

JEA Utility of the Future Strategy build workshop

July 9, 2019

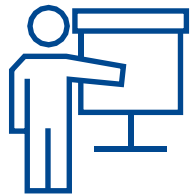


JEA®



Agenda

Content		Description	Time
1	Introduction	Introduce today’s objectives, and how they fit into the context of our strategy build	09:00 – 09:30
	Energy and water trends	Introduce major trends shaping electric and water utilities	09:30 – 09:40
		Gallery walk - trends shaping the utility industry	09:40 – 11:00
	Break		11:00 – 11:15
2	Developing a 2030 vision	Introduction to morning breakout exercises	11:15 – 11:30
		Team exercise - set 2030 aspirations for JEA in your breakout teams	11:30 – 12:30
		Team exercise - assess how your team’s aspirations can meet JEA stakeholders’ needs	12:30 – 01:00
3	Lunch		01:00 – 01:30
	Debrief	As a full group, discuss themes across teams’ morning outputs	01:30 – 01:50
4	Achieving the vision	Team exercise - select the “building blocks” that can achieve your 2030 aspirations and close the status quo gap	01:50 – 03:20
		Gallery walk of teams’ aspirations and building blocks	03:20 – 03:50
	Closing	Reflections and next steps	03:50 – 04:00



Introduction

Today, we will begin designing strategies to fill the 2030 status quo financial gap

Internal Stakeholder Alignment (Board, Leadership, Appointed Employees, Unions)

