA involvement)

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## Contractor Management

### Details

<b>Description</b>	Develop and implement a contractor management program.
<b>Rationale</b>	With ~\$12 million in Industrial Service (contractor) actual spend in 2018 and a budget or estimated spend amount of ~\$16 million in 2019, contractor spend is the second largest spend category only behind internal labor. Managing this spend at a higher point of emphasis could reduce it as much as 10%.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental    <input type="checkbox"/> Customer satisfaction    <input type="checkbox"/> Reliability    <input type="checkbox"/> Safety  <input type="checkbox"/> Financial    <input type="checkbox"/> Compliance    <input checked="" type="checkbox"/> Other         </p> <p>Monitoring and putting additional cost reduction burdens on current established contractors could create a situation of discontentment from them. Possible resulting in contractors refusing to submit to solicitations.</p>
<b>Implementation</b>	<p> <input checked="" type="checkbox"/> Minimal effort to implement    <input type="checkbox"/> Significant effort to implement  <input type="checkbox"/> Major operational change required to implement         </p> <p>Would require a detailed approach to monitoring and verify contractor work, billing and contract abidance.</p>
<b>Category</b>	<input type="checkbox"/> No-regrets <input checked="" type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

- [Viewpoints of relevant directors, business area leads, and SMEs who have been consulted on initiative]

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue    ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor    ☒ O&M    ☒ Capital

☐ Contracted services    ☐ Other

*Is impact one-time or recurring?*

☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	\$800k to \$1.2m
Estimated cost to implement:	\$100k
Estimated net impact (total impact minus cost):	

### Assumptions and supporting data

- Savings estimates are based on a 10% reduction in total spend at NGS only. Implementation of a contractor management program at other areas would be incremental.

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## JEA Transmission Maintenance Crew

### Details

#### Description

Utilize JEA personnel to perform transmission line maintenance vs using a contractor.

#### Rationale

By using JEA personnel to perform the transmission maintenance function, it eliminates the expense of paying a contractor to perform this work.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☒ Reliability ☒ Safety  
☒ Financial ☐ Compliance ☐ Other

May affect pricing for unit price contract.

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

Medium effort to implement due to potential labor issues.

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Manager of Preventative Maintenance supports moving forward on this initiative. Initiative should be reassessed on a yearly basis.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 340

Estimated cost to implement: 40

Estimated net impact (total impact minus cost): 300

### Assumptions and supporting data

- Lineworkers would need remedial training to perform the transmission maintenance function. Also, JEA personnel have not perform the transmission maintenance function recently and may result in labor issues. If reinstated, performing the transmission work in house would eliminate the expense of a contractor. Large jobs would still require contract labor.
- Labor Bargaining Unit meetings would need to take place, remedial training would need to be scheduled and delivered, and the contractor would need to be demobilized.



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## Defer U3's 2020 Fall Scheduled Outage

### Details

#### Description

Defer U3's 2020 Fall Scheduled Outage.

#### Rationale

Based on current operating conditions and no known major issues we could defer the U3 Fall 2020 Scheduled outage by 1 year.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☒ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ Other

The risk is proportionate to the amount time deferred. The longer the time frame between overhauls the higher the risk of failure becomes.

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

Would require rescheduling efforts associated with parts and contractors.

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Viewpoints of relevant directors, business area leads, and SMEs who

Review with Sarah, not included in Excel spreadsheet

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☒ Reduced costs

If reduced costs) What is the source of savings (check all that apply):

☐ Internal labor ☒ O&M ☐ Capital  
☐ Contracted services ☐ Other

Is impact one-time or recurring?

☒ One-time ☐ Recurring

Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)

Estimated total impact: See below

Estimated cost to implement: 0

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- This initiative is to defer the U3 Fall 2020 Scheduled Outage until 2021. Deferral of this outage would move ~ \$5 to \$9 million in the 2020 OPEX budget to 2021.

## Change to an "operating hours" overhaul scheduling strategy.

### Details

<b>Description</b>	Change from a "time frequency" based decision making process for major outage requirements, to an "operating hours" based approach as currently accepted by the OEM's. This would allow us to defer U3's, 2020 SO for approximately 2 years.
<b>Rationale</b>	The industry, supported by the OEM's, have moved away from the traditional calendar time based approach associated with major equipment refurbishment work to a strategy based on actual usage hours or operating time.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental    <input type="checkbox"/> Customer satisfaction    <input type="checkbox"/> Reliability    <input type="checkbox"/> Safety  <input type="checkbox"/> Financial    <input type="checkbox"/> Compliance    <input type="checkbox"/> Other         </p> <p>The risk is proportionate to the amount of hours on the machines. As additional hours are added the risk of failure increases. Insurance (FM Global ) carrier concerns.</p>
<b>Implementation</b>	<p> <input checked="" type="checkbox"/> Minimal effort to implement    <input type="checkbox"/> Significant effort to implement  <input type="checkbox"/> Major operational change required to implement         </p> <p>Would require rescheduling efforts associated with parts and contractors.</p>
<b>Category</b>	<input type="checkbox"/> No-regrets <input checked="" type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

- [Viewpoints of relevant directors, business area leads, and SMEs who have been consulted on initiative]

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue    ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor    ☒ O&M    ☐ Capital

☐ Contracted services    ☐ Other

*Is impact one-time or recurring?*

☒ One-time    ☐ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	See below
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	

### Assumptions and supporting data

- This initiative is to change the current major equipment outage from a calendar time frequency basis to one based on actual operating or usage time. Making this change would allow us to defer the scheduled U3 Fall 2020 Major T/G Overhaul until the operating time reached the level recommended by the OEM. U3 HP/IP turbines currently have ~85k equivalent hours of operating time on the machines. The OEM recommendation is to perform a major overhaul on the HP/IP equipment at 100k equivalent hours. The unit is currently averaging ~7500 equivalent hours per year, which would allow for a 2 year deferral of the major overhaul outage and spend associated with it. Deferral of this major overhaul would save ~ \$5 to \$9 million in the relevant year OPEX budget.
- This initiative is marked as a "one-time" savings based on the deferral of U3's 2019 Fall Scheduled Outage work, however this change can be utilized for all future outage schedule decisions.

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## JEA Vegetation Trim Cycle

### Details

#### Description

Increase trim cycle on vegetation management program.

#### Rationale

Increasing the trim cycle will reduce the expense of a contractor to trim trees/remove vegetation.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☒ Customer satisfaction ☒ Reliability ☐ Safety  
☐ Financial ☒ Compliance ☐ Other

FAC-003 compliance risk, reliability metrics worsen, customer sat decreases.

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Very concerned about the impact on reliability metrics and customer satisfaction.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 500

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): 500

### Assumptions and supporting data

- Increasing the trim cycle from 30 months to 36 months will reduce the contract costs. Contractor staffing would be reduced to meet the trim cycle increase which would result in lower contractor costs per year.
- Increasing the trim cycle will allow vegetation to grow more before it is trimmed. There are major concerns on the impact this would have on the reliability metrics (SAIFI, CEMI-5, SAIDI, etc) which are unknown but expected to get worse. The impact on customer satisfaction is expected to worsen but is unknown. Potential impact on increasing overtime due to more callouts.
- Since less miles are being trimmed in a year, contractor rates may increase as the amount of work decreases.



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## Outsource Material Handling functions.

### Details

#### Description

Outsource the Material Handling functions at Northside Generating. This would include but not limited to, fuel unloading and handling, ash handling and disposal and by-product support.

#### Rationale

The current Material Handling IBEW labor rates are significantly higher than market based rates. Also, by contracting this function out, a portion of the total labor force could be utilized on an as needed basis only, such as vessel unloading.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ L Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ M Other

Labor issues with IBEW.

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement

Would require solicitation of contractor work force. Current work force reduction and effects bargaining with Unions.

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- Average JEA Material Handling loaded wage rate (45% burden). - \$54.37/hr.
- 33 FTE's – 2080 hrs/yr
- Total estimated annual labor cost - \$3.7 million
- Estimated Outsourced billable labor rate - \$26/hr (based on current Randstad billable rate for Bi-products material handlers).
- 33 FTE's – 2080 hrs/yr
- Total estimated annual billable cost - \$1.8 million
- Estimated annual savings - \$1.9 million.

Opportunities could also exist to evaluate the outsourcing of other work groups such as Maintenance (or parts of) and Process Chemistry.



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## JEA Capitalization Units

### Details

#### Description

Review what units are available to capitalize.

#### Rationale

Certain items are capitalized while other items are not. Items could be reviewed and possibly more items can be capitalized.

#### Risks

Mark low/medium/high for each risk category that applies:

- ☐ Environmental
 ☐ Customer satisfaction
 ☐ Reliability
 ☐ Safety  
☐ Financial
 ☐ Compliance
 ☐ Other

#### Implementation

- ☐ Minimal effort to implement
 ☐ Significant effort to implement  
☐ Major operational change required to implement

A review of the PUC would be required. Unknown effort required.

#### Category

- ☒ No-regrets
 ☐ Trade-offs
 ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Supportive of this initiative if approved by accepted financial

Review with Sarah, not included in Excel spreadsheet

items (radiators, bushings, coolers, etc). Estimated O&M savings to be \$80k to \$150k per substation power transformer.

