
From: Orfano, Joseph E. - Treasurer <orfaje@jea.com>
Sent: Wednesday, October 17, 2018 5:28 PM
To: Columbo, Elizabeth; 'Rothchild, Barry' (NYC)
Cc: Wannemacher, Ryan F. - Interim Chief Financial Officer
Subject: FW: VII. D. CEO Report October 16, 2018

Here you go, Liz/Barry.

Joe

From: Wannemacher, Ryan F. - Interim Chief Financial Officer
Sent: Tuesday, October 16, 2018 4:24 PM
To: Orfano, Joseph E. - Treasurer <orfaje@jea.com>
Subject: Fwd: VII. D. CEO Report October 16, 2018

Sent from my iPhone

Begin forwarded message:

From: "Charleroy, Melissa M. - Executive Assistant" <charmm@jea.com>
Date: October 16, 2018 at 4:21:30 PM EDT
To: "Wannemacher, Ryan F. - Interim Chief Financial Officer" <wannrf@jea.com>, "Zahn, Aaron F. - Interim Managing Director/CEO" <zahnaf@jea.com>
Subject: VII. D. CEO Report October 16, 2018

Attached is the final presentation from the CEO report today.
Thank you
Melissa Charleroy

Repay over \$600 million in debt in 2019 and over \$1 billion over the next 4 years between both systems

Continue to invest \$1.6 billion in the system over the next 4 years with no new debt and no base rate increases

Electric debt to capitalization drops to 47% and water debt to capitalization drops to 39%

Increase operating efficiency of the company

Demonstrate ability and willingness to pay

Maintain solid AA financial credit metrics

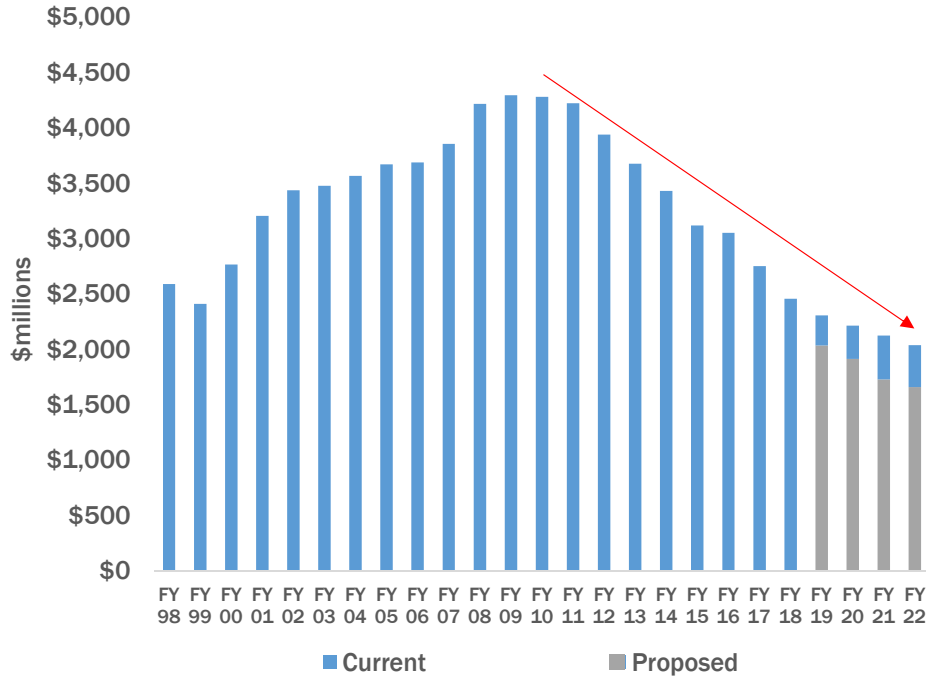
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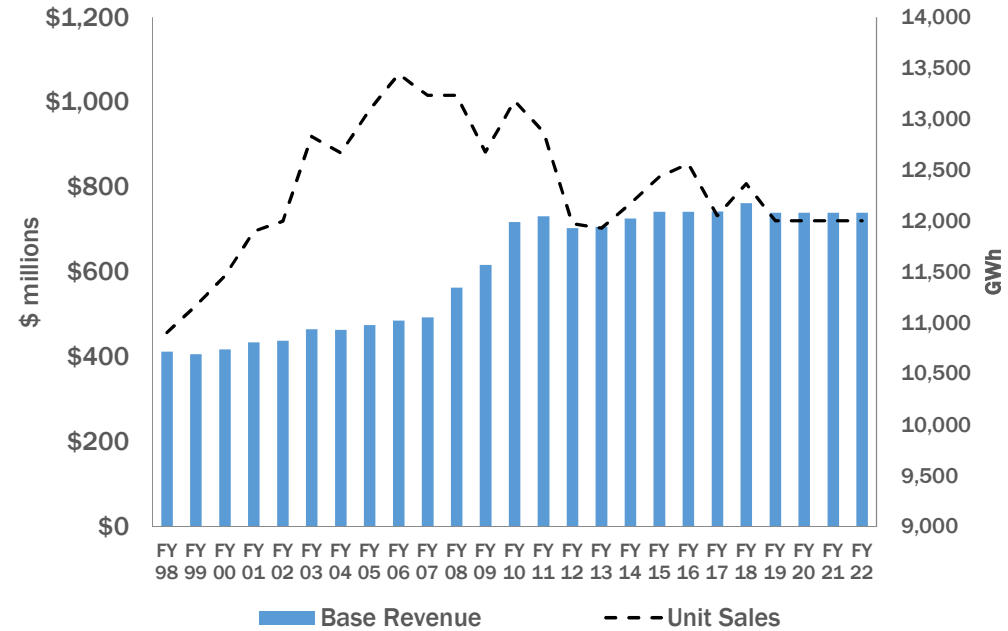
PROPOSED PLAN AND RESULTS