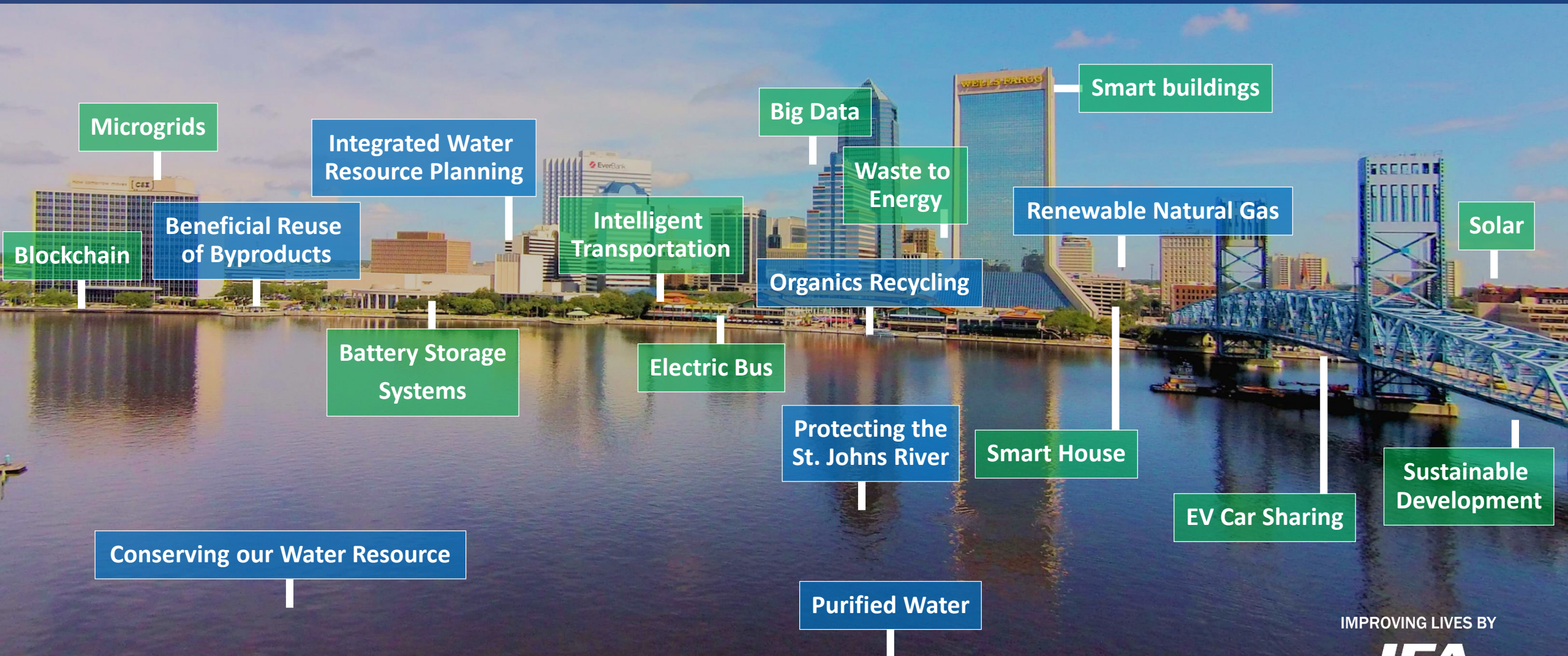


External Stakeholder Feedback (City of Jax, Community Leaders, Customers)

What the world could look like in 2030

Water

Energy



IMPROVING LIVES BY



ACCELERATING INNOVATION

JEA's strategy should reflect the guiding principles and deliver value across our broad set of stakeholders



Guiding principles



JEA Vision

- Improve lives by accelerating innovation



Mission

- Our mission is to provide the best service by becoming the center of our customers' energy and water experience.