### Expected impact when fully implemented

#### Source of impact:

- ☐ Increased revenue
 ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

- ☐ Internal labor
 ☒ O&M
 ☐ Capital  
☐ Contracted services
 ☐ Other

#### Is impact one-time or recurring?

- ☐ One-time
 ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	unknown
Estimated cost to implement:	unknown
Estimated net impact (total impact minus cost):	unknown

### Assumptions and supporting data

- Transformers are a capital item. Bushings, coolers, radiators, etc are expensive items that are part of the transformer that are currently supported by O&M funds. These items are typically over \$1,000 but not currently charged to capital.

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## Capitalization of large scope/dollar OPEX refurbishment projects.

### Details

#### Description

Capitalize large scope and/or dollar OPEX refurbishment projects.

#### Rationale

Currently the major NSG outage projects that are planned and undertaken for life extension purposes are charged against the O&M budgets. Reclassifying these as capital asset refurbishments would free up OPEX dollars.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☒ Financial ☐ Compliance ☐ Other

There would be no additional risk from a Plant Operations perspective. This would strictly be an accounting adjustment.

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

Would require reclassifying the spend and budget from OPEX to CAPX.

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Viewpoints of relevant directors, business area leads, and SMEs who

Review with Sarah, not included in Excel spreadsheet

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- This initiative is to adjust the current Capitalization process and reclassify large scope and/or dollar OPEX refurbishment projects to CAPX. Preliminary estimate at NGS alone, would reclassify and reduce the OPEX budget by ~\$5 million in 2019 and ~\$8 million in 2020. The types of projects would be included but not limited to: Turbine/Generator major overhauls, Turbine Valve overhauls and BFP and BFPT major overhauls. Changing the capitalization requirements would make this a recurring reduction to the OPEX budgets.

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## Expand use of employee ideas for savings opportunities

### Details

#### Description

Get more ideas by bringing employees into this brainstorming effort.

#### Rationale

We have smart people working here – solicit their cost saving ideas and implement (expansion of 5 to 5 idea). Our team is excited for their ideas to be heard and to see them through fruition

#### Risks

Mark low/medium/high for each risk category that applies:

- ☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

- ☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

- ☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- [Viewpoints of relevant directors, business area leads, and SMEs who

Review with Sarah,  
not included in  
Excel spreadsheet

### Expected impact when fully implemented

#### Source of impact:

- ☐ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

- ☐ Internal labor ☐ O&M ☐ Capital  
☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

- ☐ One-time ☐ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

▪



## JEA Personnel Perform Capital Work

### Details

#### Description

Utilize JEA personnel to perform assembly and vacuum oil processing of new power transformers instead of a contractor.

#### Rationale

Using internal Substation Maintenance personnel to perform the assembly and oil processing of power transformers shifts crews from O&M work to Capital work.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☒ Customer satisfaction ☒ Reliability ☒ Safety  
☒ Financial ☐ Compliance ☐ Other

Other maintenance work may be delayed.

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement  
 Crews are trained and capable to perform this work.

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Senior Director of Transmission & Substation supports moving forward on this initiative. Initiative should be reassessed on a yearly basis. Savings are appx \$25k per transformer installation.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	25
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	25

### Assumptions and supporting data

- Substation Power Transformers have to be assembled and vacuum/oil processed before they can be placed in service. Having Substation Maintenance personnel perform the work will shift personnel from O&M work to Capital work vs paying a contractor to perform the work.
- Ready to implement on the next project which included the arrival of a new power transformer.
- Potential negative impacts on preventative maintenance.



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## Outsource Material Handling function at NGS

### Details

#### Description

Outsource NGS material handling function and replace with contracted person

#### Rationale

Reduce high salary cost plus carrying cost for a functions that requires minimal skill set and use current mechanical techs to support any higher level functions

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☐ Minimal effort to implement ☐ Significant effort to implement  
☒ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

employees would feel like NGS is closing down- would scare employees

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- Material Handler I are currently making \$35.92/hr ( topped out after 2 year- 2 steps S1- \$34.21, S2- \$35.92)- currently 28
- Topped out Material Handler II are currently making \$41.48/hr ( topped out after 2 year- 2 steps S1- 39.51, S2- 41.48)...currently 7
- May reduce labor cost to use a temporary staff for the repetitive functions ( i.e. for those using heavy equipment machinery/equipment, unloading/loading coal off barges, cleaning plant) and use a DIFFERENT title ( i.e. a Mechanical tech) for more complex task like troubleshooting/maintaining equipment, running desk or leading/supervising a team of Randstad ( i.e. Ass.t Managers)
- Could possibly reduce the number of managers and replace with more asst of shift managers
- Would be able to flex the number of temp staff to correspond with the volume of work and projects
- Cost of 2080 hrs ( no OT or built in OT due scheduling ...

\$ 2,091,980.80	OM 1
\$ 603,948.80	OM2
\$ 2,695,929.60	Total

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## Outsourcing of Customer Care Call Center Services

### Details

#### Description

Outsource Call Center Services – Particularly consider the more basic services such as Start – Stop-Transfer of services.

#### Rationale

Salaries and benefits for the JEA call center is above market and continues to be so due to the combination of civil service and BU.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☒ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☒ Other

[employee morale]

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement

[Training on multiple systems would be needed]

#### Category

☐ No-regrets ☐ Trade-offs ☒ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☐ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- A determination of if all or some segments of the Customer Service Area could be outsourced dependent on the complexity of service provided would need to be made.

## Residential Solar Application Fee

### Details

#### Description

Charge an application/inspection fee to cover the cost of solar PV interconnection reviews and inspections

#### Rationale

Other municipalities charge an application/inspection fee. West Palm Beach charges a flat \$450 fee. Average fee in South Florida is \$569.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☒ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- [Viewpoints of relevant directors, business area leads, and SMEs who have been consulted on initiative]

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 180

Estimated cost to implement:

Estimated net impact (total impact minus cost): 180

### Assumptions and supporting data

- Propose a \$500 flat fee.
- Average of 30 new customers a month, 360/year, annual income \$180K
- Trade-off is against publicity.



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## Renewable Power from Tide

### Details

#### Description

St. Johns River is strongly tidal. Provides opportunity to pilot technologies for hydro power generation.

#### Rationale

Renewable local resource for zero carbon generation

#### Risks

Mark low/medium/high for each risk category that applies:

☐ L Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ L Financial ☐ Compliance ☐ Other

[Low risk at exploration phase]

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Idea formerly considered from U2.0.

Review with Sarah,  
not included in  
Excel spreadsheet

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- Local renewable resource. Costs relative to PV over time currently unknown, but timing good to examine while storage technologies are being perfected in next 4-5 years.



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## Water

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## Provide O&M and R&R Services for Private Pump Stations

### Details

#### Description

Operate and provide R&R services to owners of private pump stations.  
1. Perform O&M of private pump stations 2. Install monitoring equipment and monitor alarms from Ridenour 3. Provide after-hours emergency response

#### Rationale

There are 1,615 private pump stations within JEA's service territory. JEA staff is skilled and equipped to perform, and already deployed in the field where these private stations exist. Would probably help with grease that gets pumped into our system, and certainly help City's EQD with nuisance stations.

#### Risks

Mark low/medium/high for each risk category that applies:

☒ Environmental ☐ Customer satisfaction ☐ Reliability ☒ Safety  
☐ Financial ☒ Compliance ☐ Other

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 517 annual

Estimated cost to implement: 265 one-time

Estimated net impact (total impact minus cost): 252

### Assumptions and supporting data

- Implementation: Most of the implementation would depend on the level of service JEA would like to pursue. As an example if we were to provide monitoring, there would need to be SCADA monitoring equipment purchased and installed, but we already have master radios and supporting infrastructure. There would need to be a significant effort in marketing and sales.
- Assumptions:
  - Revenue: 33% of market share would mean approximately 530 stations. Annual contracts @ \$25/month = \$159,000/yr.
  - Revenue: 15% per month call-out with average 3 hr charge @ \$125/hr = \$358,000/yr..... we are 24/7; assumes no overtime impact or additional hiring
  - Cost: Install "simplified SCADA" system, \$500/station = \$265,000
  - Revenue: Pump station monitoring only?
  - R&R profit is unknown; could finance R&R work.

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## Glycerin Use Reduction

### Details

#### Description

Glycerin is used as a supplemental carbon source at wastewater reclamation facilities to increase treatment efficiency and decrease Total Nitrogen discharge. Because the current projection for TN FY19 is 28% lower than permit limits, JEA can reduce glycerin usage and still meet compliance limits.

#### Rationale

Annual expenditures vary but are approximately \$500k. JEA can reduce glycerin usage while still meeting the TMDL limit of 683 tons of Total Nitrogen per year. Initial goal is 10% reduction, which should have very little impact on TN.