(\$ millions)	2018	2019	2020	2021	2022
Electric Debt Acceleration	\$0	\$272	\$86	\$150	\$34
Water Debt Acceleration	\$0	\$206	\$0	\$0	\$0
Cumulative Debt Acceleration	\$0	\$478	\$564	\$714	\$748
Operating FCF before CAPEX	\$375	\$476	\$623	\$614	\$511
CAPEX	\$384	\$511	\$446	\$353	\$323
Electric Debt Remaining	\$1,924	\$1,536	\$1,447	\$1,292	\$1,254
Water Debt Remaining	\$1,478	\$1,217	\$1,212	\$1,199	\$1,181
Total Debt	\$3,402	\$2,753	\$2,659	\$2,491	\$2,435
Debt to Capitalization (E/WWW)	67%/49%	61%/44%	52%/42%	49%/40%	47%/39%
Days Liquidity (E/WWW)	314/526	299/224	297/281	288/302	285/321
Base Rate Changes	0%	0%	0%	0%	0%

Long Term Debt



Revenue and Sales



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In 4 years, total debt of JEA will be lowest in almost quarter century

ELECTRIC DEBT AND REVENUE HISTORY AND PROPOSAL

Current

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
D/A Ratio	69%	67%	71%	75%	78%	80%	83%	86%	87%	90%	91%	88%	88%	84%	79%	77%	74%	68%	66%	63%	71%	64%	60%	58%	58%
Rate Change Base/Fuel							F↑	F↑	F↑	F↓	B↑ F↑	B↑	B↑ F↓	B↑ F↑	B↑ F↓				F↓	B↑ F↓					

