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To: Goldberg, David M. - Director Customer & Community Engagement
Subject: ppt
Attachments: 2018-1-2 Total Compensation Presentation -v6az.pptx

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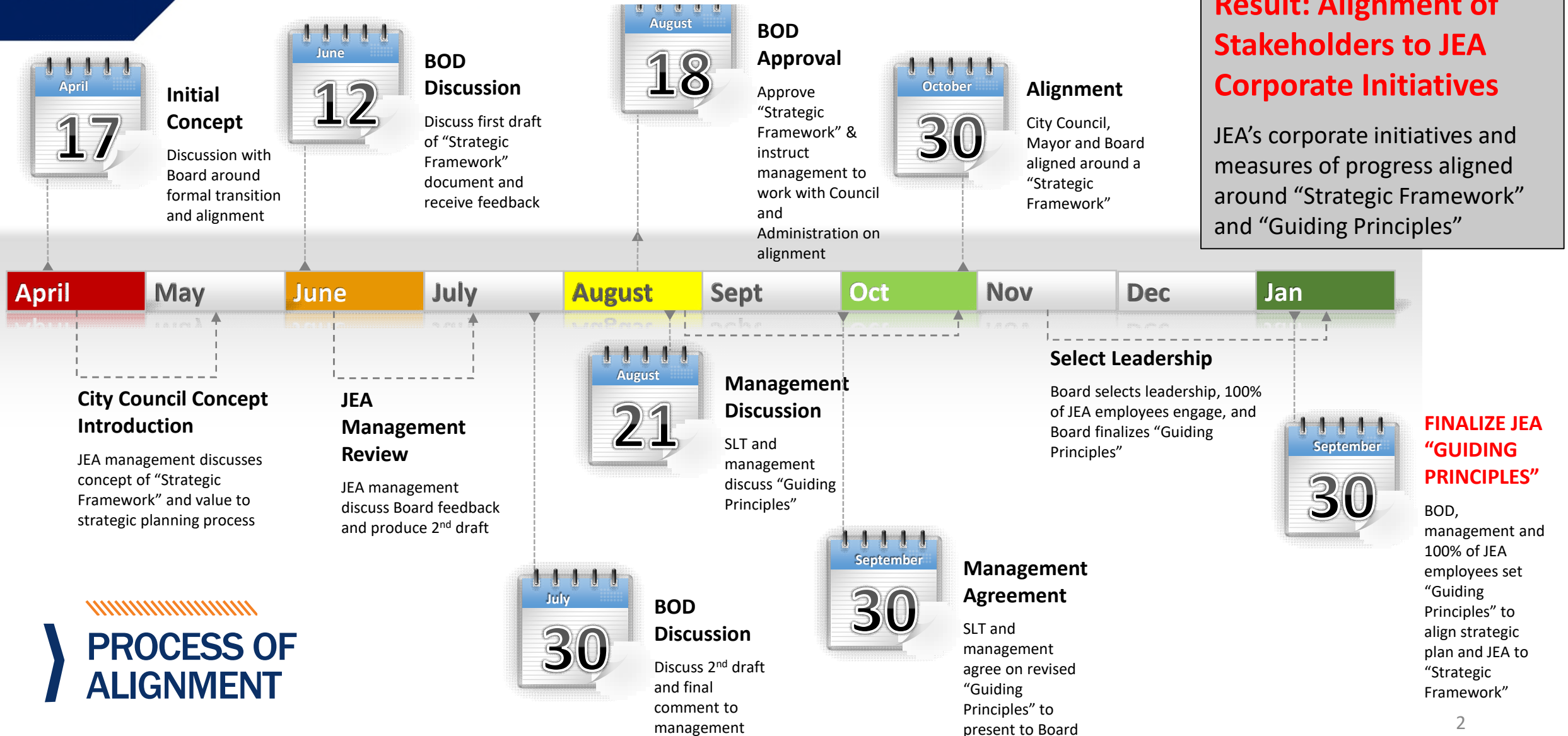


Total Market Compensation Strategy

January 2018



“Guiding Principles” More Than Talk





GUIDING PRINCIPLES

ACCELERATING UTILITY INNOVATION

Vision

Why we exist and who we want to be in the future

Improve lives by accelerating innovation

Mission

How we are going to pursue our vision and what we need to do today to get there

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 basic Corporate Measures of JEA's value