#### Risks

Mark low/medium/high for each risk category that applies:

☒ H Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☒ H Compliance ☐ Other

Risk of not meeting TMDL limit is increased

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement  
 [reduce dosing rate of glycerin]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- [Viewpoints of relevant directors, business area leads, and SMEs who have been consulted on initiative]

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	50
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	50

### Assumptions and supporting data

- FY19 TN limit: 683.2 tons. Current FY19 forecast for TN: 491 tons. FY19 glycerin budget: \$526,000. At \$1.65/gal, approximate glycerin usage is 873 gal/day. Source: O&M budget and actual cost.
- Assumption: a reduction of 10% in glycerin usage has very minimal impact on TN.

## Hydrogen Peroxide Use Reduction

### Details

#### Description

Hydrogen Peroxide is used to control odor in the wastewater collection system. FY19 budget for peroxide usage is \$2.1M.

#### Rationale

Reducing peroxide usage at strategic locations, times of day and/or times of year could save significant budget. Feed optimization might be possible without increasing customer complaints. Initial goal is 10% reduction.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☒ H Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Customer Experience has not been consulted with respect to JDP

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 210

Estimated cost to implement: 0 using cut method

Estimated net impact (total impact minus cost): 210

### Assumptions and supporting data

- FY19 peroxide budget: \$2.1M. At \$2.60/gal, approximate usage is 2,200 gal/day. Source: O&M budget and actual cost.
- Assumption: 10% reduction of peroxide dosage at strategic locations and/or times of year will have no impacts on number of complaints.
- JEA has been implementing this initiative which has offset the increasing costs of adding peroxide stations because of growth of collection system; this goal would be to potentially use AI for gas monitoring feedback loops or crudely cutting feed until odors are detected.



## Wastewater Biosolids Hauling

### Details

**Description** Use JEA staff and fleet to haul biosolids from Mandarin, JCP, Nassau and Ponte Vedra wastewater reclamation facilities to Buckman WRF.

**Rationale** JEA currently spends about \$600k annually to haul biosolids with a vendor. JEA can hire 3 utility workers and 3 semi-trucks with 6k gallon tanks to perform these tasks.

**Risks** Mark low/medium/high for each risk category that applies:  
☒ Environmental ☐ Customer satisfaction ☐ Reliability ☒ Safety  
☐ Financial ☒ Compliance ☐ Other  
 [brief explanation of level of risks shown]

**Implementation** ☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement  
 [brief explanation of level of effort]

**Category** ☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- [Viewpoints of relevant directors, business area leads, and SMEs who have been consulted on initiative]

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 600 annual

Estimated cost to implement: 570 Initial cost 229 annual

Estimated net impact (total impact minus cost): 241

### Assumptions and supporting data

- Current hauling: Mandarin: 32-33/week, Nassau: 11/week, JCP: 6-8/week, PV: 4/week.
  - Anticipate need of 1 driver for Nassau, JCP and PV: Nassau on M, T, W (up to 12 loads/week), PV on Thur (up to 4 loads/week), JCP on F (up to 6 loads/week)
  - Anticipate need of 2 drivers for Mandarin on M, T, W, R (up to 32 loads); on F, remaining loads at Mandarin and/or JCP
- Costs of implementation:
  - Annual salary and benefits for 3 FTEs = \$225k.
  - Annual maintenance costs of vehicles and equipment = \$4,000 (source: Fleet)
  - Cost of trucks and tanks = 3 x \$190k = \$570k (source: Fleet)
- Would have to develop a full business case, but all elements are known.

## Private Water Repairs in Close Proximity to Water Meter

Details	
<b>Description</b>	Perform repairs on private pipe and fittings only near the meter.
<b>Rationale</b>	JEA field technicians currently complete these repairs free of charge as a courtesy to the customer. We could formalize the process and offer these services to the customer and include charges on the JEA bill.
<b>Risks</b>	Mark low/medium/high for each risk category that applies: <input type="checkbox"/> Environmental <input type="checkbox"/> Customer satisfaction <input type="checkbox"/> Reliability <input type="checkbox"/> Safety <input type="checkbox"/> Financial <input type="checkbox"/> Compliance <input type="checkbox"/> Other
<b>Implementation</b>	<input type="checkbox"/> Minimal effort to implement <input checked="" type="checkbox"/> Significant effort to implement <input type="checkbox"/> Major operational change required to implement [brief explanation of level of effort]
<b>Category</b>	<input type="checkbox"/> No-regrets <input type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue   ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor   ☐ O&M   ☐ Capital

☐ Contracted services   ☐ Other

*Is impact one-time or recurring?*

☐ One-time   ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 50

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): 50

### Assumptions and supporting data

- Field Technicians completed 137 repairs to customer-owned pipe or fittings in CY18
- Average estimated cost of each repair by a plumber is \$364
- BI Publisher/FMS work order reporting tool
- Licensing and Charter Change may be required
- Anything substantially past the meter would trigger licensed plumber activity (covered in the parking lot)
- Alternatively could have partner plumbers on contract and bill through JEA

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## Water Softener and Faucet Aerator Troubleshooting and Repair

### Details

#### Description

Provide water softener servicing/minor maintenance and faucet aerator replacement/cleaning to correct poor pressure issues

#### Rationale

JEA personnel deploy due to low water pressure complaint and determine the water softener is not working properly by placing on bypass. Aerator cleaning and replacement is low cost/high reward for customer system operation. Media replacement, routine salt addition, equipment flushing etc. is probably parking lot items.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☒ L Customer satisfaction ☐ Reliability ☐ Safety  
☒ L Financial ☐ Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 23

Estimated cost to implement: 2

Estimated net impact (total impact minus cost): 21

### Assumptions and supporting data

- Field technicians completed 154 work orders related to water softener and sink or shower aerator poor pressure
- BI Publisher/FMS work order reporting tool
- Plumber License not required, other license and Charter Change may be required
- There is risk is entering the customer's home
- There is risk in causing damage to customer's equipment



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## Customer Owned Backflow Preventer Maintenance

### Details

#### Description

Provide backflow installation, testing and repair services

#### Rationale

Bringing installation, testing and repair services in-house provides value for the customer with regard to ensuring easy compliance with the regulation and allows JEA an easier way to track compliance.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☒ Financial ☐ Compliance ☐ Other

Cost to certify employees and test equipment costs

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement  
 [brief explanation of level of effort]

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 231

Estimated cost to implement: 20

Estimated net impact (total impact minus cost): 211

### Assumptions and supporting data

- JEA has 32,000 residential irrigation customers and 12,000 residential reclaim customers that are required to have backflow preventers installed
- Backflows are required to be tested every two years for residential customers
- Average backflow testing cost to a customer is \$35; 44,000 every 2 years is 22,000 per year and assume JEA captures 30% of the market
- Employees will require backflow testing and repair certification \$700 each (some employees are currently certified, for example will certify 10 FTEs at a cost of \$7000)
- Backflow testing equipment costs \$1000 each plus ancillary



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## Sewer Lateral Cleaning and Televising

### Details

<b>Description</b>	Charge customers to clean out clogs in their sewer laterals. CCTV services could also pinpoint any structural issues.
<b>Rationale</b>	JEA customers are responsible for keeping their sewer lateral "down and flowing" to the connection point with JEA's pipe. Currently when a customer calls regarding a stoppage, JEA provides a "courtesy" jetting of their pipe to clear the stoppage. Plumbers, on average, charge \$300-\$400 for this service. This work should be considered ancillary to our work because JEA could flush to the nearest manhole to recover the materials dislodged.
<b>Risks</b>	Mark low/medium/high for each risk category that applies: <input type="checkbox"/> Environmental <input type="checkbox"/> Customer satisfaction <input type="checkbox"/> Reliability <input type="checkbox"/> Safety <input type="checkbox"/> Financial <input type="checkbox"/> Compliance <input checked="" type="checkbox"/> Other Impact to the Plumbing Community
<b>Implementation</b>	<input type="checkbox"/> Minimal effort to implement <input checked="" type="checkbox"/> Significant effort to implement <input type="checkbox"/> Major operational change required to implement [brief explanation of level of effort]
<b>Category</b>	<input type="checkbox"/> No-regrets <input type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

**Source of impact:**

☒ Increased revenue    ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor    ☐ O&M    ☐ Capital  
☐ Contracted services    ☐ Other

*Is impact one-time or recurring?*

☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	57
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	57

### Assumptions and supporting data

- Field Technicians completed 179 courtesy jetting/unstopping repairs to customers equipment in CY18
- Estimate of sewer lateral cleaning is \$320
- BI Publisher/FMS work order reporting tool

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## Sewer Clean-Out Installation and Repair

### Details

#### Description

Provide service to customer-owned sewer clean-outs

#### Rationale

A sewer clean-out is required by code and required to unblock stoppages

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☒ L Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☒ H Other

Impact to the Plumbing Community

#### Implementation

☐ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 48

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): 48

### Assumptions and supporting data

- Field technicians completed 180 calls for service in which they were unable to obtain access to a sewer clean-out to assist the customer
- Estimated cost to install a sewer clean-out is \$268
- BI Publisher/FMS work order reporting tool
- Ability to determine whether the customer (on their property) or JEA (in the ROW) has lateral piping issues requires a clean-out for CCTV; therefore, installation of a cleanout would be ancillary to JEA's operation

