From: Hobson, Ted E. - VP & Chief Compliance Officer <HobsTE@jea.com>
Sent: Friday, September 13, 2019 1:11 PM
To: Dykes, Melissa H. - President/COO
Subject: FW: Presentation on JEA Situation to FMPA Board on August 22- JEA's Electric Trend Comparison's,

FYI

From: Jacob Williams <Jacob.Williams@fmpa.com>
Sent: Friday, September 13, 2019 10:51 AM
To: Hobson, Ted E. - VP & Chief Compliance Officer <HobsTE@jea.com>; Anders, Caren B. - VP/GM Energy <andecb@jea.com>
Cc: Jody Finklea <Jody.Finklea@fmpa.com>; Dan O'Hagan <Dan.OHagan@fmpa.com>; Sue Utley <Sue.Utley@fmpa.com>
Subject: Presentation on JEA Situation to FMPA Board on August 22- JEA's Electric Trend Comparison's,

Caren and Ted

Attached is the brief slide deck I mentioned that was pulled together by the FMPA team, analyzing JEA's basic electric trends and comparisons to other municipal and IOU's. JEA compares very nicely and is not in a "death spiral". We reviewed this material with the FMPA Board on Thursday August 22. As noted in the presentation, we will be providing a forward looking view of JEA business model comparing the JEA Business As Usual case compared to a set of assumptions more in-line with FMPA and other municipal and IOU's are projecting. That presentation will be made on Sept. 19th at our Board of Directors Meeting which starts at 9 am or later if committee meeting beforehand runs long. The JEA Business model comparison will be discussed during the GM Comment Section of the agenda and no information will be sent out to the Board prior to the meeting on this topic.

As I mentioned you or any of the JEA leadership team are always welcome to attend (in person or on the phone) the FMPA monthly Board Meetings and would be happy to have your involvement.

Let me know if you have any questions.

Jacob Williams
General Manager and CEO

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Florida Municipal Power Agency
8553 Commodity Circle | Orlando, FL 32819-9002
Direct: 321-239-1019 | T. 407-355-7767
Cell: 407-274-2846
jacob.williams@fmpa.com | www.fmpa.com [fmpa.com]

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JEA Update

FMPA Board of Directors

August 22, 2019

JEA an Immensely Valuable Asset

"Utility Model Demise" Not Supported by Facts

- JEA adds ~$248M of value/year to the City of Jacksonville/Duval County
- JEA sales to its native territory have grown at 1.3% per year since 2013 (which was the bottom of the Great Recession) through 2018 as new FL residents arrive
- JEA has highly competitive rates relative to large municipal and IOU benchmarks
- JEA's reliability is comparable to or better than key benchmarks, a testament to municipal priorities
- JEA's energy mix is not unlike other utilities and nuclear generation is only ~10-12% of energy when PPAs arrive
- Certain pessimistic assumptions about utility demise can be overcome with sound management and critical policy adjustments

