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Sent: Friday, March 22, 2019 1:01 AM
To: Stewart, Kerri - VP & Chief Customer Officer; Boyce, Gerri M. - Director Media Relations; Goldberg, David M. - Director Customer & Community Engagement
Cc: Maddie Milne; Michael Munz
Subject: K, G, D for your review: Messages

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Kerri, Gerri and David –

I am sorry for the late night delivery. Please see attached DRAFT key messages, in preparation for Tuesday's media/editorial briefings. We leveraged the Board presentation, other key messages sent by Gerri, the Rating deck, in-person/phone conversations over the past two weeks, etc.

I've included questions and thoughts in red, highlighted in yellow throughout. We're available all day tomorrow (and through the weekend) to discuss, edit, etc.

Gerri – let me know if you'd also like for us to pull together reporter backgrounders? I would traditionally, but not sure since these are local reporters if we'd be over-doing it.

Thanks so much!

Banks

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The power of different.

DRAFT: March 21, 2019

Key messages: March 26, JEA senior leadership team (SLT) Jacksonville-local in-person editorial and reporter briefings

Media outlets, editors and reporters (times TBD)

Jacksonville Business Journal

- Timothy Gibbons, editor
- Will Robinson, reporter, JEA beat

Financial News & Daily Record

- Karen Mathis, editor
- David Cawton, associate editor, JEA beat

Florida Times-Union

- Mike Clark, editor, editorial page

State of the industry

- Electric power was first generated, sold and distributed to urban customers in the 1880s, and by the end of the 19th Century the energy generation industry was quickly moving into its first transformation – a transformation marked by the eventual development of a robust, national power grid.
- Today, market forces, innovative technologies and new energy products and services have been/are driving the energy generation industry into another, even more disruptive, transformation:
 - growing use of less expensive natural gas
 - retirement of coal and fuel oil generation for carbon reduction
 - uncertainty in the long-term role for nuclear generation
 - rapid deployment of intermittent renewable energy technologies, and new business models
 - severe weather
 - more jurisdictional interactions at federal, state, and local levels
 - a more engaged and curious residential customer (how they get their power, not just how much it costs)
 - a more environmentally conscience, performance driven business customer

The New JEA: Changing the narrative

- Despite the many changes in the electric industry, JEA has remained true to its fundamental commitment to its customer-owners by continuing to offer competitive rates, high reliability, local control, public accountability and responsive customer service.

I want to add some of the numbers from the Board Deck as proof points, but only the ones also really speak to me from a context, big picture messaging perspective – why should the others matter to reporters?

- **Power generation and energy management**
 - Maintained excellent financial and operational metrics

- Repaid \$326 million of debt in FY2018 for a total reduction of \$1.9 billion since 2009
 - Accelerated \$100 million of debt reduction with February 2019 defeasance and plan to drive debt to a 40-year low
 - Continued to strategically plan to absorb the cost of Plant Vogtle
 - Accelerating nearly all principal due before 2028
 - Capital program includes \$897 million of projects over the next five years *(what are these programs?)*
 - Rates are at the median in the state *(might this elicit additional questions – i.e. why are they median and not low?)*
 - Closed the St. Johns River Power Park, reducing JEA carbon emissions by 30% and saving \$50 million in operating expenses per year starting in 2020
- **Water resources**
 - Strong balance sheet
 - Ample liquidity
 - Superior debt service coverage
 - Debt service coverage expected to be 3.5x to 4x over the next five years
 - Paid down \$74 million debt in FY2018 for a total reduction of \$532 million since 2011 projected to total \$827 over the next five years
 - Accelerated \$95 million of debt reduction with February 2019 defeasance
 - Robust \$1 billion capital program over the next five years *(what does this look like in the context of other community-owned utilities?)*
 - Launched integrated water resource plan *(is this a best practice, or more innovative than other water resource plans across the state and country?)*
- In the process of demonstrating and executing on its commitment to the Jacksonville community **externally**, JEA has had to face the fact **internally** that our operating model of the last 100 years is no longer sustainable.
- We've come to what amounts to a business strategy crossroads, a crossroads that demands an answer to one core question – **is JEA in the power production business, or the energy management business? Will JEA stay safe in the arms of the traditional, or will we commit to disruption in the name of true transformation?**
- We've started to dip our toe into the transformation pool, and as evidenced by this past year, it's cold! New senior leadership, the privatization debate, Plant Vogtle lawsuit and ongoing search for a new headquarters.
- And yet, transformation is the only answer, **it's time to pivot.**
- JEA's unwavering vision to improve lives by accelerating innovation, and mission to become the center of our customers' energy and water experience will be guided and driven by our four value measures:

- customers
 - financial
 - community impact
 - environmental
- We believe that working together, we can build on our strong past, serve our customers in a responsible manner, and create the future utility we want to become.