## Reduce Hydrogen Peroxide Cost at Arlington East WRF

### Details

#### Description

Hydrogen Peroxide is a \$175k budget item in FY20

#### Rationale

Any peroxide not fed is O&M savings. Potentially there is an opportunity to optimize feed rate.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ L Environmental ☐ L Customer satisfaction ☐ L Reliability ☒ H Safety  
☐ L Financial ☐ L Compliance ☐ Other

[H2S levels can reach above 2000 ppm, lethal dose is 1000 ppm]

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- N/A; internal to WWW

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- One main reason peroxide is fed at the Arlington East WRF is to help treat extreme sulfide levels in the influent which can inhibit treatment, especially during cold weather.
- Goal would be to optimize the dosage for minimal impact to TN concentration, with initial reduction of 10%.
- Because we are significantly under our TN TMDL limit, we could afford some degradation of TN performance at Arlington East WRF



## Minimize Costs for Pump Station PM Visits

### Details

<b>Description</b>	There are over 1,400 wastewater pump stations. Significant time is required to visit stations, in most cases monthly, utilizing highly skilled mechanical personnel. Is there an opportunity to reduce those visits 1. with AI analysis of SCADA data 2. utilize JSEB contractors to perform basic inspections 3. Bring landscape maintenance in-house and have those personnel perform basics
<b>Rationale</b>	Reducing drive time for mechanics frees them up for higher value work, potentially more capital station rebuilds, and helps dampen the impact of approximately 30 new pump stations which are added each year.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental    <input type="checkbox"/> Customer satisfaction    <input checked="" type="checkbox"/> Reliability    <input type="checkbox"/> Safety  <input type="checkbox"/> Financial    <input type="checkbox"/> Compliance    <input type="checkbox"/> Other         </p> <p>Inexperienced employee may overlook cues that may indicate future problems</p>
<b>Implementation</b>	<p> <input type="checkbox"/> Minimal effort to implement    <input type="checkbox"/> Significant effort to implement  <input checked="" type="checkbox"/> Major operational change required to implement         </p> <p>Hire &amp; train new employees to perform tasks</p>
<b>Category</b>	<input type="checkbox"/> No-regrets <input checked="" type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue    ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor    ☒ O&M    ☐ Capital

☐ Contracted services    ☐ Other

*Is impact one-time or recurring?*

☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	260
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	260

### Assumptions and supporting data

- We have in the past reduced PM frequency on a trial basis – some stations remain on reduced frequency – but it was probably not as disciplined/data-centric as it could have been
- Risk is to some type of failure but we have SCADA and 24/7 personnel on duty to respond.
- We used to have Utility Workers perform landscape maintenance – possibly pump stations could be maintained by a lesser skilled, entry level employee that could be taught pump station basics such as wet-well wash-down. These personnel could "graduate" to more skilled positions with the company.
- The cost of pump station landscape maintenance contracts is known.
- Assumptions: JEA mechanics, at \$35.50/hr, spends on average, 1 hr/station/month, for unskilled labor tasks such as wetwell wash-down, general site housekeeping, visual inspections, etc. Using lesser skilled employees at lower pay rate, say \$20/hr., can save \$260,000 per year.



## Perform Crane Inspections Utilizing JEA Personnel

### Details

#### Description

FY20 budget for crane inspections in Treatment is \$103k. There are also cranes within Energy and Facilities, all of which are covered in one contract. There have been quality control issues in the past which may or may not have been improved.

#### Rationale

Depending on certification complexity, JEA personnel already at these facilities could be trained to test and certify; Predictive Maintenance titles are an excellent candidate.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ L Environmental ☐ L Customer satisfaction ☒ M Reliability ☒ M Safety  
☐ L Financial ☐ L Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement

Certification requires appropriate experience, passing of exam

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Would need buy-in from Energy and potentially Facilities

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

(If reduced costs) What is the source of savings (check all that apply):

☐ Internal labor ☒ O&M ☒ Capital

☐ Contracted services ☐ Other

Is impact one-time or recurring?

☐ One-time ☒ Recurring

Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)

Estimated total impact: 100 For W/WW only

Estimated cost to implement: 10

Estimated net impact (total impact minus cost): 90

### Assumptions and supporting data

- We have highly skilled, technical personnel in different job classifications that could perform this work.
- Certification of inspector requires appropriate experience and passing of examination. Assumption: 5 employees certified at cost of \$2,000/person for study materials and exam fees.
- For W/WW systems, current cost for inspections by a third-party vendor is \$78/hour, with most inspections requiring 2 or 3 hours (source: contract with Konecrane)
- Current total contract is \$395,000 annually for Energy, Facilities, and Water; If Energy and Facilities adopt this plan, more savings can be realized.

## Four Ten-Hour Days for Select Field Staff

### Details

#### Description

There may be benefit in utilizing four, ten-hour days for certain classes of work. For instance, construction projects typically have a longer set up and break down time each day. One less commute day to work zones would save JEA time and miles driven. Additionally, employees are asking for four tens which would improve morale and save employees one commute day.

#### Rationale

There could be hard savings to JEA in Fleet costs and improved employee satisfaction.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ L Environmental ☐ L Customer satisfaction ☒ M Reliability ☒ M Safety  
☐ L Financial ☐ L Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- We must be able to measure productivity gains or losses; there could be various pilots conducted
- Miles driven potential savings could be measured with GPS
- Employee leave time impacts could be measure with Annual Leave queries of Oracle
- Four-tens might mean staggering days off beyond just Mondays and Fridays to ensure no loss of customer response time

## Eliminate Contractor Support for Delivery and Collection

### Details

#### Description

In FY19 cycle time for cave-ins became excessive, by JEA standards, and \$290k was spent to complete 30 cave-ins. That budge was increased to \$500k for FY20. JEA could choose to not react to cycle time.

#### Rationale

Cycle time is a JEA-determined number of days, not guided by customer information.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ L Environmental ☒ M Customer satisfaction ☐ L Reliability ☐ L Safety  
☐ L Financial ☐ L Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Would need to monitor any customer reaction to extended cycle times

Review with Sarah, not included in Excel spreadsheet

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- Assume that JEA would receive feedback from customers once excessive cycle time trigger was reached
- The \$500k is a budget request, not a guarantee of spend; we could pilot by not spending and measure customer response
- There could also be a relatively dry year in FY20 which would mean fewer cave-ins and thus avoided expenditures with contractors regardless of this initiative



## Design-Build Continuing Service Contract

### Details

<b>Description</b>	Contract a group of qualified design-build contractors for ease of procurement of services
<b>Rationale</b>	Design-build jobs are qualification based. One solicitation can be created to "pre-qualify" contractor teams that will then be used as a continuing service provider. Projects would be bid as lump-sum DB between the selected contractors
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental    <input type="checkbox"/> Customer satisfaction    <input type="checkbox"/> Reliability    <input type="checkbox"/> Safety  <input type="checkbox"/> Financial    <input type="checkbox"/> Compliance    <input type="checkbox"/> Other         </p>
<b>Implementation</b>	<p> <input checked="" type="checkbox"/> Minimal effort to implement    <input type="checkbox"/> Significant effort to implement  <input type="checkbox"/> Major operational change required to implement         </p> <p>Coordination with county officials</p>
<b>Category</b>	<input checked="" type="checkbox"/> No-regrets <input type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

- ...

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue    ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor    ☐ O&M    ☒ Capital

☐ Contracted services    ☐ Other

*Is impact one-time or recurring?*

☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	\$300k/yr*
Estimated cost to implement:	\$0
Estimated net impact (total impact minus cost):	\$300k/yr

### Assumptions and supporting data

- Pump station R&R
- New Well construction
- \*6 Planned PS projects; St Johns Forest Well; Well Field R&R Bucket => 5yr total of \$10M \* 15% (est admin) / 5yr = \$300k/yr



## Scope and Fee Negotiator

### Details

<b>Description</b>	Hire an expert with experience in negotiating rates and fee structures for capital projects
<b>Rationale</b>	Currently CCNA statutes dictate that all engineering efforts for capital projects are selected based on qualifications and then scope/fee is negotiated. Negotiations fall to the project manager who does not necessarily have the skillset required. A chief negotiator would provide consistency and value to the process.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental    <input type="checkbox"/> Customer satisfaction    <input type="checkbox"/> Reliability    <input type="checkbox"/> Safety  <input checked="" type="checkbox"/> Financial    <input type="checkbox"/> Compliance    <input type="checkbox"/> Other         </p> <p>Cost for additional FTE allocation</p>
<b>Implementation</b>	<p> <input checked="" type="checkbox"/> Minimal effort to implement    <input type="checkbox"/> Significant effort to implement  <input type="checkbox"/> Major operational change required to implement         </p> <p>[brief explanation of level of effort]</p>
<b>Category</b>	<input checked="" type="checkbox"/> No-regrets <input type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

- ...