FMPA MUNICIPAL POWER

JEA an Immensely Valuable Asset

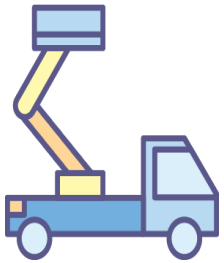
$248 Million in Annual Economic Value

General Fund Contributions
~$130 Million

Community Sponsorships
~$1M

No guarantee of property tax levels if plant closures continue

Economic Impact
~$58 Million

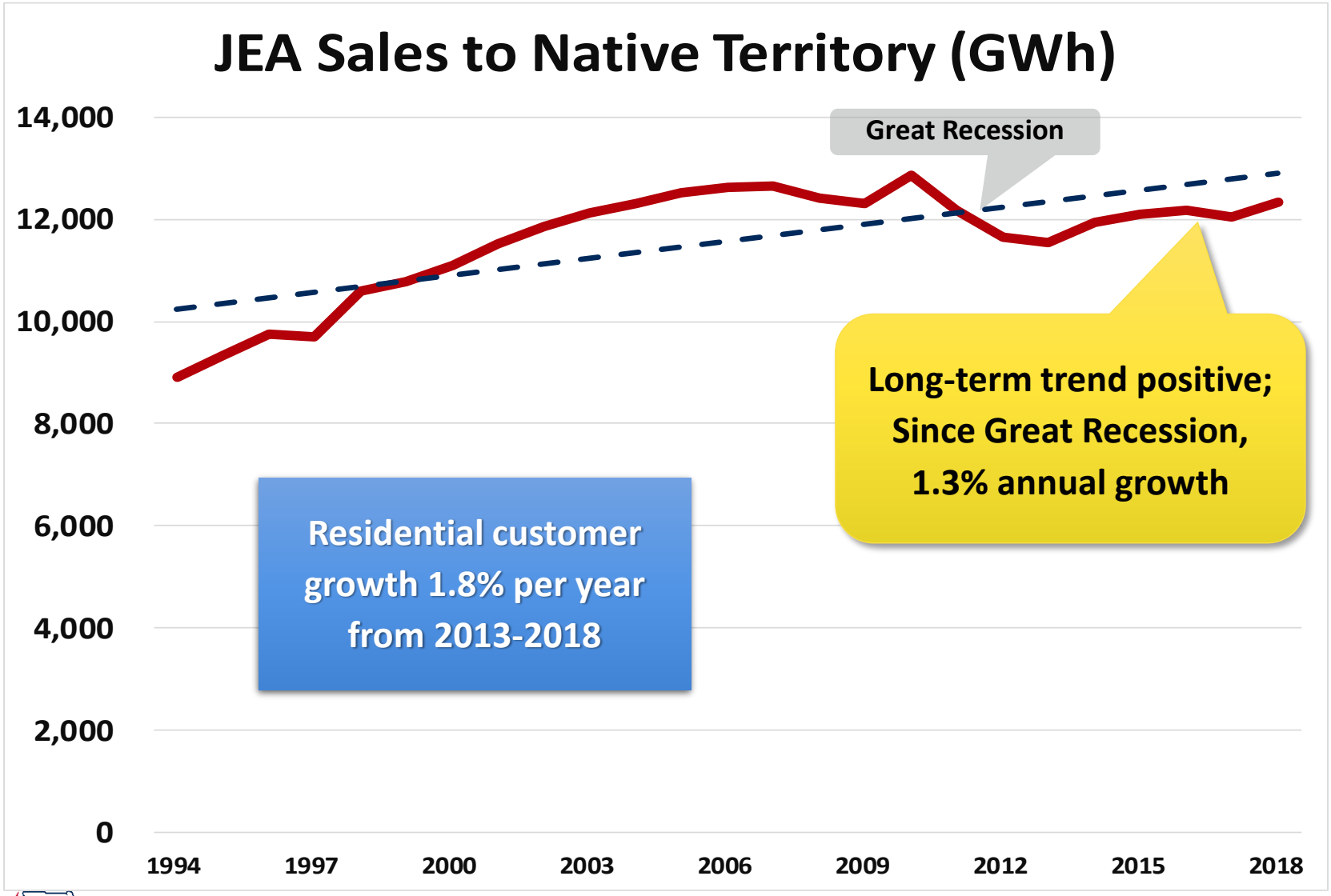


Faster Restoration
~$8.2M

Local Control

FMPA MUNICIPAL POWER

JEA Load Growth Has Been Healthy



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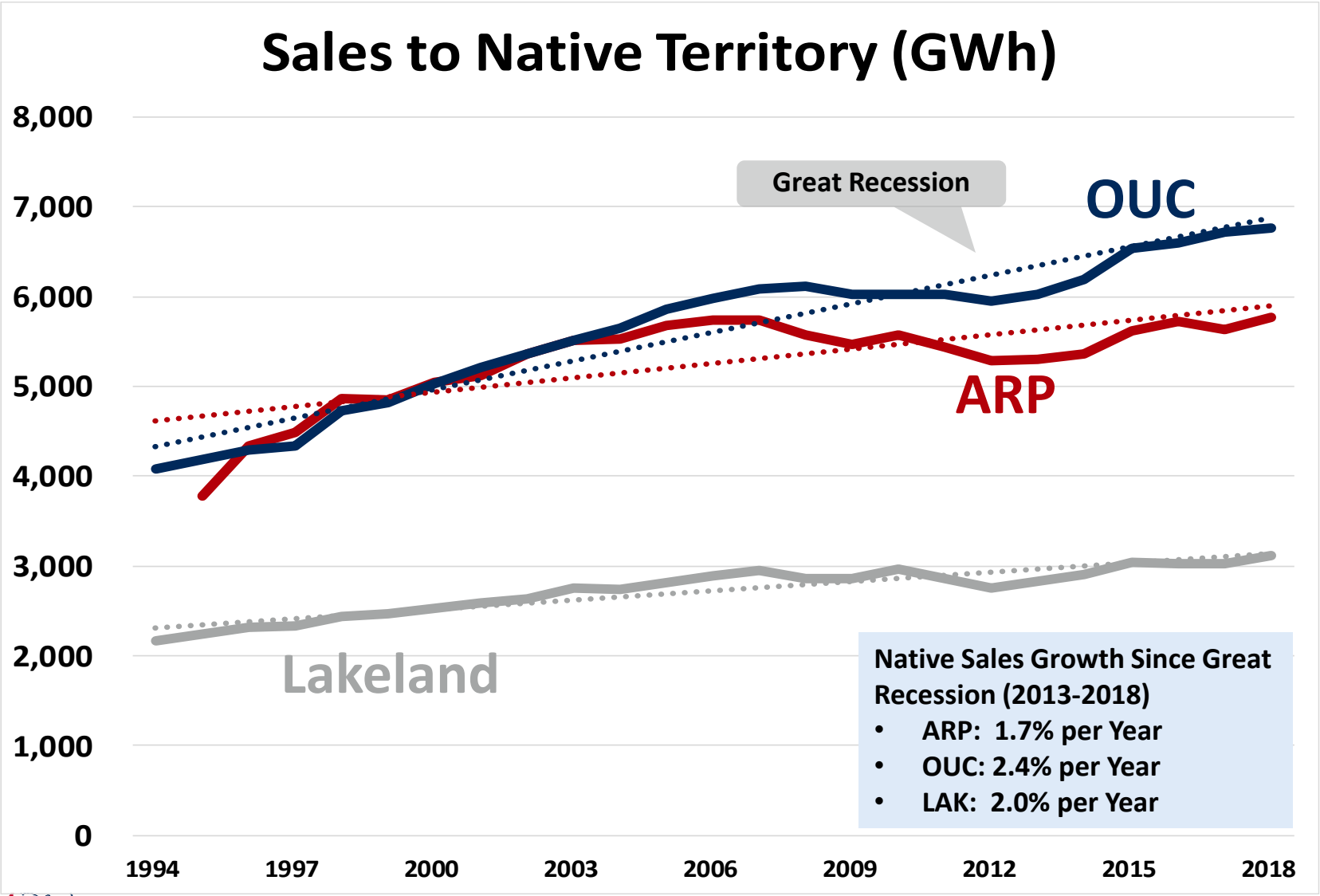
Other Large Municipals Also Growing*



