
From: Stewart, Kerri - VP & Chief Customer Officer <stewk@jea.com>
Sent: Friday, January 31, 2020 5:29 PM
To: Dykes, Melissa H. - Interim Managing Director CEO
Subject: RE: Forecast Research

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From: Dykes, Melissa H. - Interim Managing Director CEO <dykemh@jea.com>
Sent: Friday, January 31, 2020 5:25 PM
To: Stewart, Kerri - VP & Chief Customer Officer <stewk@jea.com>
Subject: Fwd: Forecast Research

In case we continue to get questions on why we don't use the 10yr site plan for financial forecasts, this is a (complicated) chart that perfectly illustrates the reason.

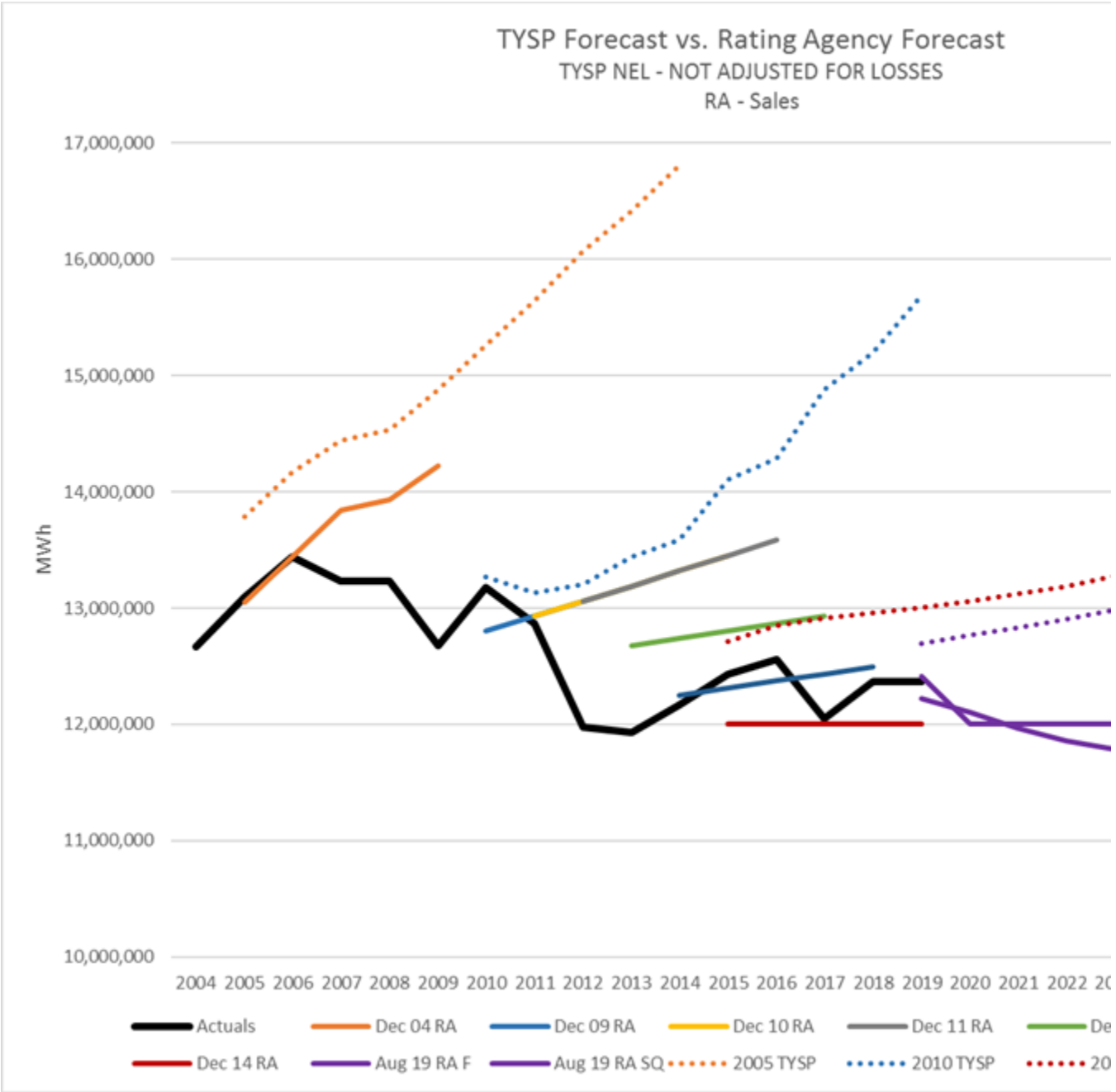
Begin forwarded message:

From: "Crawford, Juli E. - Director Financial Planning & Analysis" <crawje@jea.com>
Date: January 31, 2020 at 4:17:46 PM EST
To: "Dykes, Melissa H. - Interim Managing Director CEO" <dykemh@jea.com>
Cc: "Orfano, Joseph E. - Interim Chief Financial Officer" <orfaje@jea.com>, "McInall, Steven G. - VP & Chief Energy & Water Planning" <mcinsg@jea.com>
Subject: Forecast Research