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue    ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor    ☐ O&M    ☒ Capital

☒ Contracted services    ☐ Other

*Is impact one-time or recurring?*

☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	\$1.8M/yr*
Estimated cost to implement:	\$200k/yr
Estimated net impact (total impact minus cost):	\$1.6M/yr

### Assumptions and supporting data

- Can be FTE, Negotiating Service (savings based), or through Program Manager Contract
- \*5yr avg CIP = \$238M; 15% design = \$36M/yr
- Estimated admin savings of 5% = \$1.8M/yr
- Could be higher savings due to value obtained through negotiations

## Project Funding Revisions

### Details

#### Description

Modify project funding processes and requirement to streamline business processes

#### Rationale

Current funding processes take too long and require rework at various phases. Alternative delivery and spending plans require funding to be available faster than before.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental
 ☐ Customer satisfaction
 ☐ Reliability
 ☐ Safety  
☒ Financial
 ☐ Compliance
 ☐ Other

May cause reduction in financial controls

#### Implementation

☒ Minimal effort to implement
 ☐ Significant effort to implement  
☐ Major operational change required to implement

Business process changes only

#### Category

☐ No-regrets
 ☒ Trade-offs
 ☐ Difficult (risks > rewards)

### Stakeholder Perspective

...

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue
 ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor
 ☐ O&M
 ☒ Capital

☐ Contracted services
 ☐ Other

*Is impact one-time or recurring?*

☐ One-time
 ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: \$250k/yr\*

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): \$250k/yr

### Assumptions and supporting data

- Funding models for alternative delivery methods
- Reduce trending requirements (funding completed in total for project phase); enough approvals, checks/balances are already in place through monthly project updates and core team ...requiring a trend for various steps of the design and construction phase are redundant and require extra work
- Payment structure should reflect project duration, not fiscal year (spending is already only authorized based on appropriation of approved funds; future years aren't approved). POs are currently re-issued for each FY on an ongoing project. Rework
- CAMS/PM software can be used to streamline/facilitate approvals and checkpoints rather than funding holds
- \*CBP Cap Salary = \$542k; PEC CAP Salary = \$4.5M; Total = \$5M x 5% savings = \$250k

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## Business Process Improvement – Technology/Software Implementation

### Details

#### Description

Streamline software purchase and implementation to support critical business processes

#### Rationale

Technology and business needs are outpacing the current time it takes to select, purchase, and integrate critical software. CAMS is a prime example: software will be fully integrated well past (+2-3yrs) the need date of 2018.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental
 ☐ Customer satisfaction
 ☐ Reliability
 ☐ Safety  
☒ Financial
 ☐ Compliance
 ☒ Other

[brief explanation of level of risks shown]

#### Implementation

☒ Minimal effort to implement
 ☐ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets
 ☒ Trade-offs
 ☐ Difficult (risks > rewards)

### Stakeholder Perspective

▪ ...

Review with Sarah,  
not included in  
Excel spreadsheet

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue
 ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor
 ☐ O&M
 ☐ Capital  
☐ Contracted services
 ☐ Other

*Is impact one-time or recurring?*

☐ One-time
 ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: \$100k/yr

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): \$100k/yr

### Assumptions and supporting data

- Streamline reviews
- Outsource implementation
- Cloud-based software vs on-prem



## Dual Check Valve - Disposable Backflow Preventer

### Details

**Description** Use of disposable dual check valves for residential reclaimed water backflow prevention. Based on the "to-be" future process for reclaimed backflow protection, JEA would inspect, test and repair/replace as needed.

**Rationale** Use of a disposable, dual check valve (valve is minimal cost) reduces JEA labor/material costs to inspect, test and replace residential reclaimed connections. Use of a disposable dual check valve reduces the cost for this program for both testing and replacement.

**Risks** Mark low/medium/high for each risk category that applies:

<input type="checkbox"/> Environmental	<input type="checkbox"/> Customer satisfaction	<input type="checkbox"/> Reliability	<input type="checkbox"/> Safety
<input type="checkbox"/> Financial	<input type="checkbox"/> Compliance	<input type="checkbox"/> Other	

**Implementation**

<input type="checkbox"/> Minimal effort to implement	<input checked="" type="checkbox"/> Significant effort to implement
<input type="checkbox"/> Major operational change required to implement	

[brief explanation of level of effort]

**Category** ☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- "To-be" vision for residential reclaimed backflow management is for inspection, testing and ultimately repair or replacement to be undertaken by JEA – as JEA currently charges customers \$6/month for testing and inspection. In this "to-be" case, reclaimed customers will have their backflow preventer inspected and/or tested every two years which costs about 35\$/visit or test. It is estimated that the current backflow preventer assembly would need to be replaced every 15 years (current estimated cost of the assembly is \$375). Over the 15 year life of the assembly JEA would incur approximately ~\$640/customer or 42.5 \$/yr/customer.
- Changing to a disposable residential dual check (~\$20 material cost) does not require testing but must be replaced every 5 years (versus the "to-be" case of inspection/testing every two years and a replacement approximately every 15 years.). Changing to the residential (reclaimed) disposable dual check valve reduces costs for the program by nearly 50% to about 21.5 \$/yr/customer. Estimated net impact above, is at the current reclaimed customer level (~12,000) when fully implemented. However, the number of reclaimed customers is expected to grow over time further increases benefits.
- Internally, JEA would need to amend standards to allow use of the dual check valves in these instances.



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## Corporate

# SECURITY PATROL OFFICERS ELIMINATION

## Details

### Description

Elimination of all contracted security patrol officers.

### Rationale

Elimination of security patrol officers will reduce the operational cost of the security services contract.

### Risks

Mark low/medium/high for each risk category that applies:

☐ M Environmental ☐ H Customer satisfaction ☐ H Reliability ☐ H Safety  
☐ L Financial ☐ H Compliance ☐ H Other: Security

Elimination of the security officer response force directly increases multiple security, safety, and regulatory risks.

### Implementation

☐ Minimal effort to implement ☐ Significant effort to implement  
☒ Major operational change required to implement

Significant changes to numerous operational strategies that rely upon the response of security patrol officers to incidents and events at JEA facilities.

### Category

☐ No-regrets ☐ Trade-offs ☒ Difficult (risks > rewards)

## Stakeholder Perspective

- The elimination of security patrol officers directly reduces the security posture of the entire organization and places JEA personnel and assets at a much higher security and safety risk in the workplace.

## Expected impact when fully implemented

### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	757
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	757

## Assumptions and supporting data

- Security patrol officers are a vital component of the JEA Security Department's defense-in-depth strategy to provide a safe and secure working environment for JEA and the critical infrastructure of the City of Jacksonville. With no patrol officers, JEA Security will no longer be able to respond to safety, security, or environmental incidents involving JEA facilities or personnel. JEA will become completely reliant upon the response of local law enforcement.
- Security patrol officers are the primary response force for numerous regulatory requirements such as NERC CIP standards, USCG MTSA requirements, and environmental response plans. The elimination of this response force directly increases the risk of a significant regulatory fine to JEA for failure to provide proper incident response.
- In addition to alarm and incident response, security patrol officers detect and deter criminal activity at JEA facilities through conducting periodic site inspections. The elimination of these inspections directly increases the probability of criminal and/or terrorist activity occurring at JEA.
- Active shooter events continue to increase nationally with a significant percentage occurring at business offices. This reduction will impact the ability for JEA Security to respond to these types of urgent and unpredictable events.
- Security patrol officers provide frequent escorts and protection services to JEA personnel while working in high risk areas. Removal of this service directly increases the risk to JEA personnel working in these environments.
- JEA customers have an expectation that their critical resources are being provided significant protections to ensure their availability and reliability. The reduction in security posture will have a negative impact in the quality of service provided to JEA customers.

## DOWNTOWN SECURITY OFFICER REDUCTION

### Details

**Description** Reduction of contract security officers (one per shift) assigned to provide roving protection services of the downtown headquarters buildings.

**Rationale** This reduction will result in a decreased cost to JEA for providing security services at the downtown headquarters buildings.

**Risks** Mark low/medium/high for each risk category that applies:  
☐ Environmental ☐ Customer satisfaction ☐ Reliability ☒ Safety  
☒ Financial ☐ Compliance ☒ Other: Security  
 Reduction creates an increased risk to JEA employees and assets in the downtown area.

**Implementation** ☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement  
 Minor change to the contracted services and the scope of duties of the remaining security officers in the area.

**Category** ☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- The downtown campus area is in a high crime risk area which generated the need for additional security officers. This reduction may impact safety considerations for the onsite officers in addition to the employees.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	157
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	157

### Assumptions and supporting data

- The total impact reduction is based upon the \$18.06 hourly bill rate of 168 guard hours per week.
- The CRIMECAST CAP Index mapping shows that the present location of the JEA Downtown Headquarters buildings is rated at 15x above the national average for criminal activity.
- The Downtown Campus hosts the only JEA Customer Business Office. This directly increases the public access to the JEA Headquarters and elevates potential security risk to JEA employees working in the area.
- JEA Security performs escorts of employees to the parking locations during high risk time periods and upon request. This reduction will directly delay the ability for security to perform this service.
- Active shooter events continue to increase nationally with a significant percentage occurring at business offices. This reduction will impact the ability for JEA Security to respond to these types of urgent and unpredictable events.