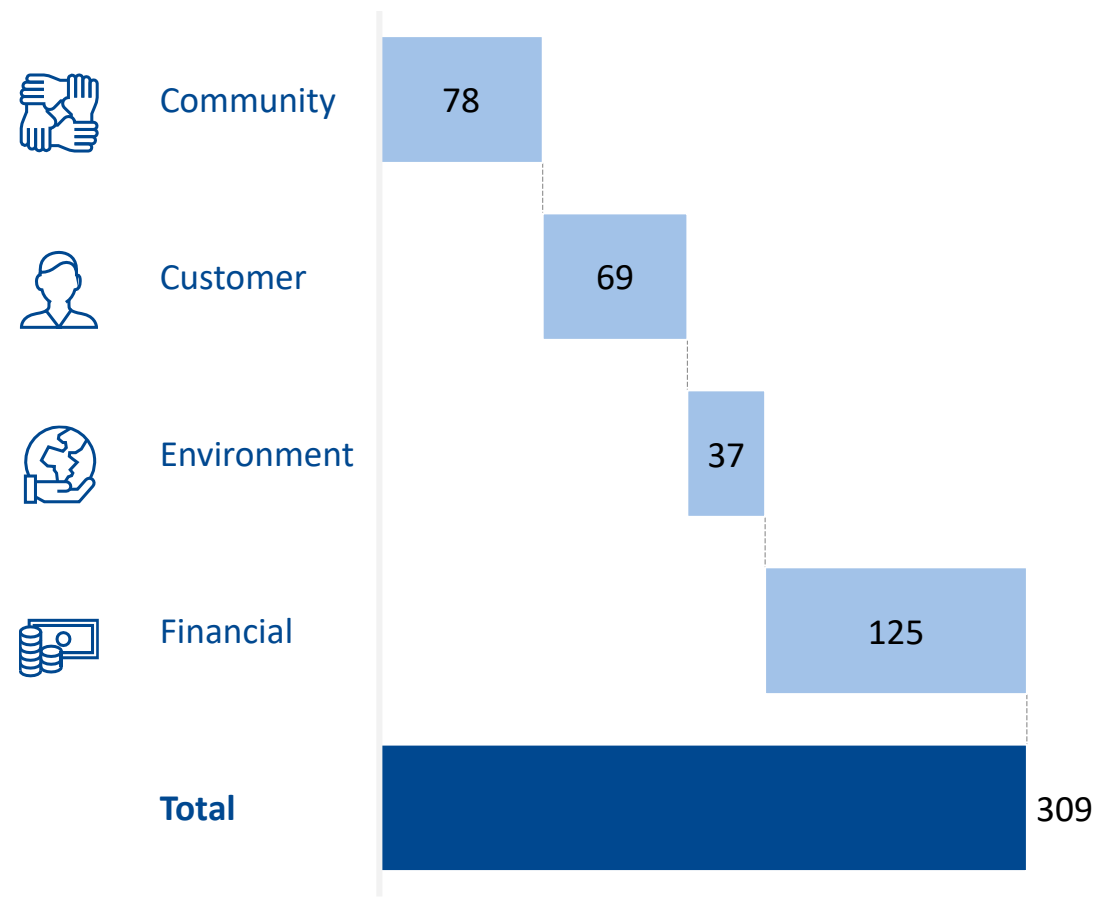


Corporate Measures

- Our mission will be guided by and evaluated against how we as employees drive these four Corporate Measures of JEA's Value

Of 1,227 ideas submitted to the Ideas Mailbox, we’ve received 309 unique ideas across a variety of project types

Unique ideas, by corporate measure



Most common unique ideas, by project type

Workplace enhancements for a more effective workforce	43
Customer service	32
JEA offering new products and services	26
Partnership with the City or an outside organization	26
Property and/or facility improvements	21
Technology improvements within the company	19
Other projects	142



Let's start with a quick poll

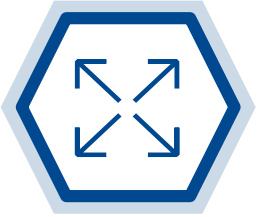
What one word will describe the JEA of 2030?

Start the presentation to see live content. Still no live content? Install the app or get help at PollEv.com/app

What one word describes us today?

Start the presentation to see live content. Still no live content? Install the app or get help at PollEv.com/app

Ground rules for today's workshop



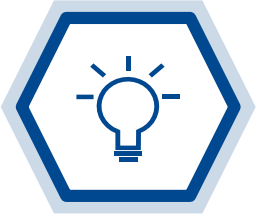
Think 'outside the box'

Consider different approaches and ways of thinking



Don't feel constrained

The future is wide open and a very different place – don't be afraid to take big leaps



Don't dump on an idea

Build on ideas – don't shoot them down



Be hypothesis driven

Lead with a perspective and trust the process – we will iterate and further define the strategy in the coming weeks



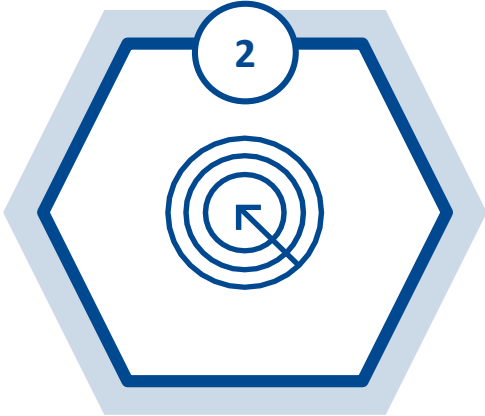
Think 80/20

Get comfortable with high-level numbers – we don't need to be exact at this stage in our strategy development

Today’s process – getting to a 2030 plan that meets our aspirations and financial goals



Immerse ourselves in
the major trends



Set 2030 aspirations



Test against
stakeholder needs



Select “building blocks”

Following the workshop, your teams’ work will provide direct input
into the strategy build process

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Today's facilitators and experts



Anjan Asthana
Senior Partner
*North America Energy
& Materials leader*



Anton Derkach
Senior Partner
*North America Energy
& Materials leader*



Micah Smith
Senior Partner
*The digitally-enabled
utility*



Rory Clune
Partner
*Electrification &
decarbonization*



Bill Lacivita
Partner
*Generation fleet of the
future*



Scott Perl
Partner
Grid of the future



Bill Malarkey
Managing partner –
Amane Advisors
Water innovation



Aaron Bielenberg
Expert Associate Partner
*New business models &
future of cities*



