



# THE TRADITIONAL PATH:

## *SENSITIVITIES AND EXECUTION PLAN*



The following "Baseline Conversation" financial projections are presented solely for JEA Board of Directors planning and action. They are not a projection of future financial performance and, as such, should not be relied upon by present or prospective JEA bond investors to purchase or sell any security or to make an investment decision. The projections are merely a mathematical representation of a hypothetical case for change. Actual results are likely to differ materially from this business case. Use of this presentation not in its entirety could result in material financial harm to the company.

## TRADITIONAL MANAGEMENT RESPONSE *within current constraints*

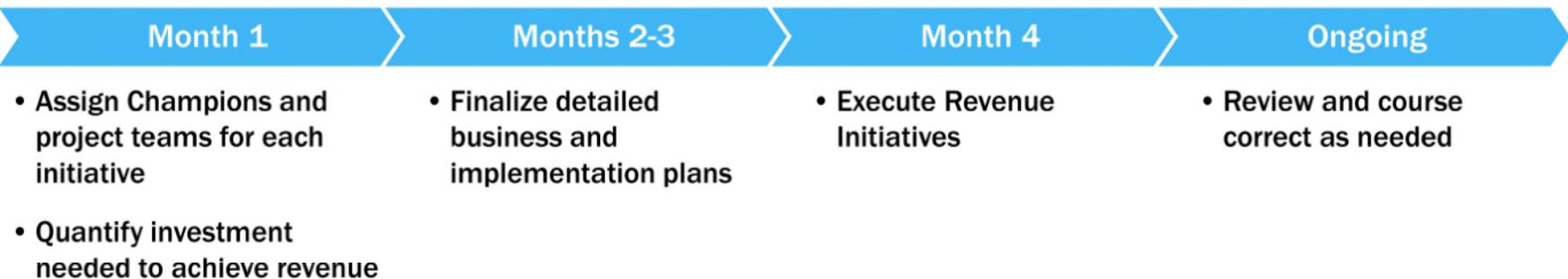
### Categories of Initiatives

- 1 Headcount reductions
- 2 Capex reductions
- 3 Non-labor O&M reductions
- 4 Revenue initiatives

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## PURSUE REVENUE GENERATION INITIATIVES WITHIN EXISTING CONSTRAINTS

- ▶ **Expand Electrification**
- ▶ **Optimize Real Estate**
- ▶ **Launch Retail Marketplace**
- ▶ **Implement Residential Solar Application Fee**

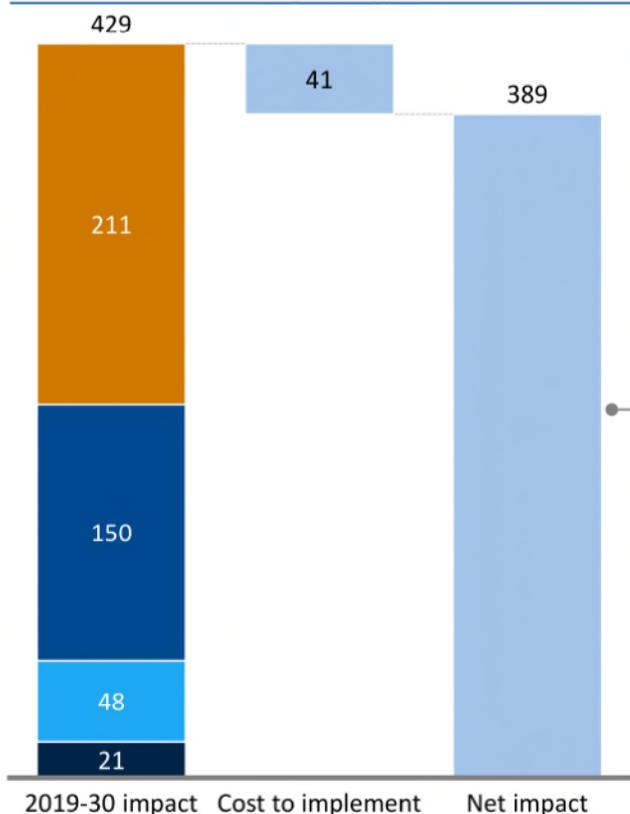


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## Revenue initiatives developed to date provide \$389M additional revenue by 2030

■ Expand electrification
 ■ Real estate optimization
 ■ Retail marketplace
 ■ Residential Solar Application Fee