Proposed

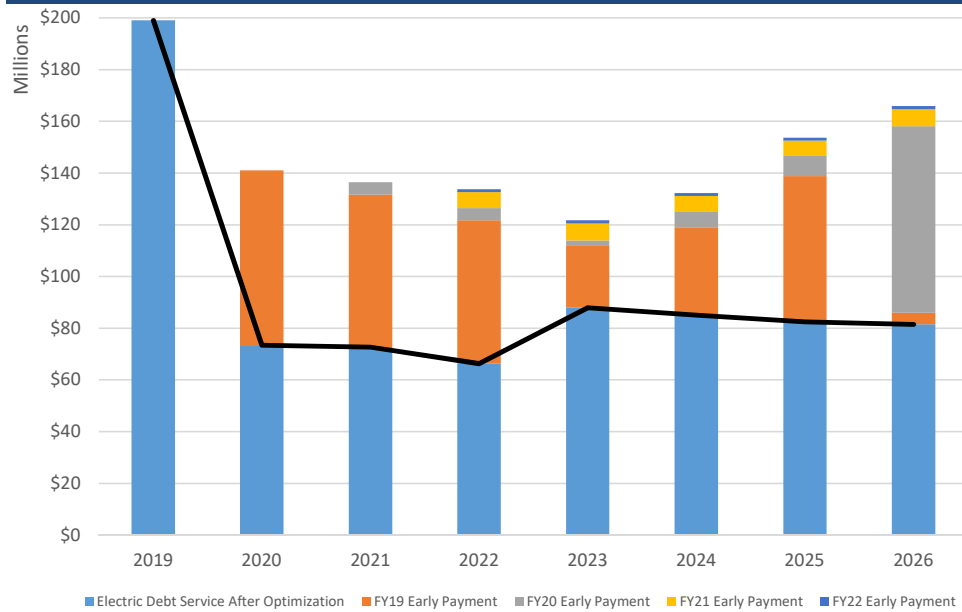
	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
D/A Ratio	69%	67%	71%	75%	78%	80%	83%	86%	87%	90%	91%	88%	88%	84%	79%	77%	74%	68%	66%	63%	71%	61%	52%	49%	47%
Rate Change Base/Fuel							F↑	F↑	F↑	F↓	B↑ F↑	B↑	B↑ F↓	B↑ F↑	B↑ F↓				F↓	B↑ F↓					

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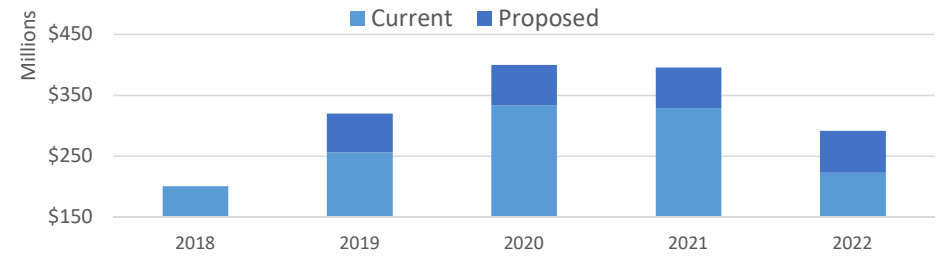
No base rate increase needed to execute on electric plan (including Vogtle impact)

ELECTRIC DEBT RATIO CURRENT VS. PROPOSED

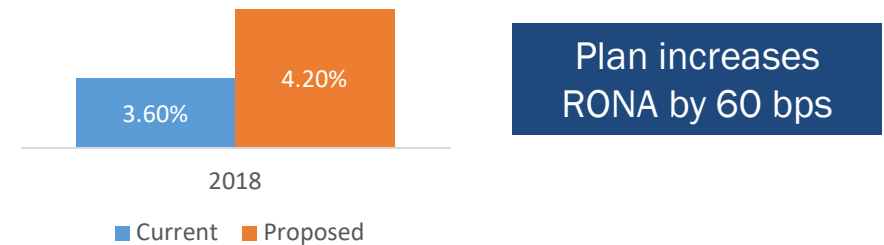
Debt Payment Schedule



Operating Cash Flow



Return on Net Assets



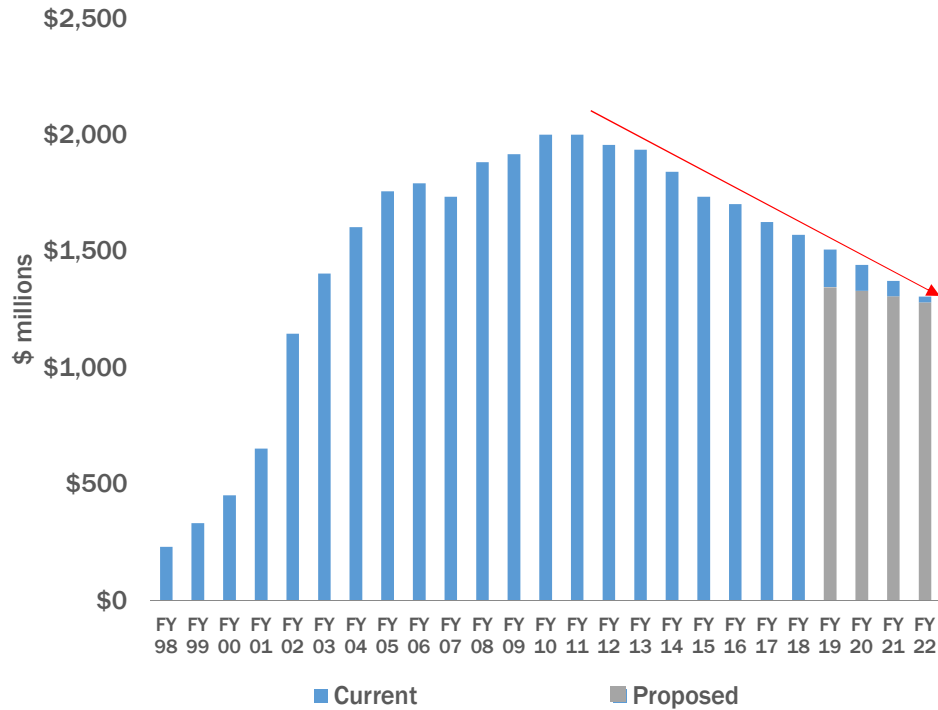
Increases Operating Free Cash Flow by over \$260m over the next 4 years (~\$66 million per year)