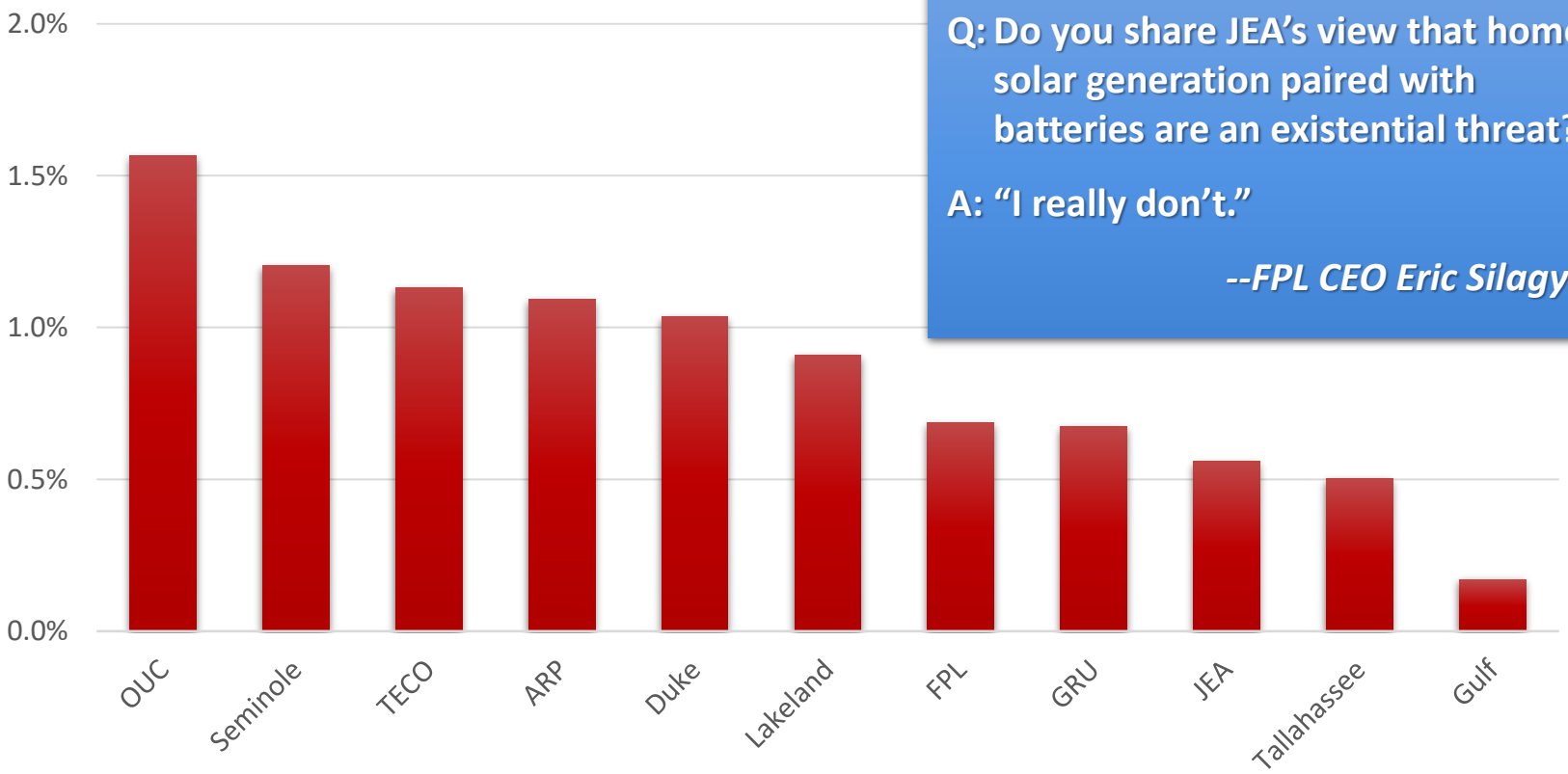
*ARP Reflects data for Current Participants only. Subject to data limitations in early time period. Lakeland reflects blend of available fiscal and calendar year data as reported in legacy ten-year site plans.

All Other FL Utilities Projecting Growth

JEA's Own Ten-Year Site Plan Projects Growth

Projected Growth Rate in Sales to Ultimate Customers

Source: 2019 Ten-Year Site Plans (2019-2028)



Q: Do you share JEA's view that home solar generation paired with batteries are an existential threat?