## AUDIT SERVICES EXPENSE REDUCTION

### Details

<b>Description</b>	10% reduction, or one (1) FTE, in department personnel (Current staff complement is twelve (12), so actual reduction would actually be 8.3%. This could be augmented by reduction, or complete elimination, of training-related travel (\$3K).
<b>Rationale</b>	This would be executed if there was a corporate-wide mandate for personnel reductions. This would be a permanent reduction, with no plan to add back the FTE for the foreseeable future.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental    <input type="checkbox"/> Customer satisfaction    <input type="checkbox"/> Reliability    <input type="checkbox"/> Safety  <input type="checkbox"/> Financial    <input checked="" type="checkbox"/> Compliance    <input type="checkbox"/> Other         </p> <p>See GRC discussion in potential trade-offs below.</p>
<b>Implementation</b>	<p> <input checked="" type="checkbox"/> Minimal effort to implement    <input type="checkbox"/> Significant effort to implement  <input type="checkbox"/> Major operational change required to implement         </p> <p>More of an emotional/psychological challenge to implement.</p>
<b>Category</b>	<input type="checkbox"/> No-regrets <input checked="" type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

**Source of impact:**

☐ Increased revenue    ☒ Reduced costs  
*If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor    ☒ O&M    ☐ Capital  
☐ Contracted services    ☐ Other

**Is impact one-time or recurring?**

☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	110+
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	110+

### Assumptions and supporting data

- Not a desirable, but sometimes a necessary, exercise when there are fiscal challenges.
- 2019 Audit Services Annual Budget / Variance Report.
- Potential Trade-Offs: Depending upon position selected (Enterprise Risk Management, Forensic Audit & Investigations, Internal Audit or System Administration), trade-offs could be a reduced GRC (Governance / Risk / Compliance) footprint for JEA, with possible long-term negative impacts (e.g., a slackening of internal controls, risk oversight, perhaps an increase in internal fraud incidents). Some cross-training of roles could lessen the operational impact to Audit Services. Also, more cloud solution application software (AutoAudit) could alleviate the internal system administration requirements.



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## CIP COMPLIANCE EXPENSE REDUCTION

### Details

#### Description

We have conducted Cyber Vulnerability Assessments (CVA) for CIP using external contractor services. Full CVA services often cost \$50-75K every year. As proposed in this plan, going forward from 2020, we will not utilize external contractors and instead use internal TS resources to perform the raw scan. Once the Raw scan data is available, CIP compliance will study the data and complete the CVA report, including the findings and action item list.

#### Rationale

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☒ Compliance ☐ Other: Cyber security

New approach utilizes TS who already have required tools, to perform the scanning and in the past, results have not met required parameters.

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement  
 More of an emotional/psychological challenge to implement.

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 50+

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): 50+

### Assumptions and supporting data

- Not a desirable, but will be a compromised option in order to save O&M dollars and improve fiscal balance.
- In past two Cyber Vulnerability assessments, my team has made significant knowledge gains and we are convinced that this task is achievable.
- Potential Trade-Offs: External contractors provide improved ways to address security and their techniques are up to date. Using internal TS resources, CIP Compliance will have to rely on resources that can guide and support us to match and provide a comparable result.

## CONSOLIDATE LEGAL FEES

### Details

#### Description

Proposed legal fees for guidance on regulatory issues.

#### Rationale

Legal fees were originally assigned in case any regulatory issues arise during a non-compliance event.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental
 ☐ Customer satisfaction
 ☒ Reliability
 ☐ Safety  
☐ Financial
 ☒ Compliance
 ☐ Other

#### Implementation

☒ Minimal effort to implement
 ☐ Significant effort to implement  
☐ Major operational change required to implement

#### Category

☐ No-regrets
 ☒ Trade-offs
 ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Discussed conceptually with VP/CCRO

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue
 ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor
 ☒ O&M
 ☐ Capital

☐ Contracted services
 ☐ Other

*Is impact one-time or recurring?*

☐ One-time
 ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 36

Estimated cost to implement: 0

Estimated net impact (total impact minus cost): 36

### Assumptions and supporting data

- Not desirable, but will be an option to consolidate with the Chief Legal Officer's budget in order to save O&M.

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## CONSULT OUT ETHICS SERVICES TO OTHER INDEPENDENT AGENCIES

### Details

#### Description

Provide Ethical compliance services to other independent agencies such as the Jacksonville Housing Authority, Jax Port, DCPS.

#### Rationale

Every independent agency is required to have an Ethics Officer per ordinance 2011-197-E. Some agencies do not have enough allocations and technical capacity to have a subject matter expert in their agency.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☒ Other

Increased workload on current Ethics Officer and may need assistance with reporting out data and Training Dept.

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

1. Recommend we charge at least \$20K per agency; we could stagger fees based on agency size. We will estimate one agency initially, for a total income of \$20K.

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☐ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 20<sup>1</sup>

Estimated cost to implement:

Estimated net impact (total impact minus cost): 20<sup>1</sup>

### Assumptions and supporting data

- JEA Ethics Officer has JHA and DCPS. With JEA having an established, well-versed Ethics program, we are a leader among the other Independent agencies.
- An MOU would need to be established with the independent agencies.
- All city agencies value building trust and providing transparency when it comes to Ethics. Hiring another independent agency to provide education, training and oversight will reduce cost and benefits all parties. It would also provide a consistency among the agencies on the management of their Ethics programs.
- Potential clients include the following: (JPA) Jacksonville Port Authority; (JAA) Jacksonville Aviation Authority; (JTA) Jacksonville Transportation Authority; & (JHA) Jacksonville Housing Authority.
- Services to provide include the following: Ethics Training for all employees via CBT; handling of all Ethics cases; exit Interviews for all resignations; & management of the Ethics Hotline (EHL) (JEA would manage and pay for one hotline to support all agencies). This would be a potential savings of \$3,500 for the other agencies.
- Financial Impact: A percentage of each of the following employees' time would be used to determine the cost baseline: HRS x hourly rate (Approx. \$15K); Ethics Officer (25%); Reports Analyst / Executive Assistant (5%); Senior Forensic Auditor (20%); & Cost of EHL (Navex Global is vendor) - \$3.5K.



## Telecommunications Audit (Contract rates vs. bill rates)

### Details

#### Description

The JEA telephony team began an internal audit of our current Telecom billing in January 2019. Thus far, we've identified over-billing on ISP circuits, resulting in a net credit of \$67,000. The review continues and will encompass all aspects of 3rd party telephony charges. A similar review in 2014 yielded net savings from over-billing of approximately \$300k, primarily from our AT&T Contracts.

#### Rationale

It will result in bill credits for us on our AT&T bills and reduce out-the-door spend.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☒ Other

There is no risk other than opportunity cost of spending the time on the analysis

#### Implementation

☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement  
 Low level of effort for internal review

#### Category

☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- This is an effort undertaken every three years to ensure sync between contract rates and billed rates.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	150
Estimated cost to implement:	0
Estimated net impact (total impact minus cost):	150

### Assumptions and supporting data

- After internal review, JEA will also be contracting a third party audit company to complete a thorough telecom audit as part of our Communications Lifecycle Management (CLM). The audit company will be reviewing our larger telecom contracts vs. billed dollar amounts with AT&T and Verizon.
- Goals: identify any additional cost savings and efficiencies, position JEA for upcoming contract negotiations
- Auditor will be paid a percentage of cost savings, previous negotiated percentage (35%).



## 3rd party support for Oracle Apps & technology stack (and other ERP cost optimization opportunities)

### Details

#### Description

Seek a third-party support provider for our Oracle software stack; there are several in the industry. This has the potential savings of ~\$1M annually, as well as improved support service from the third party provider. There are dependencies on aligned roadmaps, removing roadblocks and effective JEA communication and management of associated risks

#### Rationale

3<sup>rd</sup> party support providers generally charge 50% of Oracle support charges.

#### Risks

Mark low/medium/high for each risk category that applies:

☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety

☒ Financial ☒ Compliance ☒ Other

JEA would not longer receive Oracle upgrades for ERP or database.

#### Implementation

☐ Minimal effort to implement ☒ Significant effort to implement

☐ Major operational change required to implement

Low level of effort for internal review

#### Category

☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Oracle eBusiness Suite R12 and OBIA (BI Apps) will be redlined – no more upgrades but third party will supply critical payroll and security patches.
- Oracle Database upgrades will be redlined at current version – this impacts applications (CCB, FMS, GIS) riding on the Oracle databases.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated **annual** impact: 1,200

Estimated cost to implement: 150

Estimated net impact (total impact minus cost): 1,050

### Assumptions and supporting data

Technology Services is considering engaging a marketplace third-party support provider for our Oracle software stack. This has the potential savings of ~\$1M annually, as well as improved support service from the third party provider. There are dependencies on aligned roadmaps, removing roadblocks and effective JEA communication and management of associated risks:

- Oracle eBusiness Suite R12 and OBIA (BI Apps) will be redlined – no more upgrades but third party will supply critical payroll and security patches. This is acceptable as Oracle no longer invests in their on-premise products so new functionality is not forthcoming.
- Oracle Database upgrades will be redlined at current version (12c) – this impacts applications (CCB, FMS, GIS) riding on the Oracle databases. We are in process of migrating critical systems off of Oracle databases (e.g. EMS).
- Roadblock item that was not resolved in earlier discussions was related to Oracle Platinum Support – this will need to be revisited to see if third parties offer these services now. Platinum Services requires that we maintain a Certified Platinum Configuration on the Oracle Engineered Platform (update firmware, system patches and databases) to maintain services above what are included as part of Oracle Premier Support.