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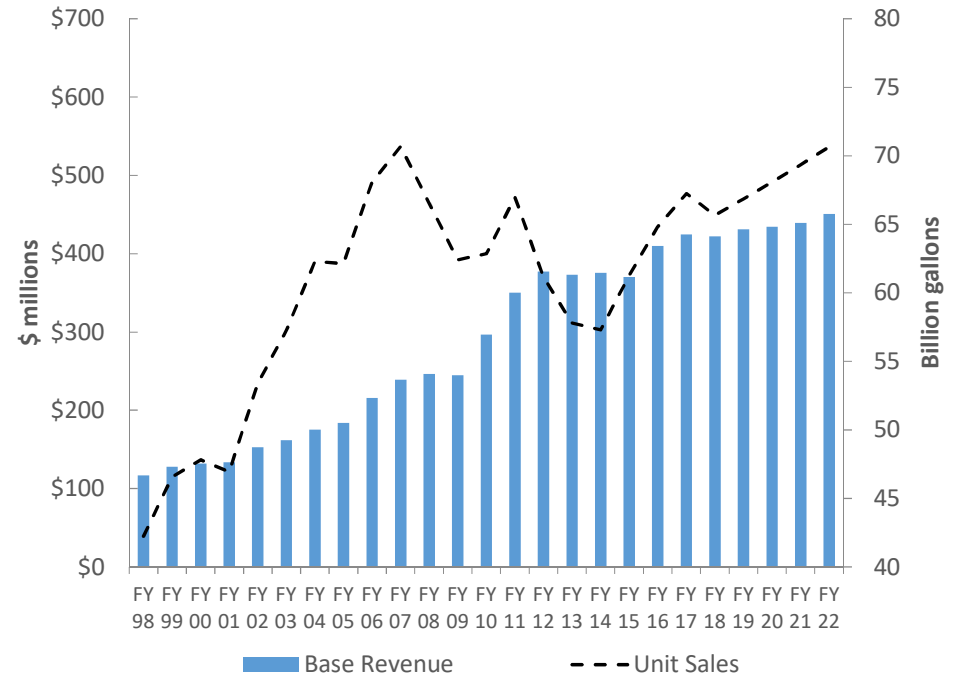


**ELECTRIC
RESTRUCTURING
IMPACTS**

Long Term Debt



Revenue and Sales



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In four years the total debt will be the lowest in 35 years

WATER DEBT AND REVENUE HISTORY AND PROPOSAL

Current

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
D/A Ratio	25%	31%	37%	42%	56%	61%	64%	65%	64%	62%	64%	65%	66%	64%	62%	59%	56%	55%	53%	50%	50%	47%	45%	43%	41%
5/8" Rate Change									↑	↑	↑	↑	↑	↑											

Proposed

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
D/A Ratio	25%	31%	37%	42%	56%	61%	64%	65%	64%	62%	64%	65%	66%	64%	62%	59%	56%	55%	53%	50%	50%	42%	42%	40%	39%
5/8" Rate Change									↑	↑	↑	↑	↑	↑											