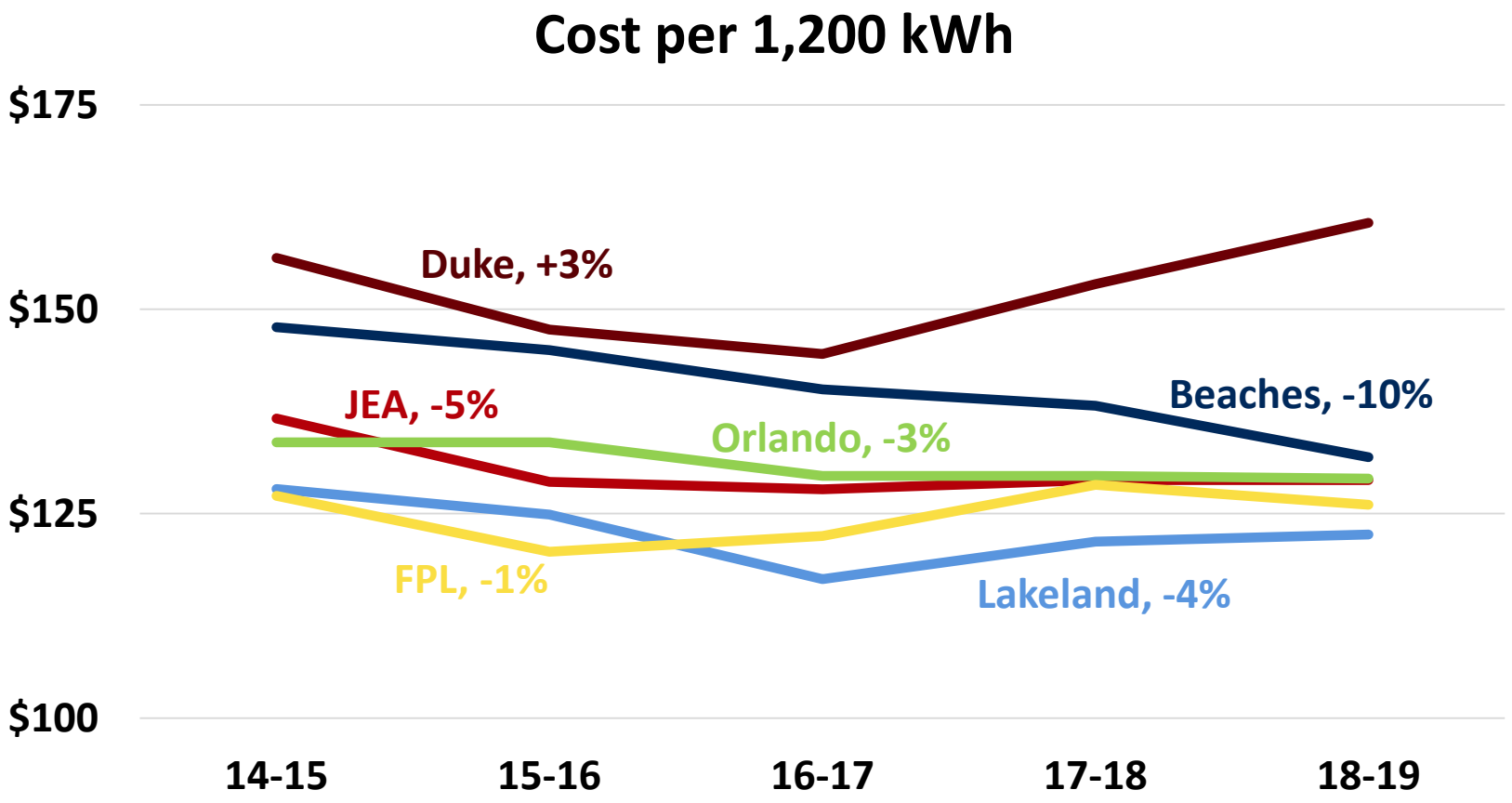
A: "I really don't."