Nimish Jain
Associate Partner
*The connected and
contested customer*



Collin Cole
Expert AP, Design
Design expert



Neal Larkin
Expert AP, Design
Design expert

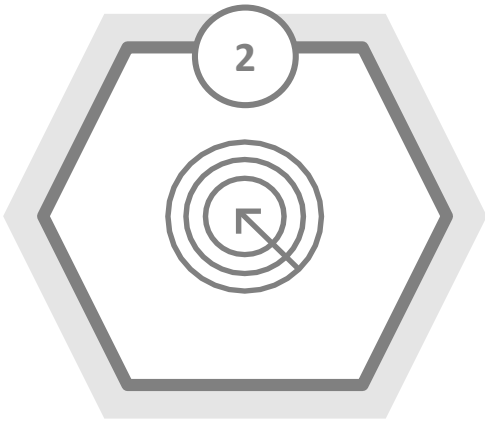


Sarah Brody
Engagement Manager
Climate resilience

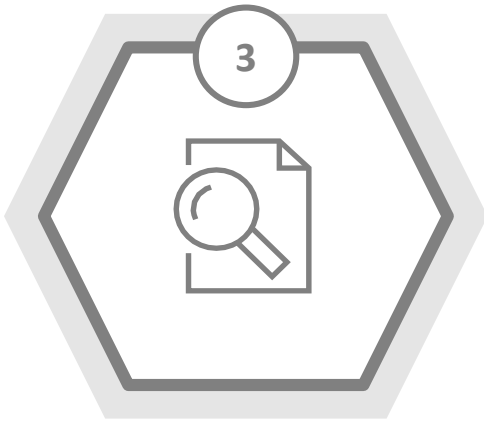
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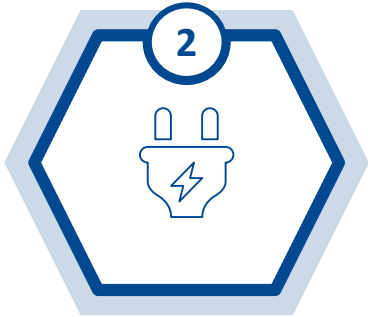
Select “building blocks”

Today, we will immerse ourselves in 8 trends impacting water and energy utilities

Cross-cutting trends



Infrastructure
resilience



Decarbonization
and electrification



The Digital Utility

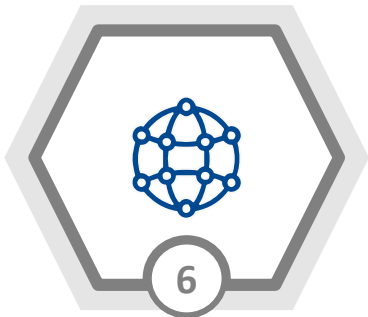


New business
models

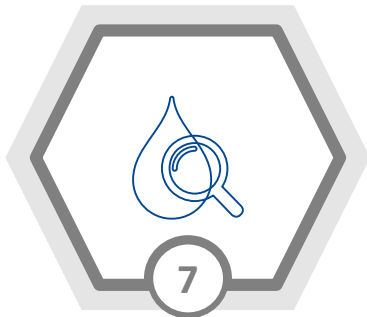
The Utility
of the Future



Generation fleet of
the future



Grid of the future



Water/waste
water innovation



Connected and
contested customer

Trends gallery walk (80 min)



