



**Materials to assist the
City Council Special Committee on the Potential Sale of
JEA**

March 15, 2018

Contents:

JEA Strategic Planning

American Public Power Association Member Benchmarking

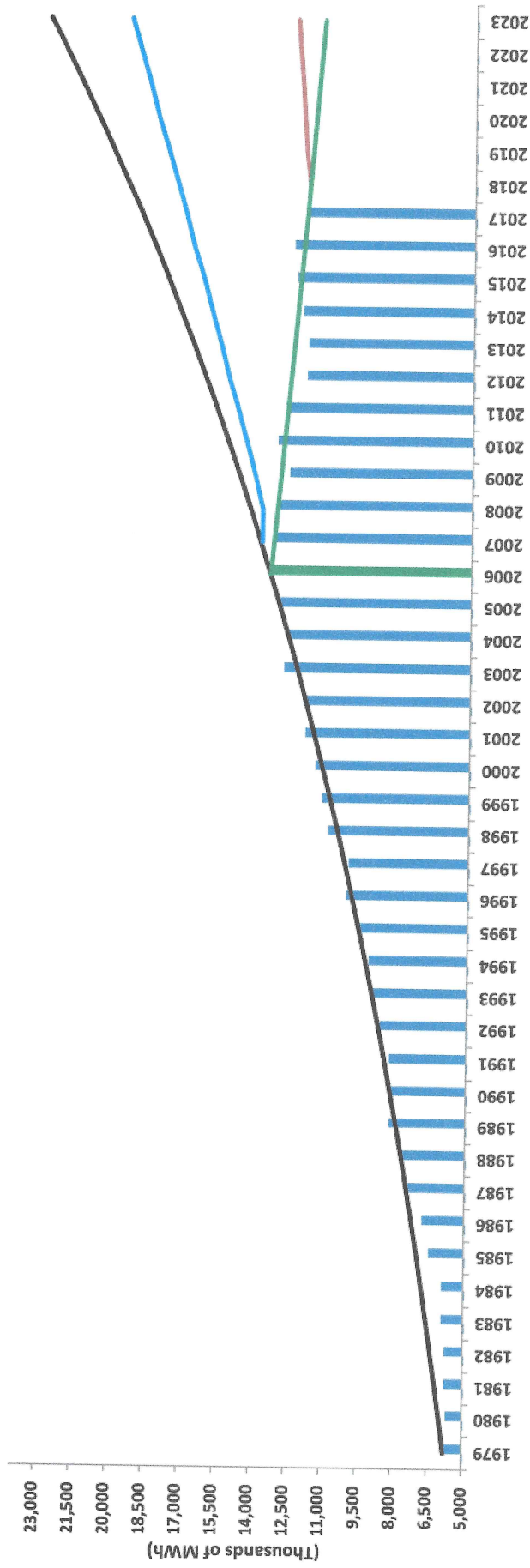
Rating Agency Key Financial Metrics

Reserve Fund Quarterly Report

