



JEA STRATEGIC PLANNING – WEEK 1 DISCUSSION DOCUMENT

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- 1 **Align on deliverables** and timeline
- 2 **Discuss our workplan** for building out the 2030 strategy and supporting initiatives
- 3 **Review the core objectives and framing** of JEA's 2030 strategy

1 Our deliverables

Deliverables

- **A vision** for JEA's future business model and performance organized around core strategic objectives
- **Specific, measurable, achievable targets** for JEA performance and health aligned against JEA's strategic objectives
- **A bankable strategic plan** for JEA, structured around performance improvements and new businesses opportunities
- **The strategic capital investments** required to achieve the vision
- **A view of organizational gaps** based on future business model(s), leadership requirements and capabilities required
- **Materials to support JEA's confidential information memorandum ("CIM")** – details to follow
 - Input into the ITN outlining opportunities
 - Content on the 2030 strategy and initiative description for inclusion in the CIM with supporting financial inputs and assumptions



Questions for you

- **Who will run the final CIM production / consolidation?** Our understanding is this will be managed by JPM, with our strategy materials forming a key input to the CIM
- **How should we tailor the final 2030 strategy** (i.e., number of documents, audience)?
- **How should we define "bankable"?** Should we still aim to fill \$3.2B cash gap with minimal rate changes?

1 Components of the final 2030 strategic plan

JEA's 2030 vision

- **Focus areas that comprise JEA's 2030 strategy** (e.g., environmental stewardship, affordability, customer satisfaction), and **strategic objectives** against each focus area
- **Description of value created across JEA's strategic pillars** – customer, community, environmental, financial - by delivering on 2030 objectives
- **Metrics to track progress** against each objective (e.g., % of generation from renewable sources, CSAT), and 2030 targets that meet strategic objectives
- **Overview of initiatives** - growth and operational performance - that help JEA deliver on each metric, and gaps / capability needs (e.g., organizational structure, culture) to achieve these initiatives

Growth initiatives

- **3-5 core growth initiatives**, each with a 2 page charter
 - Page 1 - Initial opportunity sizing (i.e., cash and earnings), relevant metric(s), and capital requirements, with core assumptions
 - Page 2 – High-level implementation roadmap
- **4-6 emerging growth opportunities** that will not be sized

Operational performance initiatives

- **4-6 O&M and fuel initiatives** across power and water
 - Page 1 – Components of initiative, levers, and high-level opportunity sizing; strategic objective(s) impacted, and capital requirements, with core assumptions
 - Page 2 – High-level implementation roadmap
 - As able, tagged "quick win" elements (i.e., implementation before EOY2021)

Strategic capital investments

- **3-5 initiatives that could reallocate capital deployment:** changes to the current energy and water capital investment plan, aligning to JEA's strategic objectives (e.g., do not build Greenland, instead investing in grid modernization and capacity enhancements for DG)

2 Workplan – path to developing JEA’s 2030 strategic plan

Week	Weeks 1-2 - Finalize strategy and initiatives		Weeks 3-4 – Develop path to size and build out initiatives	Weeks 5-6 – Finalize sizing and draft final outputs	Weeks 7-8 – Develop strategy document	Weeks 9+ – Incorporate into final documentation
	15-Jul	22-Jul	29-Jul – 9-Aug	12-Aug – 23-Aug	26-Aug – 6-Sept	9-Sept onward
Overall deliverable production	<ul style="list-style-type: none"> Outline components of final 2030 plan Finalize strategic objectives Develop core 2030 assumptions to use for sizing model 	<ul style="list-style-type: none"> Draft 2030 vision against strategic objectives 	<ul style="list-style-type: none"> Finalize 2030 strategy section based on JEA input 	<ul style="list-style-type: none"> Final initiative sizing across all initiatives in model Outline full 2030 strategy document 	<ul style="list-style-type: none"> Finalize strategy document Final initiative sizing model for handover 	<ul style="list-style-type: none"> Assist with development of additional documentation as needed
Growth initiatives		<ul style="list-style-type: none"> Assemble initiative list based on impact vs. complexity: 3-5 to be sized and 4-6 as unsized “emerging opportunities” 	<ul style="list-style-type: none"> Finalize initiative list Begin sizing initiatives, outlining methodology and gathering data Draft complexities and competitive profile for each initiative 	<ul style="list-style-type: none"> Finalize sizing and competitive analyses Integrate into overall model Draft section of final strategy content 	<ul style="list-style-type: none"> Finalize strategy contents based on input 	
Operational performance initiatives		<ul style="list-style-type: none"> Assemble list of initiatives based on relative impact vs. baseline 	<ul style="list-style-type: none"> Finalize initiative list Size each initiative 	<ul style="list-style-type: none"> Hold JEA sizing review to determine which initiatives to run additional analyses Run site visits and interviews as needed to finalize sizing Draft section of final strategy content 	<ul style="list-style-type: none"> Finalize strategy contents based on input 	
Strategic Capital initiatives		<ul style="list-style-type: none"> Assemble list of initiatives based on impact on strategic objectives vs. complexity 	<ul style="list-style-type: none"> Finalize initiative list Determine financial impacts and effect on strategic objectives (e.g., environmental, customer) 	<ul style="list-style-type: none"> Finalize analysis of strategic impacts of each initiative Draft section of final strategy content 	<ul style="list-style-type: none"> Finalize strategy contents based on input 	
Executive meetings – key decisions	<ul style="list-style-type: none"> Review components of 2030 strategic plan Align on 2030 strategic objectives and overall framing of the vision 	<ul style="list-style-type: none"> Finalize 2030 vision Finalize list of initiatives across growth, operational performance, and strategic capital 	<ul style="list-style-type: none"> Review sizing methodologies 	<ul style="list-style-type: none"> Determine which operational performance initiatives require deep-dives (e.g., site visits, interviews) Syndicate final sizing 	<ul style="list-style-type: none"> Review draft and final 2030 strategy document 	<ul style="list-style-type: none"> Review additional materials as needed