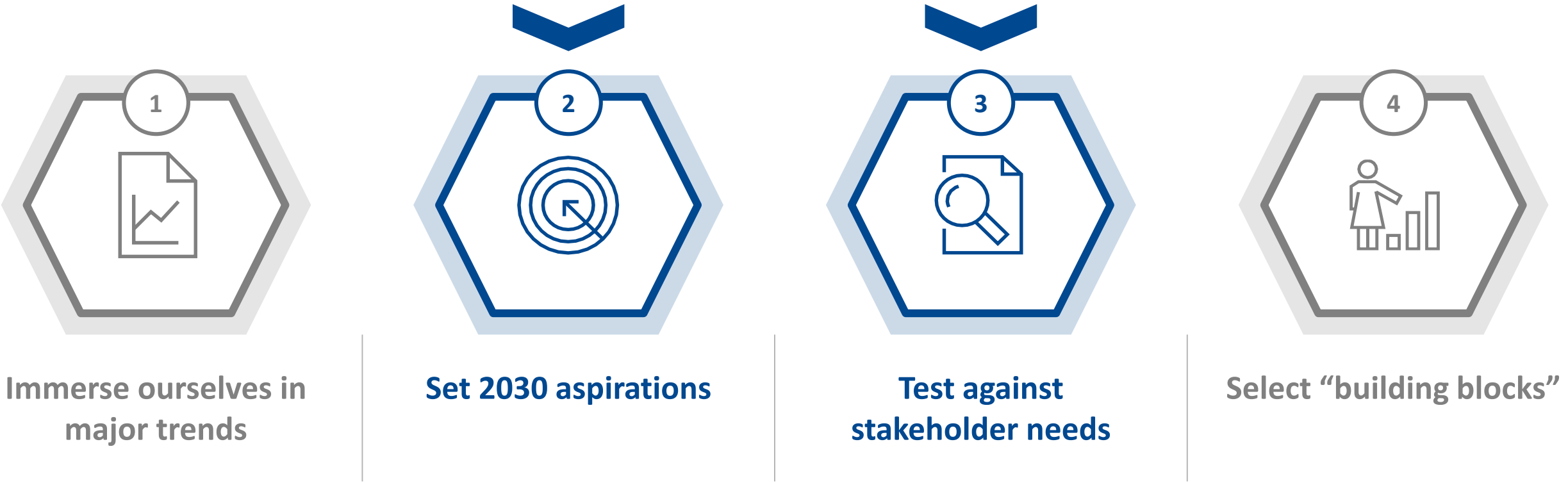
Instructions

- ① **Find the trend station with your team number next to it** – this will be your first stop

- ② **Spend 7 minutes at each station. With the trend expert at each station, walk through each of the trends posters and discuss:**
 - What does this trend mean for utilities?
 - What are the opportunities JEA can take advantage of?

Following the gallery walk, we will take a 15 min break

Today’s process – getting to a 2030 plan that meets our aspirations and financial goals



Exercise 1 – Setting 2030 Aspirations (60 min)



Objective

In your teams, select aspirations across a set of metrics, identifying opportunities for JEA to achieve each aspiration



Instructions

- ① **Stay at your basecamp for this exercise. You will be using the posters and materials at your table**
- ② **By yourself, 3 minutes placing blue sticky dots on the posters provided, selecting a 2030 aspiration for each metric. As you place your sticky dots, consider synergies across metrics** – would aspiring towards a major change in one area help us achieve another aspiration? What are the tradeoffs between setting various aspirations?
- ③ **With your full team, review your team’s distribution of aspirations, agreeing on a single 2030 aspiration per metric**
 - With your Sharpie, circle the aspiration your group aligned on
 - Please do not amend the overall aspirations
- ④ **Spend any remaining time adding ideas about how JEA can achieve your team’s aspirations** by writing in the “ideas box” at the bottom of the aspiration you chose

Exercise 2 – Delivering the vision for stakeholders (30 min)



Objective

Assess how your team's aspirations meet four different stakeholders' needs



- ① **Stay at your basecamp**
- ② Your facilitator will provide each of you 1 of 4 different **“stakeholder cards” as background for this exercise**; 2-3 group members will have each card
- ③ **Read your stakeholder card**
- ④ **For 10 minutes, with the group members who have the same stakeholder card as you, discuss:**
 - What aspirations are most important to your stakeholder? Add 1-2 aspirations onto the left hand side of your stakeholder template, next to your stakeholder
 - **How will JEA meet this stakeholders needs?** With Sharpies, add ideas about how JEA can meet that stakeholder's needs by delivering on the aspiration. Use the thought starters on your table as inspiration for new ideas
- ⑤ **20 min: In your full breakout team**, discuss, by stakeholder:
 - What are the aspirations we thought were most important to our stakeholders?
 - What are the top 2-3 ideas of what we are going to deliver for them?