Rating Agency Reports



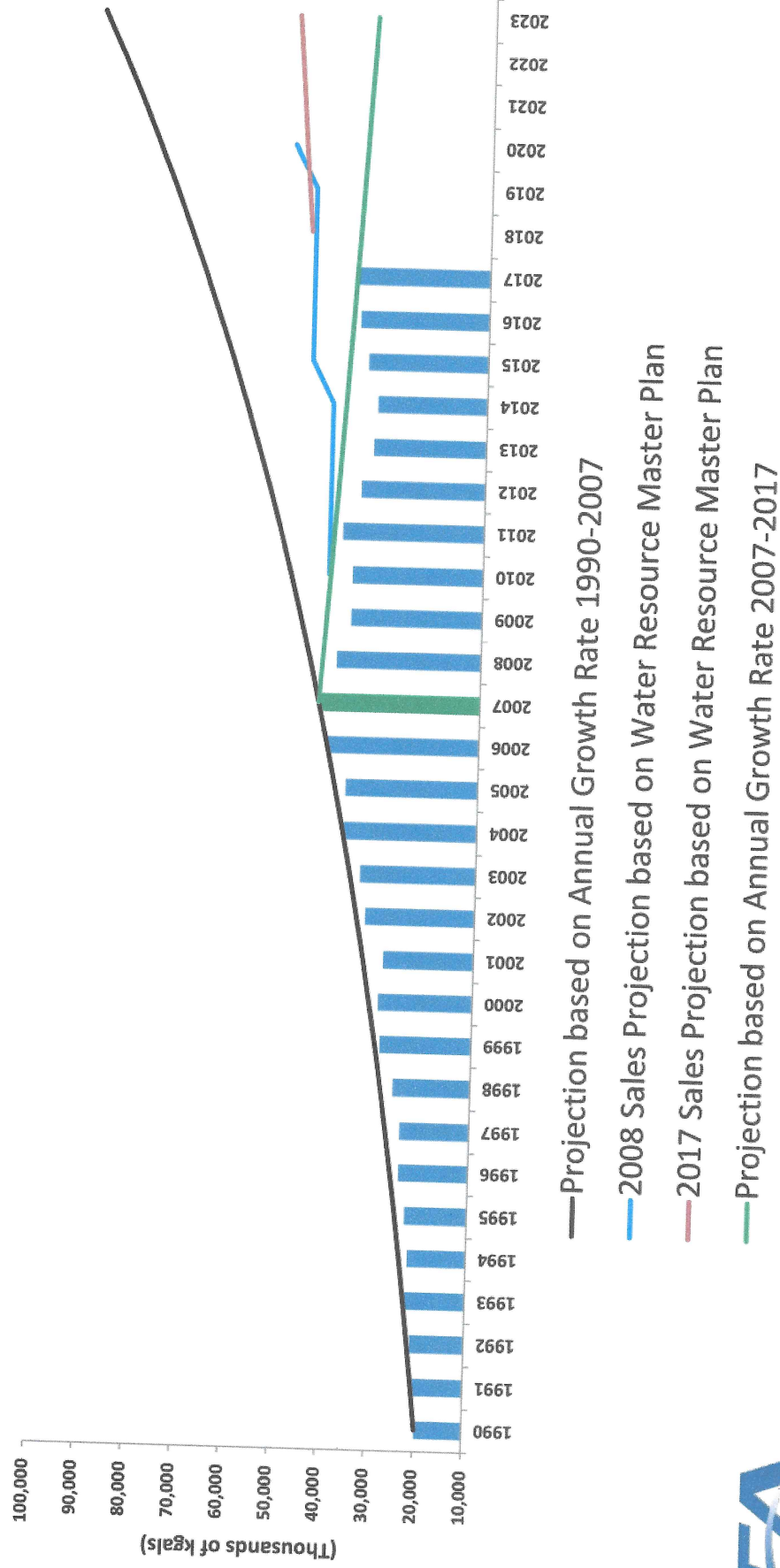
JEA Electric Sales and Projections



- Projection based on Annual Growth Rate 1979-2006
- 2006 Sales Projection (IRP-Based)
- 2017 Sales Projection (TSP-Based)
- Projection Based on Annual Growth Rate 2006-2017