The fundamental goal is to maximize each value both now and in the future:

1) Customer value

What a customer expects to get in exchange for the price they pay

2) Financial value

The monetary value and risk profile, both today and tomorrow, of JEA as it relates to the City

3) Community impact value

Improving the quality of life through innovative and cost-effective service offerings, employee volunteerism and ambassadorship, relevant and timely communications, and support of economic development and job growth throughout JEA's service territory; foster a collaborative and respectful corporate culture that provides exceptional employee value to equip the JEA team to deliver outstanding service and value to its community

4) Environmental value

Ensuring a sustainable environment for future generations

Core Competencies

The things we need to be exceptionally and uniquely good at in order to yield better and better results of our Corporate Measures which drive our Mission to demonstrate our Vision

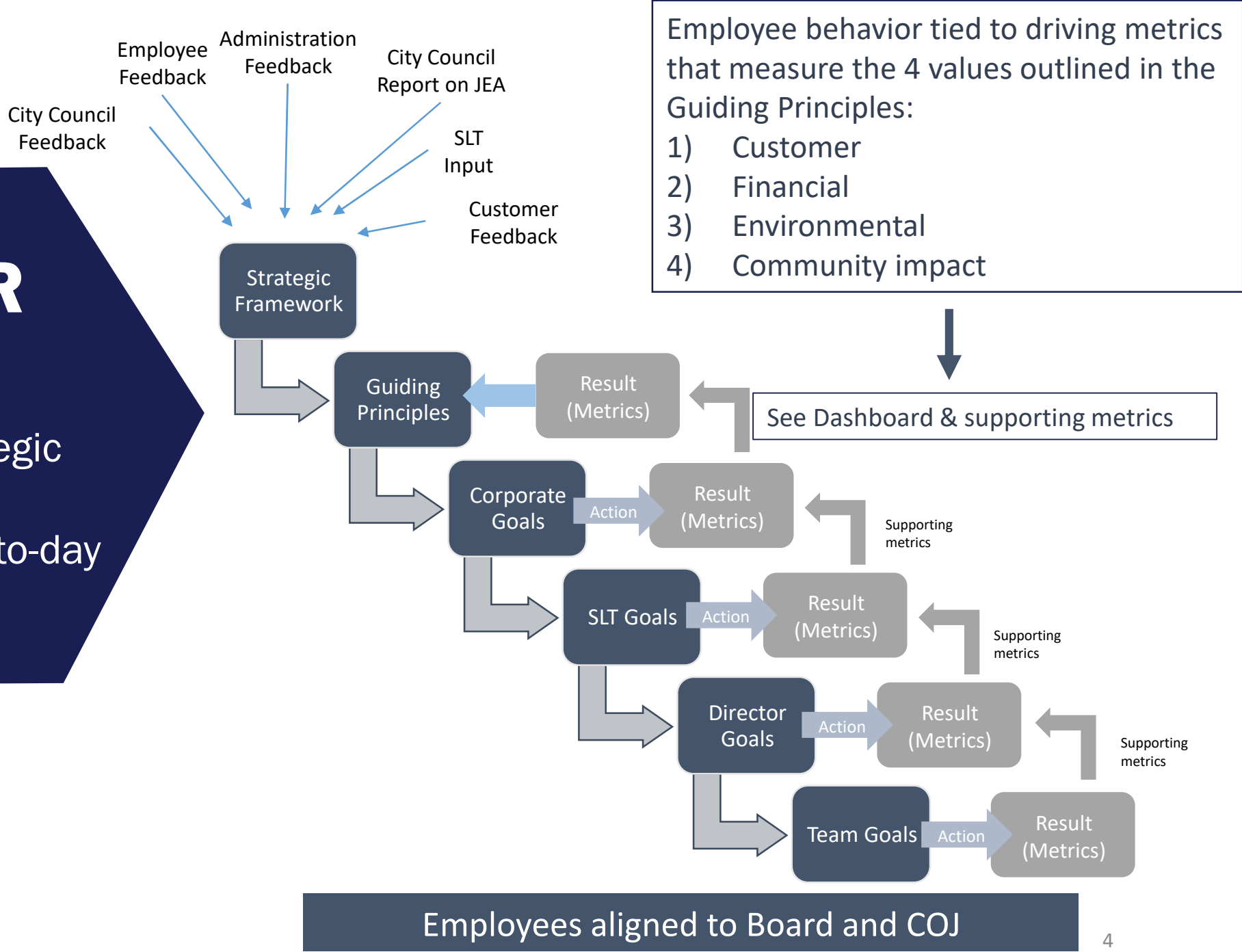
- Deliver an unparalleled positive customer experience
- Work together to elevate the entire team
- Innovate and evolve to match our customer's needs with market trends