LUNCH BREAK

30 minutes



DEBRIEF

20 minutes

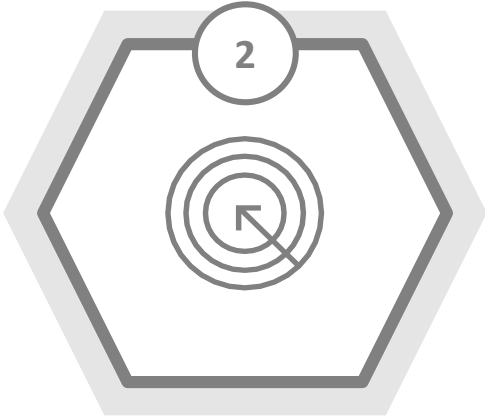


Outputs from this
morning's sessions

Today’s process – getting to a 2030 plan that meets our aspirations and financial goals



Immerse ourselves in major trends



Set 2030 aspirations



Test against stakeholder needs



Select “building blocks”

Exercise 3 – Building blocks (90 min)



Objective - select a set of building blocks that:

- 1 Achieve your 2030 aspirations
- 2 Fill 100% of the 10-year status quo cash gap
- 3 Do not exceed 100 “complexity points”

The **strategic variable** from this morning’s exercise that the building block most influences

A **high-level estimate of annual revenue or cost savings** from executing on each building block

These **opportunity estimates are purely representative** of what JEA might be able to achieve by 2030, and are based on peer benchmarking and status quo work. They should only be used as directional reference, and will be refined as we build the strategy

The **complexity score** rates the relative implementation costs and risks of the building block (i.e., the probability JEA has of achieving the opportunity listed). More complex building blocks have more points attributed to them.

Your strategies should total – at most - 100 risk points

Customer affordability	
Drive to a new frontier of efficiency for front line water operations (e.g., optimize maintenance decision making, utilize best in class workforce management tools)	
Opportunity, \$/yr	\$15M
Years accruing opportunity	10 years
% of status quo gap	4.5%
Complexity score	Medium

A **description of the building block itself**: what it will achieve and examples of how JEA might execute the building block

The **number of years** that JEA would receive the annual opportunity, through 2030.

We have assumed that JEA can execute cost savings and rate design building blocks by 2021, and revenue building blocks by 2023

The **percentage of the \$3.2B 10-year status quo cash gap** that this building block would fill. We have added an additional 5% to the cash gap to account for costs associated with executing the strategy

Your team’s selection of building blocks should total at least 100%

Exercise 3 – Building blocks (90 min)



Objective

Select a set of building blocks that

- ① Achieves your 2030 aspirations
- ② Fills 100% of the 10-year status quo cash gap
- ③ Manages risk by not exceeding 100 “complexity points”

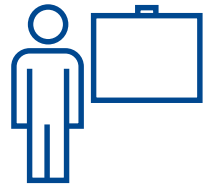


Instructions

- ① Stay at your team's base camp
- ② Your facilitator will provide you with a set of **pre-populated building blocks**, as well as a set of **blank building blocks and sharpies**
- ③ **In your teams, place building blocks in the poster provided to develop a high-level 10-year plan.** This plan should meet your 2030 aspirations from the morning's exercises while bridging the status quo gap.
- ④ As you work through the exercise, keep in mind:
 - **You can add new cards** with the blank building blocks provided. If you do add a new building block, assign it an opportunity estimate and a complexity score
 - **You can update your aspirations if needed.** If you're finding that you can't meet all 3 goals, you can adjust your aspirations from the morning. Please keep track of what you change
 - **The “rate card” is flexible:** you can raise rates in increments of 6%, with the assumption that a 6% monthly bill increase over 10 years closes 10% of the gap. If you use this card, consider impacts on affordability and your 2030 Share of Wallet aspiration!
- ⑤ Once you've completed your strategy, **select the 3-5 building blocks you think will be most difficult to execute, and – onto the building block - add the constraints that JEA must overcome**



Reflections on the day



Gallery walk of team outputs



Closing - Next steps