## Reconcile vendor use of duct bank to existing project agreements

### Details

<b>Description</b>	JEA entered into a series of project agreements with Comcast (circa '90s) that permitted Comcast to utilize specific conduits in JEA's downtown duct bank. These project agreements specify shared fiber usage for any Comcast fibers deployed in the duct bank. Upon inspection and audit of 3rd party fiber in our duct bank, JEA determined that Comcast has exceeded the parameters of the project agreements, and installed unauthorized additional cable in JEA's duct bank. JEA should seek financial remediation for the unauthorized installs, or demand removal of unauthorized Comcast facilities.
<b>Rationale</b>	JEA to manage leases to recover revenues according to contracts.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental    <input type="checkbox"/> Customer satisfaction    <input type="checkbox"/> Reliability    <input type="checkbox"/> Safety  <input type="checkbox"/> Financial    <input type="checkbox"/> Compliance    <input checked="" type="checkbox"/> Other         </p> <p>Potential legal or political risks.</p>
<b>Implementation</b>	<p> <input type="checkbox"/> Minimal effort to implement    <input checked="" type="checkbox"/> Significant effort to implement  <input type="checkbox"/> Major operational change required to implement         </p> <p>Low level of effort for internal review</p>
<b>Category</b>	<input type="checkbox"/> No-regrets <input checked="" type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

- JEA is not incurring revenue as stipulated in the original contract agreements. Comcast is violating both the letter and intent of these agreements, and continues to trespass within our duct bank.

### Expected impact when fully implemented

#### Source of impact:

☒ Increased revenue    ☐ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor    ☐ O&M    ☐ Capital

☐ Contracted services    ☐ Other

*Is impact one-time or recurring?*

☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated <b>annual</b> impact:	600
Estimated cost to implement:	250
Estimated net impact (total impact minus cost):	350

### Assumptions and supporting data

- JEA has met with Comcast numerous times regarding their unauthorized use of our duct bank facilities. Comcast, thus far, has not provided any contractual documentation authorizing their expanded use of the duct bank. In one instance, JEA required Comcast to remove coaxial cable from the duct bank (it was placed without authorization) due to violation of safety policies; however, JEA has not continued the push for the removal of unauthorized Comcast fiber assets in the duct bank.
- Due to the outstanding pole attachment contract with Comcast, duct bank discussions were put on hold until the pole attachment contract was finalized. The pole attachment contract is now finalized.
- There are four (4) historical project agreements that authorized Comcast access to the duct bank for specific routes, and specific fiber cable sizes. Comcast has grossly exceeded the parameters specified in the project agreements. Unfortunately, the project agreements are aged (late '90s) and in some cases, lack details that current contractual agreements would include (i.e. these are not ideal contractual vehicles).
- At the end of 2018, Comcast notified JEA, per the contract, about its intent to continue duct bank use. JEA has a legal demand letter (on hold) that can be sent to Comcast demanding a map of all duct bank fiber routes, as well as an executed NDA which JEA provided at Comcast request.



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## Develop and execute on 3-year IT Cost optimization roadmap

### Details

<b>Description</b>	Starting with the immediate need to control the growth of spending, TS should develop and implement a cost optimization roadmap over the next several years. This approach will allow JEA to specifically focus on key budget areas to reduce (as well as those areas to protect); and lead the organization through the change. A true IT Cost Optimization program will have business impacts felt beyond the walls of Technology Services, and involve the governance processes that we currently use to approve new IT spending.
<b>Rationale</b>	This effort would be an initiative under the re-organization of Technology Services.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental         <input type="checkbox"/> Customer satisfaction         <input type="checkbox"/> Reliability         <input type="checkbox"/> Safety         <input type="checkbox"/> Financial         <input type="checkbox"/> Compliance         <input checked="" type="checkbox"/> Other       </p> <p>Would require effective business change management and acceptance of the new future</p>
<b>Implementation</b>	<p> <input type="checkbox"/> Minimal effort to implement         <input checked="" type="checkbox"/> Significant effort to implement       </p> <p> <input type="checkbox"/> Major operational change required to implement       </p> <p>This would follow a prescribed implementation plan, with KPI metrics to measure effectiveness.</p>
<b>Category</b>	<input type="checkbox"/> No-regrets <input checked="" type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

optimization effort will require both TS and business leadership and support – as the business will also feel the impacts of IT cost optimization efforts.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue
 ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor
 ☒ O&M
 ☒ Capital

☐ Contracted services
 ☐ Other

*Is impact one-time or recurring?*

☐ One-time
 ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact: 10,000

Estimated cost to implement: 120

Estimated net impact (total impact minus cost): 9,880

### Assumptions and supporting data

#### High level process for long term cost optimization:

1. Benchmark current state for a baseline (KPIs could include budget/spend, # of approved projects, # of complete projects, quality measures);
2. Identify key budget areas to shield; this would include specific areas where IT budget is fueling transformational activities for JEA;
3. Identify noncritical areas where reductions should occur; these would include high spend / low business value areas, and areas where spend exceeds industry averages;
4. Determine the cost optimization approach; approaches include immediate budget cuts through controlled growth. In all cases, we will assess the business value against the expected savings before decisions are made;
5. Communicate plans to stakeholders and lead the organization through the change.

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## Execute application rationalization exercise to reduce/consolidate IT footprint

### Details

#### Description

There are opportunities to undertake an application rationalization exercise within JEA. TS supports an IT ecosystem of over 350 applications and 1,000 servers. Many of these applications have overlapping functionality, and/or very sporadic business use, and/or a small user base, and/or are declining technologies. An application rationalization effort would shrink the IT footprint at JEA, in turn shrinking the resource footprint required to support it.

#### Rationale

This effort would be an initiative under the re-organization of Technology Services.

#### Risks

Mark low/medium/high for each risk category that applies:

- ☐ Environmental
 ☐ Customer satisfaction
 ☐ Reliability
 ☐ Safety
 ☐ Financial
 ☐ Compliance
 ☒ Other

Would require effective business change management and acceptance of the new future

#### Implementation

☐ Minimal effort to implement
 ☒ Significant effort to implement

☐ Major operational change required to implement

This would follow a prescribed implementation plan, with KPI metrics to measure effectiveness.

#### Category

☐ No-regrets
 ☒ Trade-offs
 ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- TS supports an application portfolio that has grown organically in

Review with Sarah, not included in Excel spreadsheet

applications, and "sacred cows" that all contribute to a higher cost support structure.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue
 ☒ Reduced costs

If reduced costs) What is the source of savings (check all that apply):

☒ Internal labor
 ☒ O&M
 ☒ Capital

☒ Contracted services
 ☐ Other

Is impact one-time or recurring?

☐ One-time
 ☒ Recurring

Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)

Estimated total impact: 600

Estimated cost to implement: 60

Estimated net impact (total impact minus cost): 540

### Assumptions and supporting data

- This effort is part-and-parcel to an overall IT Cost Optimization strategy, but could be taken on as an independent endeavor.
- Industry-wide, approximately 10% to 20% of the applications in a portfolio are responsible for most of the spending on operations, maintenance and enhancements.

#### This effort would require a business-side executive for sponsorship, for several reasons:

- IT-led application rationalization initiatives seldom gain momentum.
- Business leadership and engagement is vital, as application rationalization must be driven by a targeted business outcome and often requires changes in business process.
- Logic won't always win, since business engagement requires a blend of change management techniques to address emotional, dynamic and unpredictable organizational behaviors.



## Market-provided services for non-core functions

### Details

#### Description

Transitioning to market-provided services for non-core functions to offset the impact of rising employee wages.

#### Rationale

Market-provided services are available to perform JEA's non-core functions at current market rates. It would also add flexibility and scalability.

#### Risks

Mark low/medium/high for each risk category that applies:

☒ M Environmental ☒ M Customer satisfaction ☒ M Reliability ☐ L Safety  
☐ Financial ☒ H Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

☐ Minimal effort to implement ☐ Significant effort to implement  
☒ Major operational change required to implement

[brief explanation of level of effort]

#### Category

☐ No-regrets ☐ Trade-offs ☒ Difficult (risks > rewards)

### Stakeholder Perspective

Move to new category: Other initiatives evaluated but not included in final scenario

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

☒ Internal labor ☒ O&M ☒ Capital

☐ Contracted services ☐ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- RFP's for non-core functions would provide market data and business cases for decision making on different functional areas.