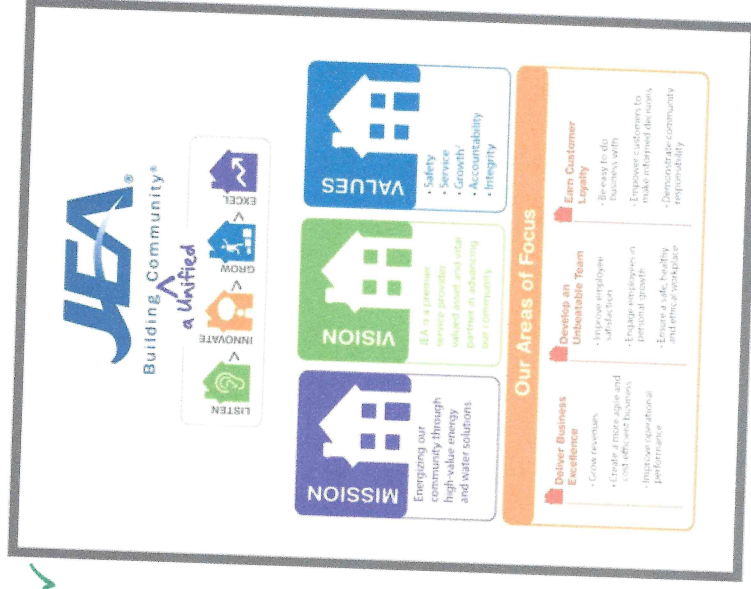
JEA Water Sales and Projections



CEO Update – 5 Year Journey

2013 Goals

- Clean Power Plan Implementation ✓
- Improve Balance Sheet Flexibility: pay-down debt ✓
- Update Electric System Pricing to capture effect of customer-owned distributed generation (solar) and energy efficiency ✓
- Transform Cost Structure ✓
 - Lower costs to match declining revenue ✓
 - Leverage technology to improve productivity ✓
 - Challenging workforce – civil service, union, pension and performance pay (3-5%) ✓
 - Can we participate in additional business opportunities ✓
- Maintain/Improve ✓
 - System Reliability ✓
 - Customer Satisfaction/Loyalty ✓
 - Employee Satisfaction and Engagement ✓
- Vital Partner in Advancing Our Community ✓
 - Government Transfers ✓
 - Water/Sewer Expansion ✓
 - Nitrogen removal from the St. Johns River ✓
 - Economic development ✓