--FPL CEO Eric Silagy

SOURCE: Question and answer with Eric Silagy from Jacksonville Business Journal, Aug. 16, 2019.

JEA Residential Rates Comparison

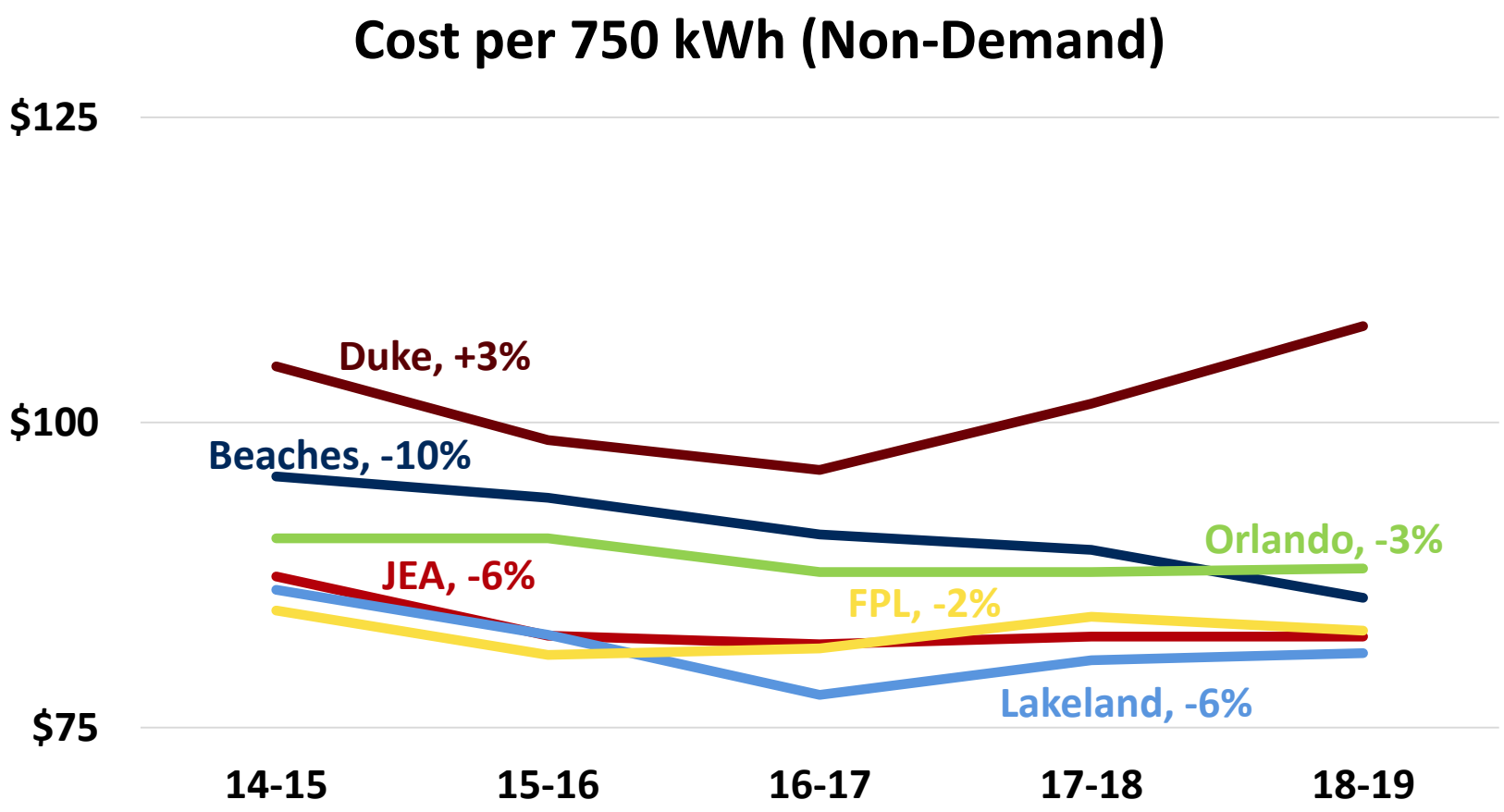
*JEA Rates Competitive and Declining**



*Based on June-July period in each set of years shown.