No base rate increase required to execute on water plan

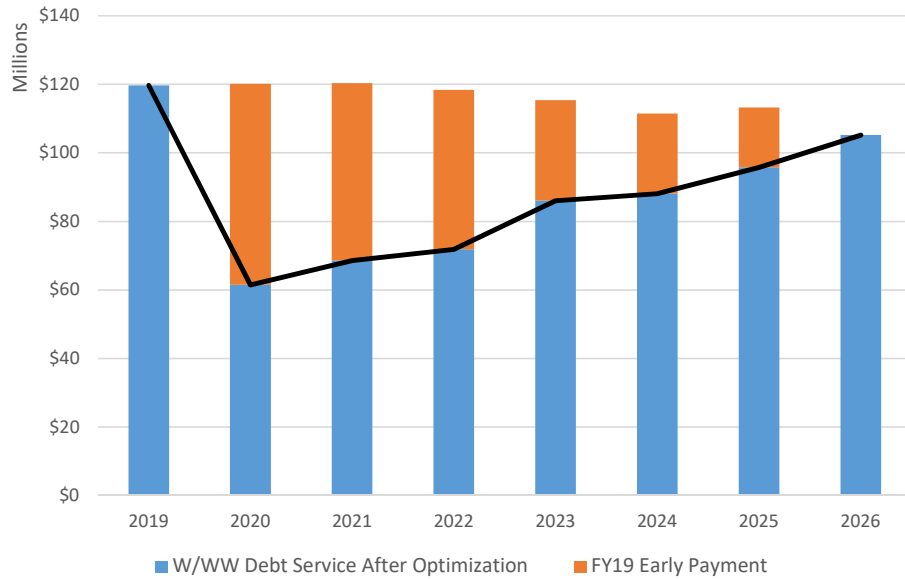
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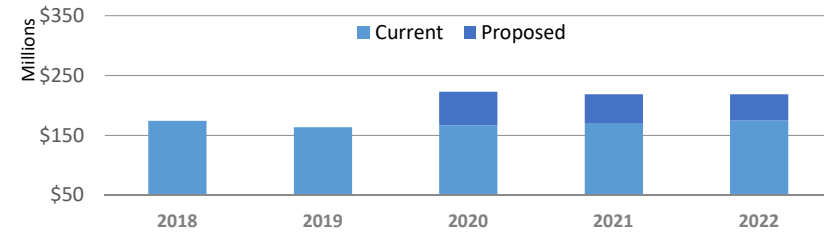
WATER DEBT RATIO CURRENT VS. PROPOSED

FY19 – FY22 Reports Debt to Capitalization

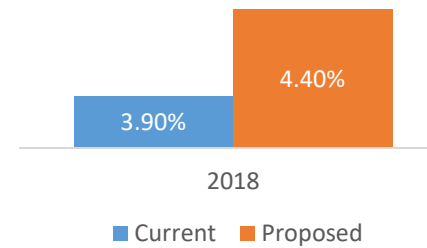
Debt Payment Schedule



Operating Cash Flow



Return on Net Assets



Plan increases
RONA by 50 bps

Increases Operating Free Cash Flow by over \$140m over the next 4 years (\$35 million per year)

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**WATER
RESTRUCTURING
IMPACTS**

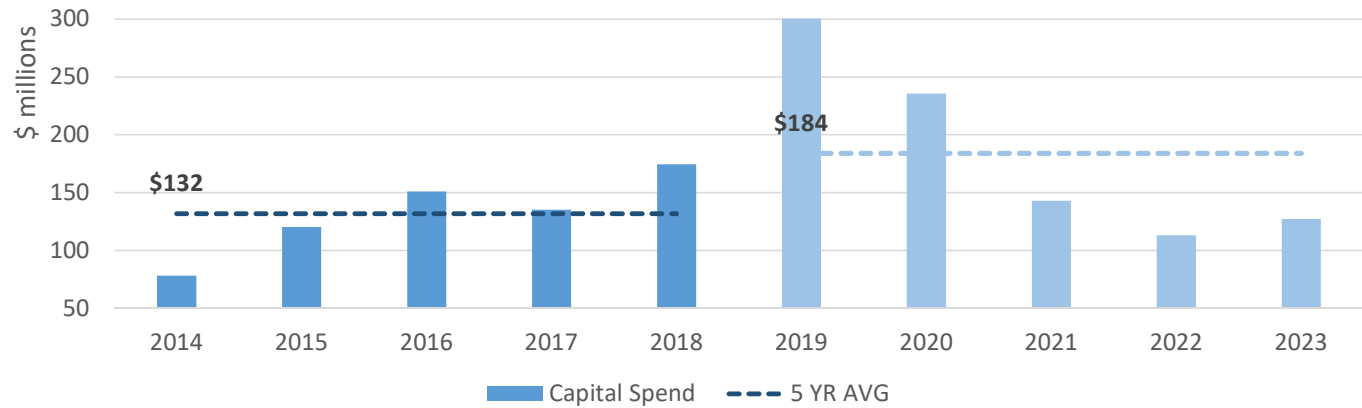
43% increase in
5 year average
CapEx plan in
next 5 years
verse last 5 year
period