Next steps – setting up check-ins

- We’d like to block the following recurring times:**
 - 2x / week** with Ryan, and possibly Melissa
 - 1x / week** with Aaron Z and other SLT members as needed
- Next week, we’ll need:**
 - 1hr early next week** with Ryan – and possibly Melissa - to review the draft 2030 vision
 - 1hr late next week** with Aaron Z and SLT members as needed to review the 2030 vision and initiative list

3 JEA's 2030 strategy will deliver value across its strategic pillars across 8 focus areas

How we'll deliver – objectives across focus areas



What we'll deliver – value across guiding principles

- 1 Environmental stewardship
- 2 Resilience
- 3 Organizational culture
- 4 Portfolio of assets
- 5 Scale of utility operations
- 6 Scale of new businesses
- 7 Customer satisfaction
- 8 Operational efficiency



For discussion – should we frame the strategy around strategic objectives linked to pillars, or pillars linked to strategic objectives?

3 JEA's strategic objectives deliver new value across its strategic pillars

Focus area	Strategic objective	Core strategic pillars impacted			
					
Environmental stewardship	<ul style="list-style-type: none"> Drive towards a cleaner environment and community by incrementally shifting JEA's generation mix towards renewables. Do not necessarily push to become a national leader in driving energy transitions or decarbonization 	✓		✓	✓
Resilience	<ul style="list-style-type: none"> Ensure the Jacksonville community is significantly more resilient to major events, making an ambitious push for both energy and water/wastewater resilience, undertaking a step-change and or acceleration of current plans Deliver new value to customers by providing premium resiliency and reliability solutions where needed 		✓	✓	✓
Organizational culture	<ul style="list-style-type: none"> Make a significant cultural shift for JEA's employees, working towards best in class OHI¹ 			✓	✓
Portfolio of assets	<ul style="list-style-type: none"> Ensure JEA is organizationally and financially protected against portfolio risk by moving towards a PPA model for future generation² 			✓	✓
Scale of utility operations	<ul style="list-style-type: none"> Provide top-line financial growth by incrementally scaling operations, adding a significant number of new utility customers across energy and water 				✓
Scale of new businesses	<ul style="list-style-type: none"> Ensure JEA customers and the Jacksonville community have equitable, open access to a broad suite of offerings across energy, water, and more Unlock additional financial value via new growth opportunities – both front of the meter and behind the meter - that go beyond the scope of JEA's current charter 		✓	✓	✓
Customer satisfaction	<ul style="list-style-type: none"> Streamline and digitize customer interactions to improve customer experience, ensuring convenient, low-touch customer interactions during critical interactions (e.g., billing, outage notification) 		✓		✓
Operational efficiency	<ul style="list-style-type: none"> Drive a step-change in organizational productivity, ensuring JEA is equipped with best in class digital tools and processes 	✓			✓

¹ 71% of workshop attendees voted for 1st quartile OHI. There is widespread recognition that change management will be a significant lift.

² There was healthy workshop discussion on building additional capacity, and 75% of workshop attendees "voted" against building Greenland or any additional generation capacity.

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.