JEA Commercial Rates Comparison

*JEA Rates Competitive and Declining**



*Based on June-July period in each set of years shown.

JEA Reliability Competitive

JEA Reliability Trending Much Better

2018 Distribution Reliability Indices

Best Performance Highlighted in Green, Second Best in Yellow

Utility	Length[1]	Duration[2]	Repair Time[3]	Frequency[4]
KUA	80	43	51	0.85
Beaches	99	44	54	0.80
OUC	74	53	73	0.73
JEA	107	58	46	1.25
Lakeland	120	63	101	0.62
FPL	199	53	60	0.89
Duke	147	99	97	1.01

[1] **L-Bar** = Average length of a service interruption.
[2] **SAIDI** = Average duration of interruptions for the average customer.
[3] **CAIDI** = Average repair time experienced by the average customer who experienced an outage.
[4] **SAIFI** = Average frequency of interruptions for the average customer.

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JEA Reliability Trend Generally Better

Three-Year Percentage Change in Indices (2015-2018)

Best Performance Highlighted in Green, Second Best in Yellow

Utility	Length[1]	Duration[2]	Repair Time[3]	Frequency[4]
KUA	1%	-4%	-6%	2%
Beaches	-5%	10%	6%	4%
OUC	-4%	62%	22%	32%
JEA	-20%	-28%	-8%	-21%
Lakeland	16%	13%	32%	-14%
FPL	23%	-11%	1%	-11%
Duke	-12%	24%	20%	3%

[1] **L-Bar** = Average length of a service interruption.
[2] **SAIDI** = Average duration of interruptions for the average customer.
[3] **CAIDI** = Average repair time experienced by the average customer who experienced an outage.
[4] **SAIFI** = Average frequency of interruptions for the average customer.