Note: Stakeholder inputs not all inclusive of actual data set

STAKEHOLDER ALIGNMENT

Alignment logic of “Strategic Framework,” “Guiding Principles,” through day-to-day actions of employees.

ALIGNMENT OF ALL STAKEHOLDERS





Corporate Measures

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

The fundamental goal is to maximize each value both now and in the future:

- 1) Customer Value**
- 2) Financial Value**
- 3) Environmental Value**
- 4) Community Impact Value**

Employee behavior key to maximizing value



GUIDING PRINCIPLES

ACCELERATING UTILITY INNOVATION

Core Competencies

The things we need to be exceptionally and uniquely good at in order to yield better and better results of our Corporate Measures which drive our Mission to demonstrate our Vision



Work together to elevate the entire team

Core competencies accelerate results



ELEVATE THE ENTIRE TEAM

1. Ensure JEA’s corporate compensation philosophy is aligned with JEA’s Guiding Principles
2. Encourage long-term culture of value creation
3. Establish formal compensation policy to align behavior to 4 Corporate Measures of Value and market based compensation
4. Ensure policy promotes collaboration to drive Vision and Mission

JEA Board Policy Manual

(Policy 2.7 adopted by JEA Board on June 17, 2014)



“With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the CEO shall not cause or allow jeopardy to financial integrity or to public image. Accordingly, the CEO will not:

Promote a compensation philosophy... providing a total rewards package that encompasses salary/wages, retirement benefits, incentives and health and welfare benefits.

Salary/wages will meet the market (50% percentile), which is where the majority of companies in the geographical area reside. The 50th percentile pays competitively for behavior that meets expectations. Additional consideration will be given to behaviors that exceeds expectations which are typically rewarded at the 75th percentile. Internal equity will be achieved by evaluating differences in skill, effort, responsibility and working conditions among jobs.”

JEA's total compensation lags behind investor owned utilities and local industry.

NEED TO REVISE SLIDE

MARKET COMPARISON OF COMPENSATION

Dollars below are in millions

	IOU	PUBLIC	LOCAL
SLT	\$8.6	\$2.9	\$12.9
APPOINTED	\$51.0	\$43.0	\$43.9
UNION			
IBEW	\$28.3	\$27.0	N/A
LIUNA	N/A	\$16.2	N/A
PEA	\$28.5	N/A	\$26.4
AFSCME	\$9.0	\$8.1	\$8.0
JSA	\$6.9	\$6.1	N/A
TOTAL	\$151.9	\$129.1	\$147.1
JEA CURRENT TOTAL	\$137.5	\$137.5	\$137.5
DELTA ▲	(\$14.4)	\$8.4	(\$9.4)

Above numbers exclude healthcare and retirement

WHERE DOES JEA
STAND TODAY?

HOW DO WE DEFINE TOTAL COMPENSATION?

	BASE	+	SHORT TERM INCENTIVE	+	LONG TERM INCENTIVE
JEA	\$132.8		\$4.7		\$0.0
50 th Percentile	\$124.9		\$9.2		\$6.0
DELTA ▲	\$7.9		(\$4.5)		(\$6.0)

Above numbers exclude healthcare and retirement

Dollars above are in millions

JEA's total compensation structure does not reward value creation

RECOMMENDED: JEA Board Policy Manual

(Revision to Policy 2.7 adopted by JEA Board on June 17, 2014)

“With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the CEO shall not cause or allow jeopardy to financial integrity or to public image. Accordingly, the CEO will ~~not~~:

Promote a compensation philosophy... providing a total rewards package that encompasses salary/wages, retirement benefits, incentives and health and welfare benefits **the align with and drive JEA’s Corporate Measures of value: 1) Customer; 2) Financial; 3) Environmental; and 4) Community Impact.**