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## Parking lot

## Inventory Optimization

### Details

<b>Description</b>	Optimize JEA's inventory processes to improve project material availability, eliminate duplicate handling and transporting of inventory materials, and reduce JEA's overall inventory investment.
<b>Rationale</b>	Optimizing JEA's current inventory processes improves productivity and reduces JEA's financial investment in non-performing inventory assets.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input type="checkbox"/> Environmental    <input type="checkbox"/> Customer satisfaction    <input type="checkbox"/> Reliability    <input type="checkbox"/> Safety  <input type="checkbox"/> Financial    <input type="checkbox"/> Compliance    <input type="checkbox"/> Other         </p> <p>[brief explanation of level of risks shown]</p>
<b>Implementation</b>	<p> <input type="checkbox"/> Minimal effort to implement    <input checked="" type="checkbox"/> Significant effort to implement  <input type="checkbox"/> Major operational change required to implement         </p> <p>[brief explanation of level of effort]</p>
<b>Category</b>	<input checked="" type="checkbox"/> No-regrets <input type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

- Directors/Managers/Coordinators are generally supportive, crews/culture react negatively to inventory reduction, technology gaps have limited progress to date.

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue    ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor    ☐ O&M    ☐ Capital

☐ Contracted services    ☒ Other

*Is impact one-time or recurring?*

☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	TBD
Estimated cost to implement:	Low
Estimated net impact (total impact minus cost):	TBD

### Assumptions and supporting data

- Capital Projects requiring inventory are released for construction without first checking on inventory material availability causing productivity loss for crews.
- WWW inventory materials are delivered to CWSC and then transported to Pearl Street on daily runs which increases wasted windshield time and duplicates handling of material.
- JEA's inventory is valued at ~ \$58M and largely consists of inventory that has not been issued in the past 5 years.
- Energy/Water/Supply Chain teams are being formed to establish project timelines with deliverables, milestones, and metrics.
- Savings estimated as 10% materials and supplies and 10% labor within electric distribution, water distribution, sewer collection (O&M)

## Vendor Contract Alignment with Capital and O&M Budgetary Performance

### Details

#### Description

Develop process to improve vendor contract alignment with Capital and O&M budgets. When contracts are put in place, revise budgetary goals for specific scopes of work and measure contract performance through the contract term.

#### Rationale

A tracking system for vendor performance is needed from an initial baseline through the vendor contract lifecycle to ensure JEA receives the greatest value from its contract work and that budgetary and scheduling goals are achieved.

#### Risks

Mark low/medium/high for each risk category that applies:

- ☐ Environmental ☐ Customer satisfaction ☐ Reliability ☐ Safety  
☐ Financial ☐ Compliance ☐ Other

[brief explanation of level of risks shown]

#### Implementation

- ☐ Minimal effort to implement ☒ Significant effort to implement  
☐ Major operational change required to implement

[brief explanation of level of effort]

#### Category

- ☒ No-regrets ☐ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- Processes and software are currently not in place to fully support this initiative.

### Expected impact when fully implemented

#### Source of impact:

- ☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

- ☐ Internal labor ☐ O&M ☒ Capital

- ☒ Contracted services ☐ Other

*Is impact one-time or recurring?*

- ☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	TBD
Estimated cost to implement:	Med
Estimated net impact (total impact minus cost):	TBD

### Assumptions and supporting data

- JEA tracks sourcing savings by comparing new contract pricing vs. existing contract pricing when a like-for-like comparison can be made. When JEA enters into new contracts with lower unit pricing, e.g. Temp Staffing, Barricades, etc., adjustments to departmental budgets are needed at the time the contracts are put in place to realize these savings. The vendor's performance also needs to be tracked and measured against the initial budget cost and schedule.



## Facilities O&M Other Services and Charges (OSC) reduction

### Details

**Description** Supply Chain's O&M OSC annual expenses are ~ \$30M in support of JEA's operations. Facilities makes up ~ \$23M of the \$30M and consists of utilities and vendor contracts for services, e.g., generator maintenance, landscaping, etc.

**Rationale** By optimizing vendor contracts, reducing service levels on vendor contracts, e.g., fewer lawn cuts, fewer cleanings, etc., and conserving on utilities expenses, there is potential to reduce the Facilities \$23M OSC expenses by 10 – 15%.

**Risks** Mark low/medium/high for each risk category that applies:  
☐ Environmental ☒ H Customer satisfaction ☐ Reliability ☒ L Safety  
☐ Financial ☐ Compliance ☐ Other  
 [brief explanation of level of risks shown]

**Implementation** ☒ Minimal effort to implement ☐ Significant effort to implement  
☐ Major operational change required to implement  
 [brief explanation of level of effort]

**Category** ☐ No-regrets ☒ Trade-offs ☐ Difficult (risks > rewards)

### Stakeholder Perspective

- JEA employees and local, largely JSEB, vendors would be adversely impacted

### Expected impact when fully implemented

#### Source of impact:

☐ Increased revenue ☒ Reduced costs

*(If reduced costs) What is the source of savings (check all that apply):*

☐ Internal labor ☒ O&M ☐ Capital

☒ Contracted services ☒ Other

*Is impact one-time or recurring?*

☐ One-time ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:

Estimated cost to implement:

Estimated net impact (total impact minus cost):

### Assumptions and supporting data

- 10 – 15% of the Facilities O&M OSC expenses could be reduced by eliminating non-essential services and conserving on utility expenses.

The following "Baseline Conversation" financial projections are presented solely for JEA Board of Directors planning and action. They are not a projection of future financial performance and, as such, should not be relied upon by present or prospective JEA bond investors to purchase or sell any security or to make an investment decision. The projections are merely a mathematical representation of a hypothetical case for change. Actual results are likely to differ materially from this business case. Use of this presentation not in its entirety could result in material financial harm to the company.

## Construct and Operate C&D Landfill

### Details

<b>Description</b>	Construct and operate C&D landfill on JEA owned property at NGS north of William Ostner Road (currently undeveloped)
<b>Rationale</b>	JEA currently operates the NGS Byproduct Storage Area and may potentially construct a similar byproduct storage area on the SJRPP property to contain NGS ash byproducts. Constructing and operating a C&D landfill in the area would add a new revenue stream.
<b>Risks</b>	<p>Mark low/medium/high for each risk category that applies:</p> <p> <input checked="" type="checkbox"/> Environmental    <input type="checkbox"/> Customer satisfaction    <input type="checkbox"/> Reliability    <input type="checkbox"/> Safety  <input checked="" type="checkbox"/> Financial    <input type="checkbox"/> Compliance    <input type="checkbox"/> Other         </p> <p>Medium Environmental and Financial risk dependent on compliance with permits and ability to open to outside industries</p>
<b>Implementation</b>	<p> <input type="checkbox"/> Minimal effort to implement    <input type="checkbox"/> Significant effort to implement  <input checked="" type="checkbox"/> Major operational change required to implement         </p> <p>Must be open to new revenue stream associated with new operation</p>
<b>Category</b>	<input type="checkbox"/> No-regrets <input checked="" type="checkbox"/> Trade-offs <input type="checkbox"/> Difficult (risks > rewards)

### Stakeholder Perspective

- Possible push back from outside companies currently operating C&D

**Review with Sarah, not included in Excel spreadsheet**

### Expected impact when fully implemented

#### Source of impact:

- ☒ Increased revenue    ☐ Reduced costs

*If reduced costs) What is the source of savings (check all that apply):*

- ☐ Internal labor    ☐ O&M    ☐ Capital  
☐ Contracted services    ☐ Other

*Is impact one-time or recurring?*

- ☐ One-time    ☒ Recurring

*Fill in boxes below in '000 (impacts are annual for recurring impacts, total for one-time impacts)*

Estimated total impact:	\$60M - \$105M (over 15 yrs)
Estimated cost to implement:	\$36M - \$49.8M
Estimated net impact (total impact minus cost):	\$24M - \$55.2M

### Assumptions and supporting data

- Ability to open charter to enable JEA to operate landfill if necessary.
- JEA Material Handlers hold Landfill Operator Certifications and could be utilized for operations with increased staffing.
- Location of landfill on Northside of Jacksonville would attract outside companies to dispose of their C&D waste streams.
- Financial value would entail one time capital expense to construct and ongoing O&M expenses moving forward. High level investigation on costs conducted is as follows:

\*\*\*ALL ESTIMATIONS ARE BASED ON A 15 ACRE SITE OPERATING FOR 15 YEARS

#### Design/Permit/Construct costs (capital/one time)

- Cost range \$7.5M - \$12.8M (roughly \$5M-\$8.5 per acre)

#### O&M for life of landfill (15yrs)

- Cost range \$24M - \$31M
- Based on cost per ton basis of \$16/ton - \$20.5/ton; efficiencies could be found if staff was utilized for both C&D operations and BSA operations

#### Closure costs at end of life

- Cost range \$4.5M-\$6M

#### Revenues

- Assume 15-acre landfill that rose 80ft in height (similar to BSA) would allow for approximately 1.5M tons of C&D material
- Disposal fees generated vary greatly; best cost range with assumptions made for densities, types, taxes/fees, etc. is \$40/ton - \$70/ton
- Therefore revenue range \$60M - \$410M

#### Potential Net Revenue

- Including all aforementioned assumptions, potential net revenue is in the range of \$24M - \$55.2M over the 15 year operational period

\*\*\*THIS DOES NOT INCLUDE POTENTIAL ENVIRONMENTAL LIABILITIES