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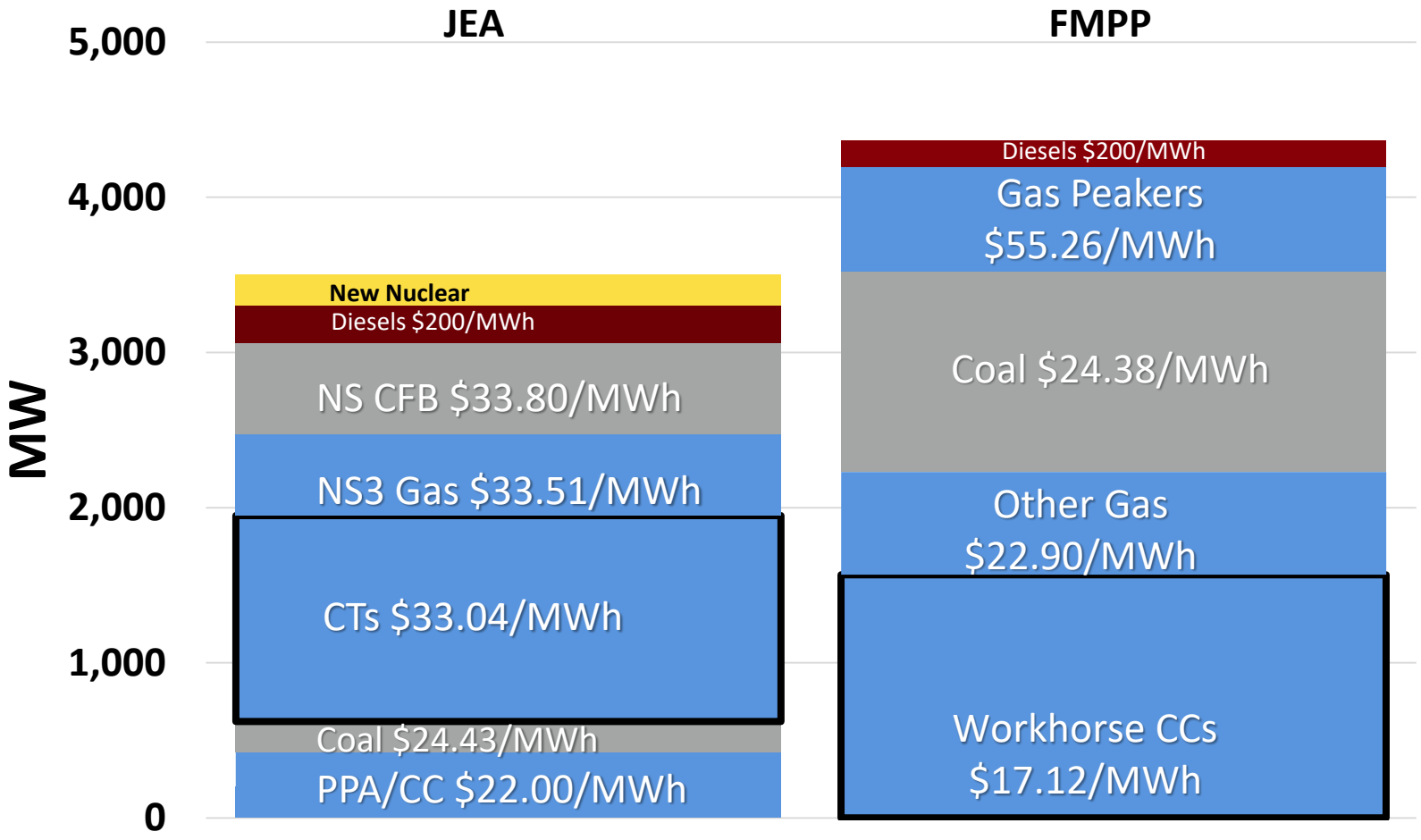
JEA Fuel Mix Similar to FMPP

JEA Could Benefit from FMPP's Low-Cost Gas



FMPP capacity-weighted average of unit class energy costs (including estimated start-up for gas peakers based on typical run times). Based on recent fuel prices.

JEA Noted Challenges Can Be Managed

Utility Model Must Evolve to Thrive

Utility Model Challenge	Management Strategy
Load contracts due to EE and DR	Offer solar subscriptions and restructure rates to equitably collect fixed costs
Customers go off grid with PV/batteries	Restructure rates and offer alternative subscriptions to renewables at scale
Lose large industrials to rooftop PV	Offer competing subscription programs and promote utility-scale delivery with significantly lower risk profile
Labor cost increases at 5% or more	Match increases with ability of business activity to support
Rapid debt defeasance	Follow a logical path and pace relative to growth
Supply portfolio not optimized	Evaluate market excess opportunities and resource plan alternatives

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Analysis Needed to Vet JEA View

JEA's Pessimistic View vs. Base Case

- Business case and model that leads to JEA's view on rate increases and utility value based on approximation of JEA's assumptions
- Alternative business case that reflects value-driven decisions to set up JEA to thrive
  - Results in higher value delivery and equity in the JEA business enterprise
- Key outputs: rate projections and free cash available to service City transfers and franchise fee

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JEA's Expectations from Proposals
Minimum Value and Key Conditions

- >$3B or more in value to the City of Jacksonville
- >$400 million of value distributed to customers
- At least 3 years of contractually guaranteed base-rate stability for customers
- City of Jacksonville and Duval County Public School system 100% renewable energy by 2030
- 40 million gallons per day of alternative water capacity for Northeast FL by 2035
- Protection of certain employee retirement benefits
- Maintenance of comparable employee compensation & benefits for three years
- Retention payments to all full-time employees of 100% current base compensation
- Commitment to new headquarters and employees in downtown Jacksonville contributing to the economic development of the community

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