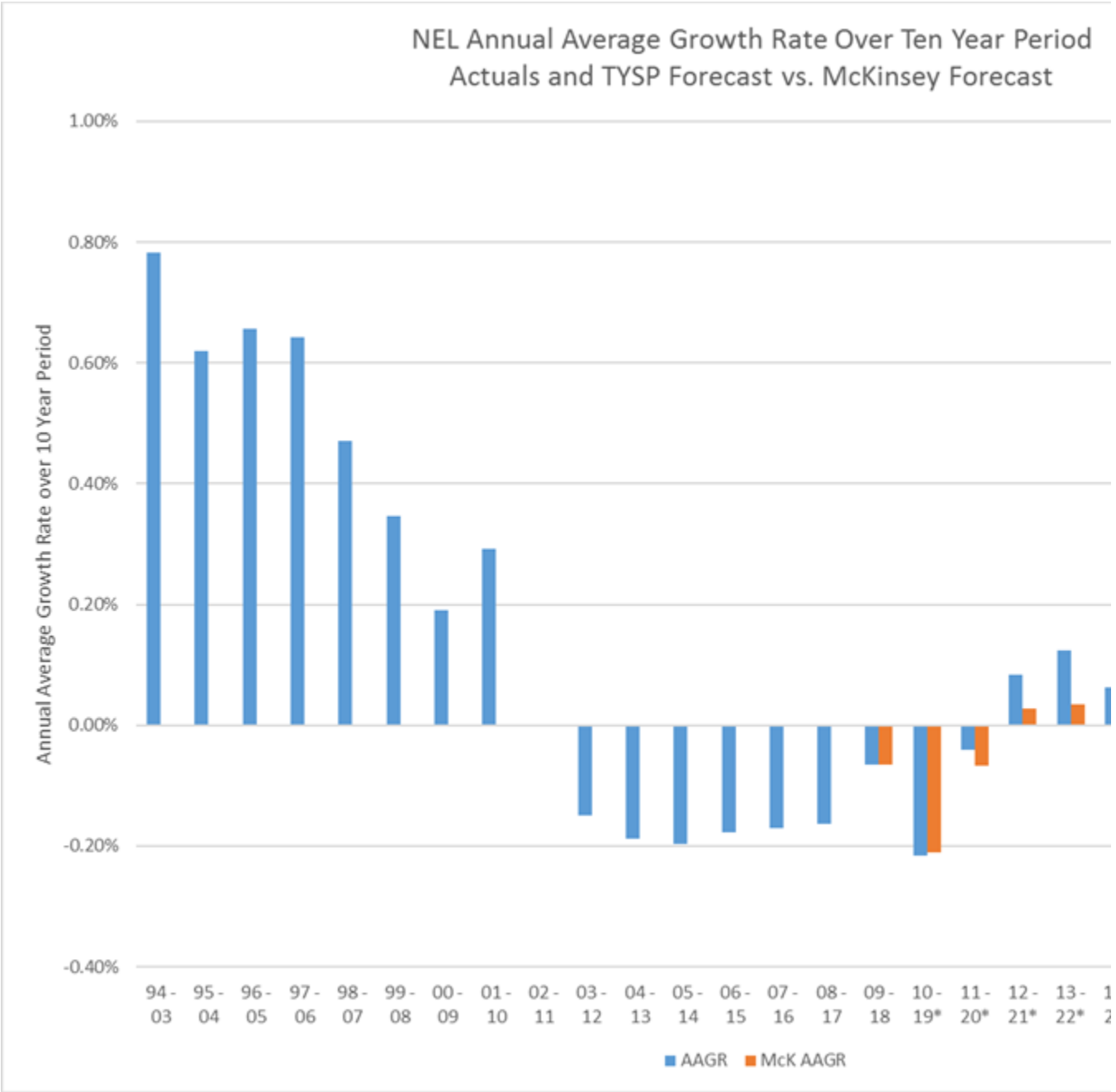
Melissa,

I pulled data from some rating agency history and coincidentally Steve was pulling ten year site plan history at the same time. I have created a couple charts from our data that, while not pretty enough for a presentation, shows trends that we have been trying to communicate.

The first chart shows forecast trends for rating agencies against the TYSP forecast. The solid lines are rating agency sales, the dotted lines are TYSP net energy for load. I believe the takeaway here is that our 2005 – 2009 forecast essentially matched the TYSP forecast (the space between the orange lines represents losses). This was during a time of continued growth. As sales started to decline (black line), both forecasts started to flatten accordingly. The 2015 – 2019 forecast was the first time we showed flat sales to the rating agency, however we had been slowly moving in that direction.



The next chart shows the average annual growth rate over a ten year period for NEL. The blue is actuals and the TYSP forecast. The orange is the growth rates implied by the SQ sales forecast from McKinsey. One takeaway from this slide is that the orange bars, while illustrating a forecasted decline, mirror the decline we have just experienced due to energy efficiency, etc.



I am happy to dig in further if you would like additional information.

Thanks,
Juli

Juli Crawford
 Director of Financial Planning and Analysis
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