2019-2030 potential, \$M



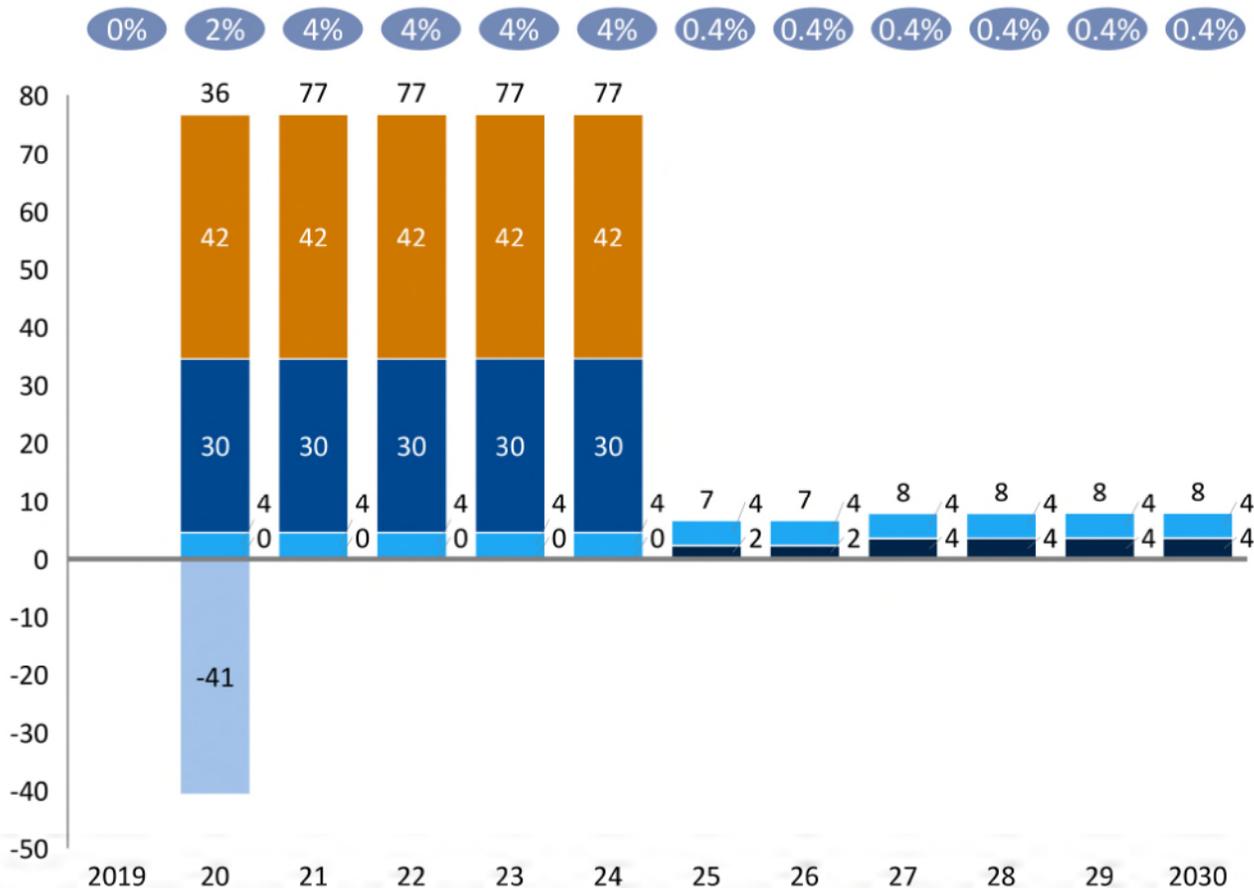
Initiative	Overview	Potential risks & considerations
<ul style="list-style-type: none"> <li>Expand Electrification</li> </ul>	<ul style="list-style-type: none"> <li>Convert more commercial and industrial customer to electric (e.g. vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>No regrets</li> </ul>
<ul style="list-style-type: none"> <li>Real Estate Optimization</li> </ul>	<ul style="list-style-type: none"> <li>Sell/lease surplus properties</li> </ul>	<ul style="list-style-type: none"> <li>Trade-offs; less flexibility</li> </ul>
<ul style="list-style-type: none"> <li>Retail Marketplace</li> </ul>	<ul style="list-style-type: none"> <li>Online marketplace to sell energy-related appliances and services. Use to collect data, create engagement and awareness, and generate modest income.</li> </ul>	<ul style="list-style-type: none"> <li>No regrets</li> </ul>
<ul style="list-style-type: none"> <li>Residential Solar Application Fee</li> </ul>	<ul style="list-style-type: none"> <li>Charge an application/inspection fee to cover the cost of solar PV interconnection reviews and inspections</li> </ul>	<ul style="list-style-type: none"> <li>Trade-offs; publicity and customer pushback</li> </ul>

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## Management Response revenue initiatives generate limited revenue

■ Expand electrification 
 ■ Real estate optimization 
 ■ Retail marketplace 
 ■ Residential Solar Application Fee 
 ■ Total cost to implement 
 % % of total operational revenue

### Management Response revenue initiatives, \$M



- Management response revenue initiatives, starting with electrification and real estate optimization, generate value in the first 5 years
- An additional 15 initiatives were developed by senior management team, not included here given low or uncertain revenue impact
- Given constraints posed by charter, revenue impact from new initiatives is limited (at most, 4% of total annual revenue)
- Key assumptions by initiative:
  - **Expand electrification:** 5-year road and non-road electrification program estimate developed by ICF, using high-end scenario to estimate net margin and up-front cost (costs largely in incentive programs)
  - **Real estate optimization:** Initiative launched in March to sell major surplus real estate properties (including SJRPP), assume \$150m total impact spread evenly over 5 years, with \$10M up-front cost to prepare properties for sale
  - **Retail marketplace:** Assumes \$4.3M annual impact from fee on retail marketplace sales; based on vendor proposal for retail marketplace
  - **Residential solar application fee:** Based on assumption of a \$500 flat fee per residential solar interconnect agreement processed (currently 0 fee), impact scales with number of residential solar customers consistent with energy sales forecast

SOURCE: JEA financial statements, 2018 budget, and senior team initiative development