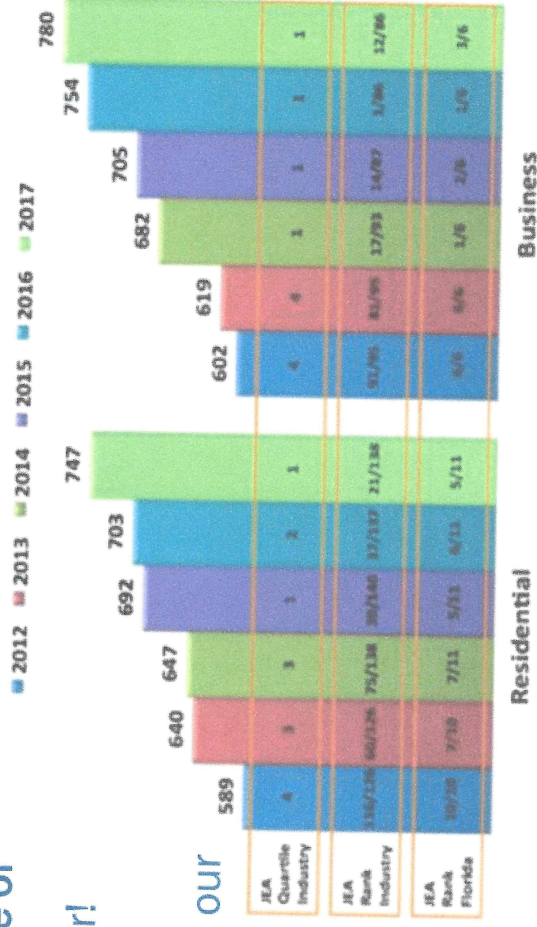


CEO Update - Success

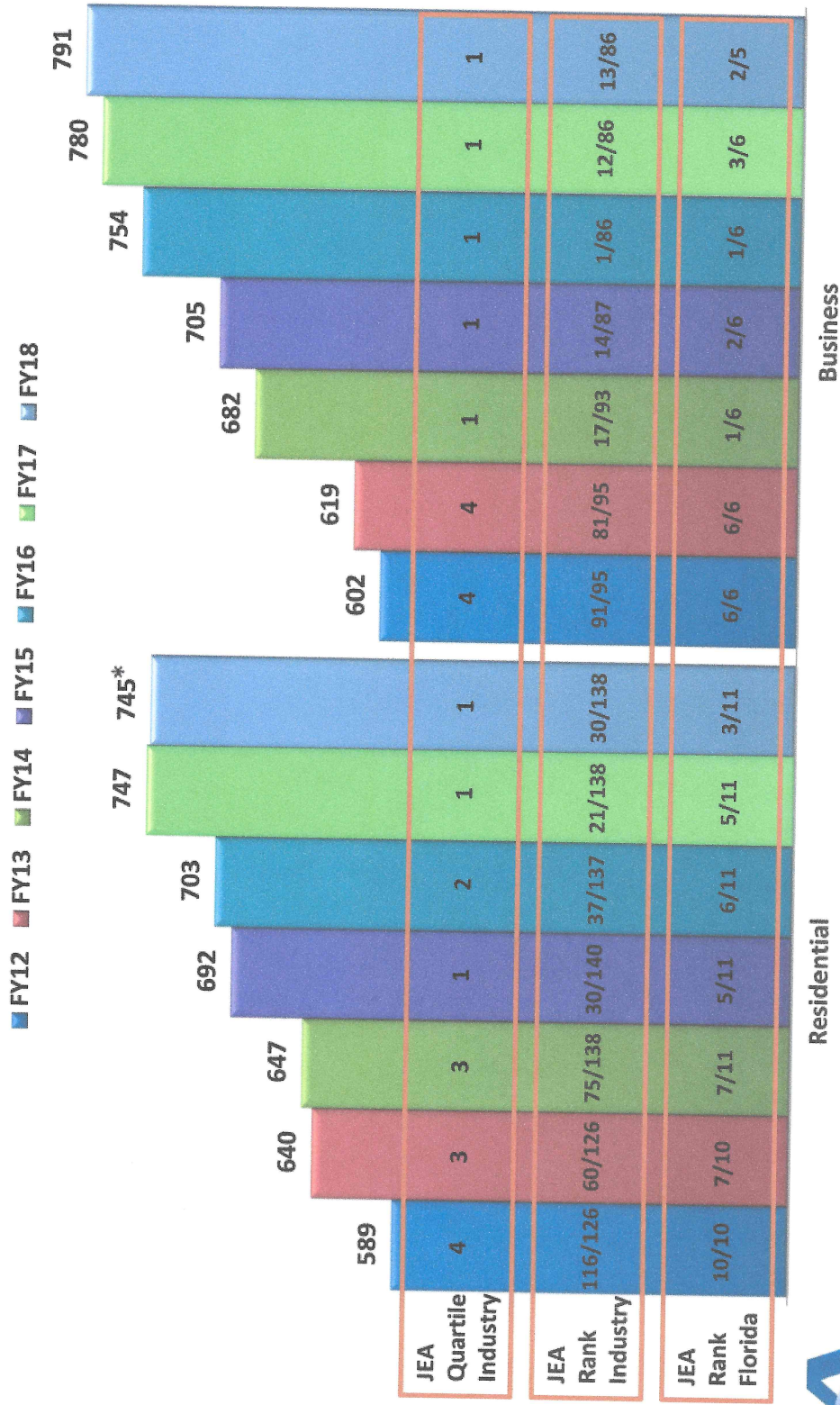
- In 2017 JEA posted a record high J.D. Power Residential Electric Customer Satisfaction score.
- In July, J.D. Power released the 2017 results showing our customers' overall satisfaction has improved for the fifth consecutive year to a score of 747 – our highest Overall Customer Satisfaction ever!
- Customers scored us a whopping 44 points above our 2016 results and 28 points above the national average!



