
From: Zahn, Aaron F. - Managing Director/CEO
Sent: Tuesday, July 30, 2019 2:15 PM
To: Stewart, Kerri - VP & Chief Customer Officer; Michael Munz; Banks Willis; Kyle, Gina A. - Manager Media Relations
Subject: Fwd: JEA Senior Management Presentation to JEA Board

Aaron F. Zahn
JEA
Managing Director & Chief Executive Officer
zahnaf@jea.com
(312) 286-1040

Begin forwarded message:

From: Sue Kelly <SueKelly@publicpower.org>
Date: July 26, 2019 at 6:06:34 PM EDT
To: "Zahn, Aaron F. - Managing Director/CEO" <zahnaf@jea.com>
Subject: RE: JEA Senior Management Presentation to JEA Board

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

Dear Aaron:

I appreciate this response, and your closing apology. Unfortunately, the damage has been done, as my name and that of the Association is now out there in the public domain in connection with JEA management's presentation and recommendations to its Board.

I do hope that the rumors you delineate prove to be only rumors.

Sincerely,
Sue

From: Zahn, Aaron F. - Managing Director/CEO <zahnaf@jea.com>
Sent: Friday, July 26, 2019 8:47 AM
To: Sue Kelly <SueKelly@publicpower.org>
Subject: RE: JEA Senior Management Presentation to JEA Board

Sue –

Thank you for your note. Please feel free to call me should you like to talk. I will not belabor an extended response to your email but do want to make a number of points extremely clear. As I have found, public power industry doesn't care much for facts but tends to traffic in rumor. I have always had great respect for you and the APPA organization.

FACTS

1. You and I have discussed this numerous times, but I'm going to restate definitively, JEA's main objective has been and will always be to remain relevant to our customers and provide the most affordable and reliable energy and water services both now and in the future.
2. Your quote was on Page 34 of Scenario 2 – Traditional Utility Response and not Scenario 3. Your quote was not used to make a case for privatization but as a reinforcement of JEA's need to have difficult public conversation about how to remain relevant and deal with substantial financial / operational challenges (the video available on June 25, 2019 – your quote is at 1.22.00 - https://www.jea.com/About/Board_and_Management/Board_Meetings/). Scenario 2 was a scenario that laid out JEA's future while utilizing every tool available to JEA absent Florida constitution, Florida statute and City Charter changes.
3. Scenario 3 is not a case for privatization. You will note in our materials that many of the Scenario 3 alternatives contemplate community ownership and control. That being said I intend to utilize our strategic planning to exhaust all possible future scenarios for JEA so that our community can be best served.
4. Having done substantial research, I personally believe there is no silver bullet as to public or private. Each of our entities is subject to very different state and local laws that may either benefit or inhibit growth. It makes me sad to see an industry so divided that it becomes more about public vs private and stops focusing on doing "what's best for the customer and community."

RUMORS

1. Privatization of JEA was inevitable. This is completely false. To the contrary, I spent quite a bit of time in the past year formally and informally interviewing public power and public utilities to understand the merits and challenges of the structure. I still believe public power has a number of substantial benefits over private sector. That being said I have been deeply disappointed by many of the industry leaders in public power (You are an extraordinary exception to the this perspective). Many of the industry leaders in public power beat their chest about "protecting the customer." However, their actions, even their direct statements to me, reflect a priority on self-preservation and self-enrichment over any fiduciary duty to the company they run, the investors they take money from or the customers they serve.
2. Privatization of JEA is now inevitable. This is completely false. As stated above in #1, we are research in a very open and transparent way for our entire community, how to best design JEA to meet our Vision (Improving lives by accelerating innovation) and Mission (Provide the best service by becoming the center of our customer's energy and water experience). A decision of JEA's structure will only be made once we have all the facts and data such that my Board, my community and I can make the best decision given JEA's specific circumstance.
3. JEA is repudiating its contractual and financial obligations on Vogtle. I can't say much about this issue due to active litigation. This situation, when all the facts become public, will not painted public power in favorable light. The only thing I will state definitively is that JEA has now provided numerous valid and fully underwritten offers to resolve the situation while fulfilling all financial obligations.

I will end with an apology to you for not checking first on utilizing your name and quote prior to our presentation. That was a mistake on my part and for that I am sorry.

Sincerely –

Aaron

Aaron Zahn

Managing Director & Chief Executive Officer

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Email: zahnaf@jea.com

From: Sue Kelly <SueKelly@publicpower.org>

Sent: Thursday, July 25, 2019 4:52 PM

To: Zahn, Aaron F. - Managing Director/CEO <zahnaf@jea.com>

Subject: JEA Senior Management Presentation to JEA Board

Dear Aaron:

I have been following with interest the recent developments at JEA, including the recent presentation to the JEA Board and its vote to authorize you to investigate privatization of the utility.

In reviewing the slide presentation to the Board, I was both surprised and dismayed to see my June National conference speech quoted at slide 34 in the discussion of Scenario No. 3 (investigation of privatization). I was even more surprised to hear you invoke me and the challenge I laid out for public power in my speech at the JEA Board's open meeting in presenting Scenario No. 3 to the Board.

Anyone who heard my full speech (available for viewing here:

<https://www.youtube.com/watch?v=obu9NpXswxE&https://nam03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.youtube.com%2Fwatch%3Fv%3Dobu9NpXswxE&data=02%7C01%7Cjthompso%40amppartners.org%7Cbc37bfe073b74209c48708d71108dd00%7C7f4d0b31d7cb498497827cc0c70caf1a%7C0%7C0%7C636996602114340049&sdata=QV6Qv8bVIRIUTDJFxEPEKietpBFo3NeNv9jUIuWUNZVQ%3D&reserved=0> [youtube.com]) would understand full well that privatization is not something that I or the Association would support. Indeed, the full passage that quote was taken from says:

"I want to take the opportunity to highlight the three greatest challenges I think our public power family must confront. These issues are overarching, systemic and very challenging. If we do not face them head on, public power could face serious problems down the road. We could lose our customers' business and risk being disrupted—indeed, we could be left behind. Or, we can figure out the opportunities these issues present, and work with our customers to take advantage of them. If we can pull this off, we can be nimble, customer-focused and respected twenty-first century utilities."

And I closed the speech with this statement:

"The public power family must address greenhouse gas emissions, improve our cyber and physical security, and incorporate new technologies into our services. While these are big hairy challenges, I have great faith in public power's leaders. And I have no doubts about your dedication to serving your customers. Together, you can make these challenges into opportunities."

I do not appreciate being quoted in a manner that would imply that I, or the Association, support privatization of public power utilities as the "go to" response to the changes in our industry. To the contrary, I believe that the not-for-profit public power business model, with its ability to focus on the customer and take a long term view (rather than focusing primarily on quarterly earnings), is well suited to address the current challenges facing our industry. I hope that after JEA considers fully all of the options available to it, it comes to the same conclusion.

Sincerely,

Sue

Susan N. Kelly
President & Chief Executive Officer



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