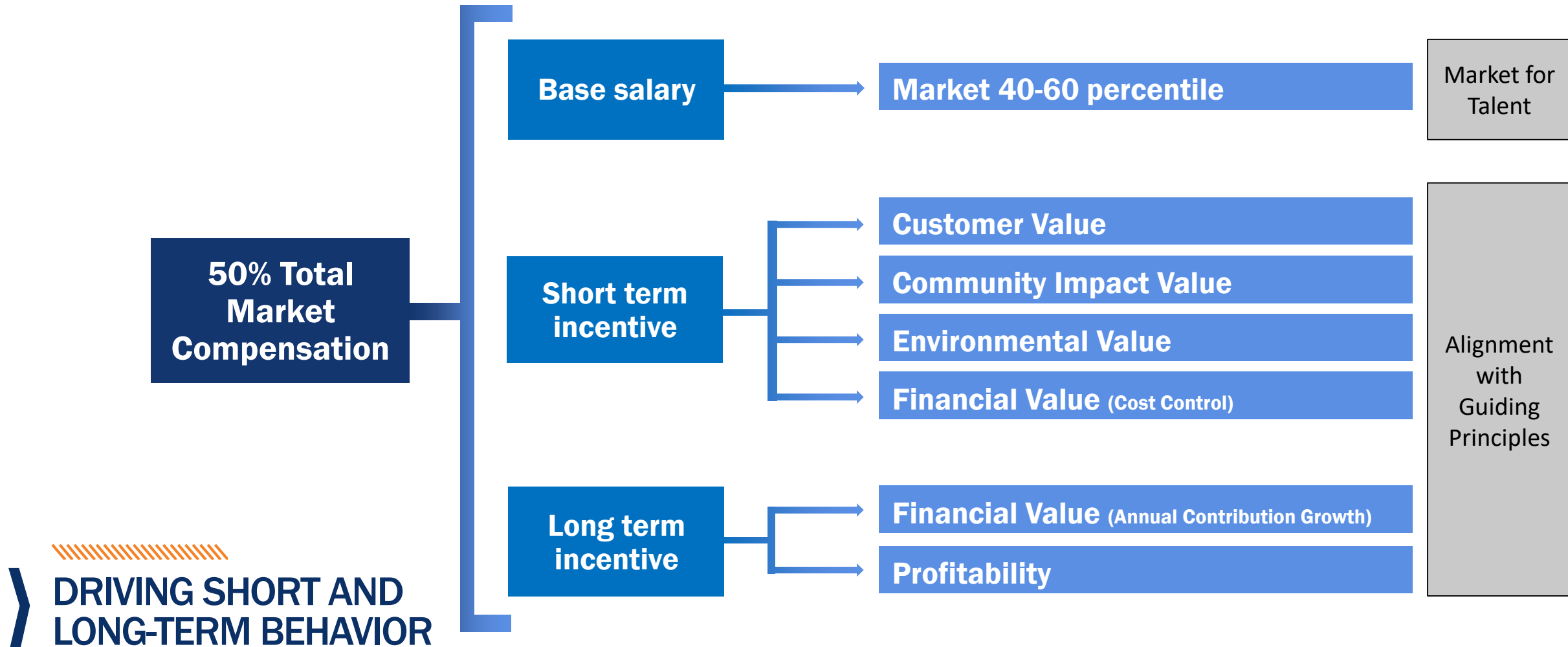
Total compensation Salary/wages will meet the market (50% percentile), which is where the majority of companies in the **industry and** geographical area reside. The 50th percentile pays competitively for behavior that meets expectations. Additional consideration will be given to behaviors that exceeds expectations which are typically rewarded at the **40th to 60th percentile in the form of short term and long term compensation.** Internal equity will be achieved by evaluating differences in skill, effort, responsibility and working conditions among jobs.”