Appendix – synthesized workshop outputs

Aspirations against each strategic variable

Strategic variable	Metrics	Most common 2030 aspiration against each metric
ENVIRONMENTAL STEWARDSHIP	% of generation coming from renewable sources	Become a regional leader in pushing for renewable generation, with up to 750 MW of generation (~25%) coming from renewable sources by 2030
	Carbon intensity of total generation	Increase CO ₂ reduction goals incrementally (by 45%), pushing Florida towards deeper decarbonization
	Efficiency and quality of water wastewater treatment	Accelerate current plan for septic tank phase out to complete 25% of neighborhoods by 2030; move to biosolids conversion for 50% of supply (comparable to most efficient in USA) ²
RESILIENCE	% of infrastructure resilient against major events	In addition to current plans, deploy microgrids at scale (~8 microgrids at ~5MW each) for core customer segments (e.g., hospitals, police stations, military)
	% of water reclaimed	Push to become one of the country's leading water reclamation utilities, reclaiming more than 30% of water/wastewater annually (15 million kGal or more)
ORGANIZATIONAL CULTURE	% of workforce in emergent capabilities (sales, marketing, digital, etc.)	Moderate change, adding 10-20% employees with new roles (~150 new roles)
	Organizational Health Index	Top quartile – a "best-in-class" place for employees
PORTFOLIO OF ASSETS	% of annual load provided by JEA generation	Do not build additional generation (i.e., Greenland), supplementing retired plants via PPAs
	% of operations provided directly by JEA	Per current plan, continue operating the majority of all water and energy assets (currently operating >95% of assets)
SCALE OF UTILITY OPERATIONS	Number of electric customers (operating capacity)	Grow incrementally, to up to 1M customers by 2030 (approx. size of adding Tallahassee and St. Petersburg)
	Number of water customers (operating capacity)	Grow operations aggressively, to become a top 5 water utility in the Southeast (up to ~1M customers)
SCALE OF NEW BUSINESS OPPORTUNITIES	% revenue growth from front of the meter innovation (e.g., fleet electrification, O&M services, DG)	Drive revenue growth of 25% vs. the 2019 baseline via front of the meter innovation
	% revenue growth from behind of meter innovation (e.g., efficient and "smart" home products")	Drive revenue growth of 25% vs. the 2019 baseline via behind the meter innovation
CUSTOMER	Satisfaction – CSAT (JD Power)	Become a top 2 leader in the South Midsize category (755 or higher, based on 2018 rankings)
	Affordability - % share of wallet	Move to 1st quartile for water and electric customers

We have separated CSAT and affordability as focus areas given the relative importance of affordability in this phase

2030 Aspirations based on workshop input (1/4)

% individuals voting for this aspiration



Recommended 2030 aspiration

2030 ASPIRATIONS

Strategic variable



ENVIRONMENTAL STEWARDSHIP

Metric	Where JEA is today	How far JEA could "move the needle"
% of generation coming from renewable sources	<p>Maintain current blend of minimal renewable generation (i.e., < 5%) of 3,000 MW portfolio</p> <p style="text-align: right;">2%</p>	<p>Become a regional leader in pushing for renewable generation, with up to 750 MW of generation (~25%) coming from renewable sources by 2030</p> <p style="text-align: right;">72%</p>
Carbon intensity of total generation	<p>Reach 38% reduction in CO₂ by 2030, in line with Florida regulation</p> <p style="text-align: right;">35%</p>	<p>Drive CO₂ reductions of more than 45%¹, in line with California and New York's goals</p> <p style="text-align: right;">8%</p>
Efficiency and quality of water wastewater treatment	<p>Conduct initial planning and pilot for septic tank phase out; continue plan for biosolids conversion and alternative treatment at Buckman and Highlands</p> <p style="text-align: right;">2%</p>	<p>Accelerate current plan for septic tank phase out to complete 25% of neighborhoods by 2030; move to biosolids conversion for 50% of supply (comparable to most efficient in USA)²</p> <p style="text-align: right;">58%</p>
		<p>Complete septic tank phase out by 2030 through innovative and cost effective plan; all large JEA wastewater treatment plants fully powered by biogas (close to most efficient globally)³</p> <p style="text-align: right;">40%</p>

¹ 45% reduction benchmarked versus CA/NY decarbonization standards, which predict up to 60% generation decarbonization by 2030;

² Plant in Gresham, OR currently uses biogas to offset 50% of generation;