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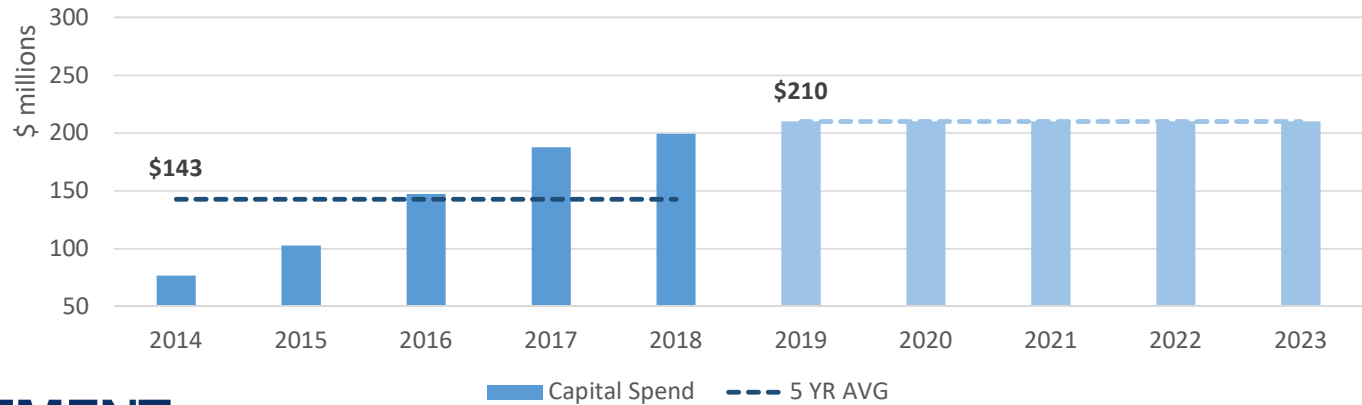


CAPITAL IMPROVEMENT PLAN

ELECTRIC SYSTEM



WATER SYSTEM



SUMMARY OF JEA'S FINANCIAL STRENGTH

Proposed “Plan” that increases operating efficiency and reduces corporate risk includes:

- Increased revolver by \$200 million at same pricing / terms and conditions
- Negotiated a contribution agreement extension providing stability through 2023
- Increase cash flow from operations by an average of ~\$100 million annually (~\$400 million total over next 4 years)
- Pay off ~\$1 billion of debt by 2022 – all debt maturing before 2025
- Cash funding ~\$1.6 billion in CAPEX for next 4 years
- Increase CAPEX by over 40% over the next 5 years vs. the last 5 years
- No projected base rate increases necessary to execute on plan
- Maintaining solid AA financial credit metrics

APPENDIX

OCTOBER 2018



CURRENT PLAN AND RESULTS

(\$ millions)	2018	2019	2020	2021	2022
Electric Debt Acceleration	\$0	\$0	\$0	\$0	\$0
Water Debt Acceleration	\$0	\$0	\$0	\$0	\$0
Cumulative Debt Acceleration	\$0	\$0	\$0	\$0	\$0
Operating FCF before CAPEX	\$375	\$419	\$500	\$498	\$398
CAPEX	\$384	\$511	\$446	\$353	\$323
Electric Debt Remaining	\$1,924	\$1,808	\$1,747	\$1,688	\$1,630
Water Debt Remaining	\$1,478	\$1,423	\$1,367	\$1,308	\$1,248
Total Debt	\$3,402	\$3,231	\$3,114	\$2,996	\$2,878
Debt to Capitalization (E/WWW)	67%/49%	64%/47%	60%/45%	58%/43%	58%/41%
Days Liquidity (E/WWW)	314/526	297/471	300/438	328/368	307/309
Base Rate Changes	0%	0%	0%	0%	0%