50th %

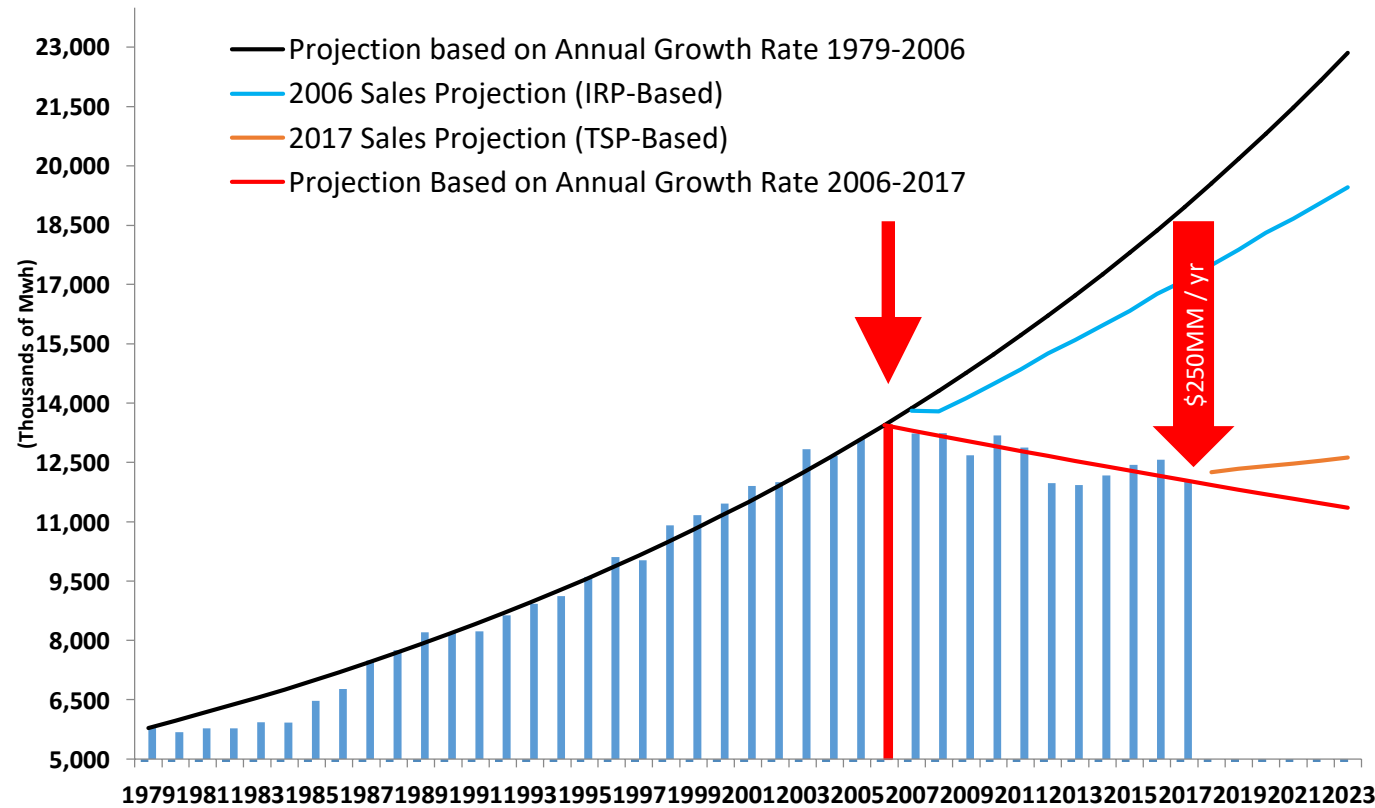


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JEA'S COMPENSATION
PHILOSOPHY

Establish a Formal Compensation Policy to Align with 1) Talent Market and 2) Guiding Principles