³ Plant in Aarhus, Denmark is the world's first to become net positive



2030 Aspirations based on workshop input (2/4)

% individuals voting for this aspiration

< 25%

26-50%

51-75%

> 75%

Recommended 2030 aspiration



2030 ASPIRATIONS

Strategic variable

RESILIENCE

ORGANIZATIONAL CULTURE

Metric	Where JEA is today			How far JEA could “move the needle”
% of infrastructure resilient against major events	Continue current resiliency and practices with focus on water system hardening, investing \$134M over 10 years	In addition to current plans, pilot 1-2 microgrids (~5 MW each) to ensure continuity of power for critical services (e.g., hospitals, police stations, military)	In addition to current plans, deploy microgrids at scale (~8 microgrids at ~5MW each) for core customer segments (e.g., hospitals, police stations, military)	
	2%	51%	47%	
% of water reclaimed	Continue current projections to reclaim 15% of water/wastewater (~6.9 million kGal/yr) by 2030	Double water/wastewater reclamation, reclaiming up to 30% (~14 million kGal/yr) by 2030	Push to become one of the country’s leading water reclamation utilities, reclaiming more than 30% of water/ww annually (15M kGal or more)	
	5%	42%	53%	
% of workforce in emergent capabilities (sales, marketing, digital, etc.)	Similar mix of roles as today, adding no more 10 employees with new roles (<5%)	Minor infusion of talent, adding 5-10% employees with new roles	Moderate change, adding 10-20% employees with new roles (~150 new roles)	Significant change, adding more than 30% employees with new roles
	3%	22%	66%	8%
Organizational Health Index	No change – currently 4 th quartile overall	3 rd quartile	2 nd quartile	Top quartile – a “best-in-class” place for employees
	0%	0%	29%	71%

2030 Aspirations based on workshop input (3/4)

% individuals voting for this aspiration

< 25%

26-50%

51-75%

> 75%

Recommended 2030 aspiration



2030 ASPIRATIONS

Strategic variable

Metric

Where JEA is today

How far JEA could “move the needle”



PORTFOLIO OF ASSETS

% of annual load provided by JEA generation

Per current site plan, build Greenland to maintain JEA’s current level of generation

7%

Build additional generation capacity, selling power to other utilities in the region

17%

Do not build additional generation (i.e., Greenland), supplementing retired plants via PPAs

53%

Move away from owning generation, providing less than 25% of JEA’s 2030 annual load and supplementing with PPAs

22%

% of operations provided directly by JEA

Per current plan, **continue operating the majority of all water and energy assets** (currently operating >95% of assets)

73%

Utilize a third party to manage the majority of generation assets

14%

Utilize a contractor to manage the majority of electric and water assets

9%

Contract operator for the majority of all assets – across generation, electricity, and water

4%



SCALE OF UTILITY OPERATIONS

Number of electric customers (operating capacity)

No change, growing naturally to ~500K customers by 2030

3%

Grow incrementally, to up to 1M customers by 2030 (approx. size of adding Tallahassee and St. Petersburg)

57%

Become a large utility in the Southeast region, growing up to 4x to 2M customers (approx. size of adding Miami)

33%

Grow to FPL's size, becoming one of the nation's largest utilities by customer count (~5M customers)

7%

Number of water customers (operating capacity)

No change, growing naturally to ~400K customers by 2030

2%

Grow incrementally, to ~500K customers by 2030 (approx. size of adding Gainesville and Tallahassee)

25%

Grow operations aggressively, to become a top 5 water utility in the Southeast (up to ~1M customers)

58%

Become a top 5 water utility in the country by customer count (2M customers or more)

16%

2030 Aspirations based on workshop input (4/4)

% individuals voting for this aspiration

< 25%

26-50%

51-75%

> 75%

Recommended 2030 aspiration



2030 ASPIRATIONS

Strategic variable

Metric

Where JEA is today

How far JEA could “move the needle”

SCALE OF NEW BUSINESS OPPORTUNITIES

CUSTOMER

Metric	Where JEA is today	Where JEA is today	Where JEA is today	How far JEA could “move the needle”				
% revenue growth from front of the meter innovation (e.g., fleet electrification, O&M services, DG)	Drive revenue growth of 10% vs. the 2019 baseline via front of the meter innovation	8%	Drive revenue growth of 25% vs. the 2019 baseline via front of the meter innovation	72%	Drive revenue growth of 50% vs. the 2019 baseline, filling the status quo cash gap via front of the meter innovation	20%		
	Drive revenue growth of 10% vs. the 2019 baseline via behind the meter innovation	12%	Drive revenue growth of 25% vs. the 2019 baseline via behind the meter innovation	60%	Drive revenue growth of 50% vs. the 2019 baseline, filling the status quo cash gap via behind the meter innovation	28%		
Satisfaction – CSAT (JD Power)	Maintain top 5 ranking in South Midsize ranking (737 ranking overall, based on 2018 rankings)	24%	Become a top 2 leader in the South Midsize category (755 or higher, based on 2018 rankings)	40%	Become a top 2 leader in the Midsize category nationally (793 or higher)	36%		
	Affordability - % share of wallet	Maintain 2nd quartile for electric (1.3%, based on 500kW bill) and water (2.4%, 15 ft ³ consumption)	31%	Move to 1st quartile for electric (1.1%, based on 500kW bill)	19%	Move to 1st quartile for water (1.9%, based on 500kW bill)	7%	Move to 1st quartile for water and electric customers