The proof is in the pudding

- Overall JEA believes that investing in our aging infrastructure and new technology; changing and/or diversifying our power supply portfolio, including using renewable resources (like solar) and increasing energy efficiency and demand response; protecting the environment and rapidly responding to changing customer expectations will be key value driving activities.
- We've already got some of these activities underway in the form of capital programs, growth initiatives, new partnerships and pilot programs including:
 - Demand Rate Study
 - Customer Home Energy Management Tool pilot (Innovation Hub)
 - Electrification: shift from any non-electric source of energy to electricity at the point of final consumption
 - Integrated Water Resource plan
 - Public Private Partnership for Organic Recycling
 - Water purification
 - Biogas Credit Feasibility study
- While there's no real playbook for a transformation of this size and scale, and we're building the bike as we ride it, we are in good company. Every utility in the country (community or privately-owned) is thinking about, planning for, moving towards, in the depths of, the same transformation.
- In the end, JEA recognizes that the value we provide depends on our ability to be customer driven and community focused. **Enter JEA's new, very capable, talented and committed, senior leadership team.**

Senior Leadership Team

Aaron Zahn, chief executive officer

- It's a new day, and I'm more committed than ever to open and transparent two-way conversations with employees, customers, stakeholders and the community at-large.
- It is in this vein that I wanted to introduce JEA's "new" senior leadership team – while not every person is new to the team – **we are a new team.**
- This team represents varying skill sets, backgrounds and knowledge bases from the traditional utility background and outside of it for a reason: as we embark on our

strategic planning process to meet JEA's near-term and long-term objectives, each person will be empowered to bring their own unique experiences to the table.

- The future success of JEA is dependent on having the right people in place for the job – from the men and women maintaining our power lines to the individuals who make up our enhanced leadership structure.
- I am confident this strategically assembled group of leaders will work in tandem with our employees, customers and community to lead JEA into the future.

[SLT introduces themselves]

Suggested addition to each SLT member's talking points: One sentence about Aaron's leadership, in the context of each of their roles + what specifically they hope to bring to JEA's transformation.

Herschel T. Vinyard Jr., Chief Administrative Officer

- Job description/messaging TBD

Melissa Dykes, president and chief operating officer

- As president and COO, I oversee the day-to-day operations of JEA and am responsible for ensuring JEA can provide reliable, affordable and safe utility services to more than one million people across four counties.
- Having served as JEA's chief financial officer and interim CEO, I understand all too well the dynamic state of this industry and the need to evolve our business model to better serve our customers and community.
- I am excited to work with Aaron and this leadership team to forge a strategic path forward to meet our customers' expectations, build their trust and deliver unparalleled service to their homes and businesses.

Ryan Wannemacher, chief financial officer

- I joined JEA as CFO last April and am responsible for ensuring the long-term financial health of the city's asset.
- I do come from a utility background. Before becoming CFO, I served as JEA's director of financial planning and analysis.
- Prior to joining JEA, I was vice president of investment banking at JPMorgan where my clients consisted of many municipal electric, water and gas systems across the country.
- Under Aaron's leadership, we have set forward a sound capital program to maintain excellent financial and operational metrics, while also paying off significant debt (why does paying off debt matter?).

- I look forward to working with this team to adapt JEA's business model into a sustainable utility that will continue to deliver affordable and reliable services to our customers.

Dr. Julio Romero Agüero, PhD, MBA, chief innovation and transformation officer

- My name is Dr. Julio Romero Agüero and I joined JEA as chief innovation and transformation officer in XX.
- I bring over 23 years of energy management and power production experience in areas such as technology and business strategy, grid modernization, electric vehicles and integration of distributed energy.
- My role is to provide leadership in the identification, development and adoption of emerging technologies, behind the meter customer solutions and technology-based infrastructure optimizations.
- Give example of why technology is so important to the JEAs of the country. Contextualize where JEA is on its technology journey compared to other community-owned utilities.
- With Aaron's leadership, support and investment, my team can experiment with new technologies and trends to find what works for our stakeholders.

Mike Hightower, chief government affairs officer

- I joined JEA in 2015 as the chief public and shareholder affairs officer after serving 16 years on JEA's Board of Directors, including two, two-year terms as Chair.
- I bring over 35 years of governmental and legislative relations experience, in roles with Blue Cross Blue Shield of Florida and Holland & Knight LLP.
- Try to answer the question: Will regulatory change come fast enough for utilities to meet evolving customer expectations?
- Having served on JEA's board for 16 years, I will be the first one to tell you that this leadership team truly represents the dawn of a new era in JEA's story.
- These individuals have all of the talent, strength, commitment and tenacity to attain a path forward for JEA amid a drastically changing industry, while still ensuring JEA's tradition of delivering reliable, quality and affordable service to our customers.
- I'm excited for the future and Jacksonville should be too.