2007 to 2017 JEA lost Avg. of \$130 MM / yr in FCF (\$1.4B of cash) vs IRP Case

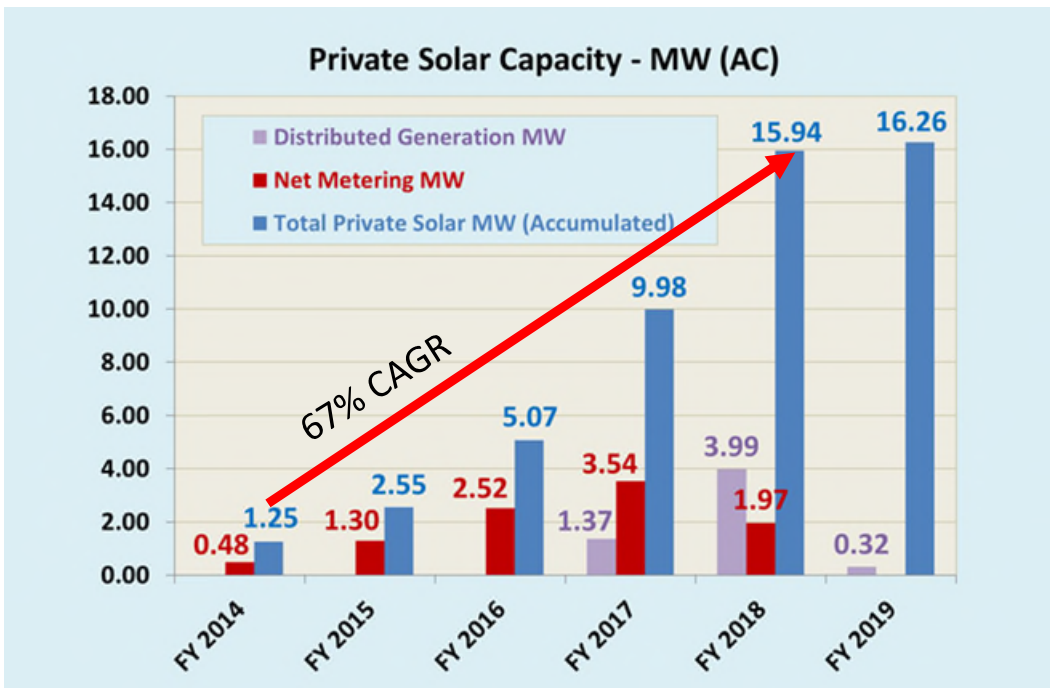


**WHY FOCUS AND COMPENSATION
ALIGNMENT MATTERS**

Energy Efficiency mandates have made an impact

- Energy Policy Act of 2005 strengthened energy efficiency mandates
- 30% lower sales in 2017 than forecasted back in 2006

Distributed Generation has grown 67% per year





Cultural Values of JEA

Safety

Service

Growth²

Accountability

Integrity

Ideas





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Dilbert.com

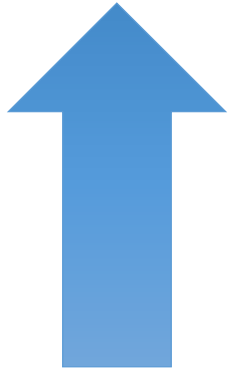


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Driving Toward Success

Willing to take appropriate and calculated risks and fail from time to time in order to achieve extraordinary results



