
From: Dykes, Melissa H. - President/COO <dykemh@jea.com>
Sent: Friday, May 24, 2019 4:38 PM
To: Romero Aguero, Julio E. (Chief Inno. and Transformation Officer)
Cc: Zahn, Aaron F. - Managing Director/CEO; Wannemacher, Ryan F. - Chief Financial Officer; Vinyard, Herschel T. - Chief Administrative Officer; anton_derkach@mckinsey.com; Sarah_Brody@mckinsey.com
Subject: Re: Suggestions

Thank you

On May 24, 2019, at 3:57 PM, Romero Aguero, Julio E. (Chief Inno. and Transformation Officer) <romeje@jea.com> wrote:

Great job guys! Here are a few comments/suggestions to emphasize we are under pressure and threatened by disruptive forces from a variety of angles, and that the tools available to us are limited:

- 1) I suggest to mention the “utility death spiral” at some point and explain that rate increase won’t be a long-term solution, and that actually it is likely to exacerbate DER adoption and it’s consequences. Moreover, despite the fact that rates were increased by over 50% in the last decade, it did not have the expected effect.
- 2) I like the idea of mentioning examples of disrupted businesses and industries (not only the classic examples like Kodak, but also more recent ones like Uber) and explain that disruption is the new normal, and that we need to be prepared to address it not only on the energy but also on the water side of our business.
- 3) If we can still add a slide I would include the plot of our service territory with all the existing PV plant locations. It would help make the case that this is real, not only based on models.
- 4) Flint and Cape Town are great examples.
- 5) When talking about new players in the energy market I would also mention a couple of unexpected players like Firestone or even LEGO. Mention that Shell’s CEO has recently announced that they are planning to become the largest electric company in the world <https://royaldutchshellgroup.com/2019/03/13/shell-aims-to-become-worlds-largest-electricity-company/>
- 6) Mention at some point the fact that cities as big as Chicago, Los Angeles and Atlanta are committing to 100% clean energy production. Here is the list, this emphasizes the growing political pressure we will be likely to experience in this area and why we need a healthy and leading utility <https://www.sierraclub.org/ready-for-100/commitments>

Have a great Memorial Day weekend!

Julio

Sent from my iPhone