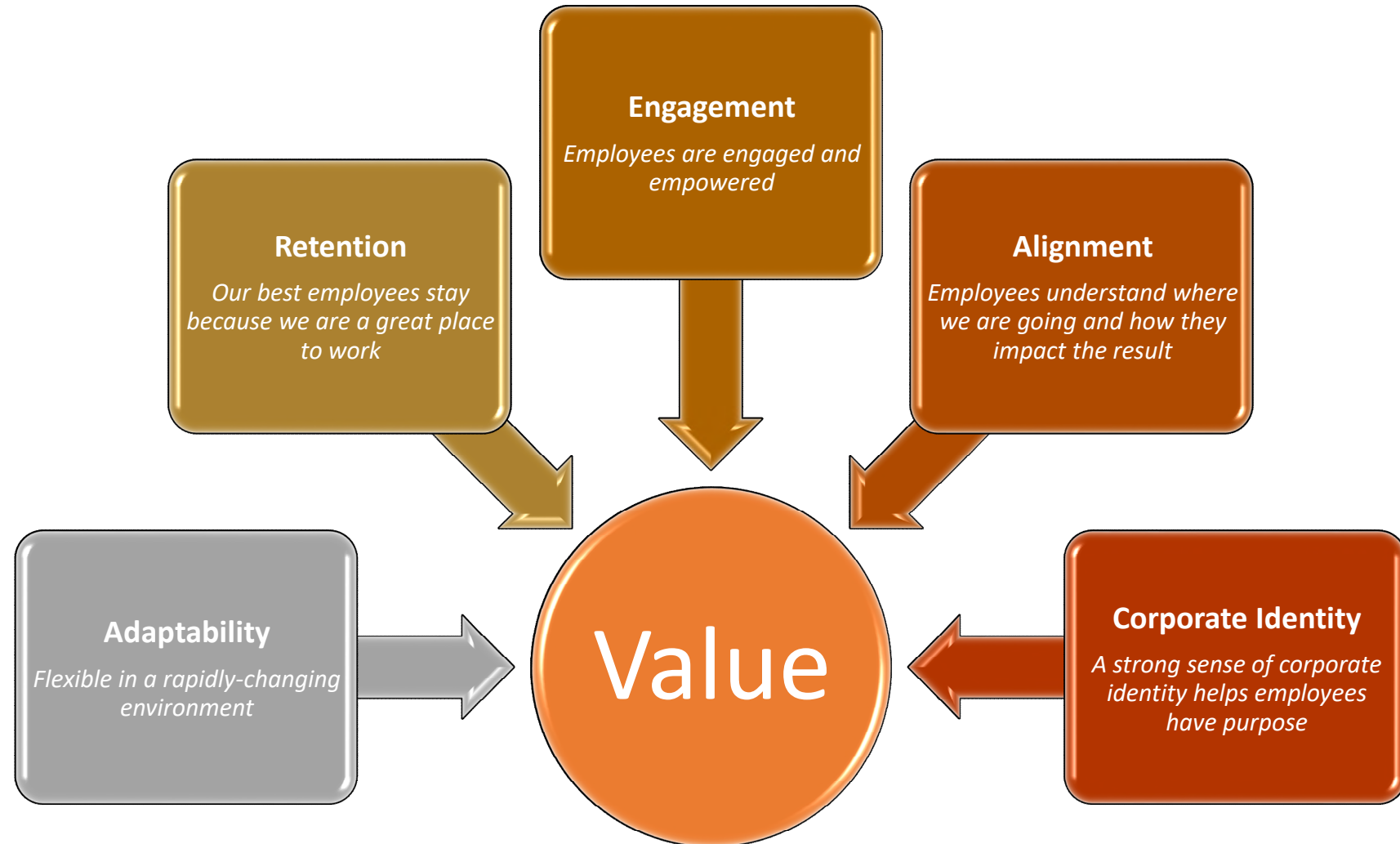
Working Not to Fail

Culture and individuals motivated by risk aversion striving not to fail rather than to succeed



Vision: Improve lives by accelerating innovation

Mission: Provide the best service by becoming the center of our customer's energy and water experience





5 TO 5 INNOVATION INCENTIVE PROGRAM

ACCELERATING AN
INNOVATIVE CULTURE

INTRODUCING THE 5 to 5 Innovation Incentive Program

- 5 to 5 is about culture
- Purpose of the **5 to 5 Innovation Incentive Program** is to encourage and reward employees for developing and submitting innovative *ideas* (*Ideas* being one of JEA's core values) that benefit JEA and our community.
- Employees who submit an *idea* that is implemented will be eligible for incentives ranging between **\$500 to \$5,000** depending on the scope, cost savings, and/or revenue generation associated with the submitted *idea* and corresponding results.
- *Ideas* will align with JEA's corporate measures:
 - *Customer Value*
 - *Financial Value*
 - *Environmental Value*
 - *Community Impact Value*

Leaders Own the Job of Creating the Company Culture as Well as the Strategy



LEADING BY EXAMPLE



CEO Compensation

Board and Aaron wants CEO Compensation to be aligned with:

- 1) All employees compensation
- 2) Total Compensation Philosophy
- 3) Results vs. Baseline

Therefore... need Board to agree on TC Philosophy and Baseline before negotiating CEO contract

Timeline for Total Compensation

Align	August	This text can be replaced with your own text. The text demonstrates	This text can be replaced with your own text. The text demonstrates
	September	The text demonstrates how your own text will look when	The text demonstrates how your own text will look when
Position	October	This is a placeholder text. The text demonstrates how your own	This is a placeholder text. The text demonstrates how your own
	November	This text can be replaced with your own text. The text demonstrates	This text can be replaced with your own text. The text demonstrates
	December	The text demonstrates how your own text will look when you replace the placeholder text.	The text demonstrates how your own text will look when you replace the placeholder text.
Plan	January	This is a placeholder text. The text demonstrates how your own text	This is a placeholder text. The text demonstrates how your own text
	February	This is a placeholder text. The text demonstrates how your own text	This is a placeholder text. The text demonstrates how your own text
Final	March	This is a placeholder text. The text demonstrates how your own text	This is a placeholder text. The text demonstrates how your own text
	April	This is a placeholder text. The text demonstrates how your own text	This is a placeholder text. The text demonstrates how your own text