Customer Satisfaction Index Scores



Customer Satisfaction Index Scores



* FY18 Residential W2 YTD



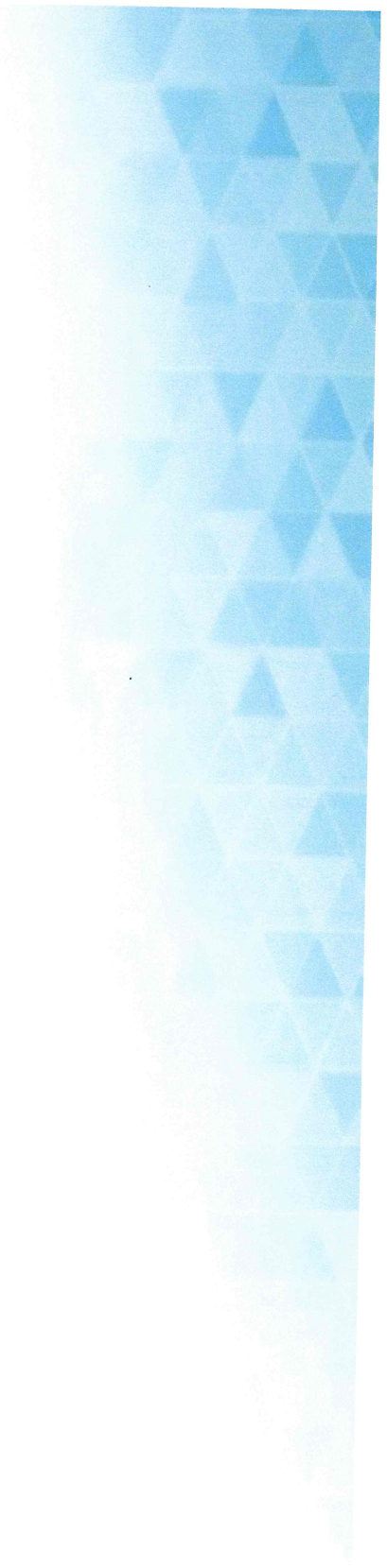
2018 W2 YTD Residential: JD Power Customer Satisfaction Index

Top Quartile (1st)		2nd Quartile		3rd Quartile		Bottom Quartile (4th)		Mean		Rank	
Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
812	1	742	36	742	36	724	69	702	104	702	104
806	2	742	36	742	36	724	69	702	104	702	104
798	3	740	38	740	38	724	69	701	106	701	106
795	4	739	39	739	39	724	69	699	107	699	107
792	5	739	39	739	39	724	69	699	107	699	107
791	6	738	42	738	42	722	75	698	109	698	109
779	7	738	42	738	42	722	75	698	109	698	109
779	7	738	42	738	42	722	75	696	111	696	111
776	9	738	42	738	42	722	75	695	112	695	112
775	10	738	42	738	42	722	75	695	112	695	112
775	10	738	42	738	42	722	75	695	112	695	112
774	12	737	46	737	46	721	78	694	114	694	114
773	13	737	46	737	46	721	78	691	115	691	115
771	14	736	48	736	48	720	80	686	116	686	116
770	15	736	48	736	48	720	80	686	116	686	116
768	16	735	50	735	50	719	83	686	116	686	116
767	17	734	51	734	51	719	83	685	119	685	119
766	18	734	51	734	51	718	85	685	119	685	119
762	19	734	51	734	51	718	85	685	119	685	119
760	20	733	54	733	54	717	87	684	122	684	122
759	21	732	55	732	55	717	87	683	123	683	123
758	22	732	55	732	55	715	89	683	123	683	123
758	22	731	57	731	57	713	90	682	125	682	125
755	24	731	57	731	57	712	91	681	126	681	126
753	25	729	59	729	59	712	91	679	127	679	127
750	26	729	59	729	59	711	93	676	128	676	128
747	27	728	62	728	62	709	94	674	129	674	129
747	27	727	63	727	63	709	94	668	130	668	130
746	29	726	64	726	64	708	97	666	131	666	131
745	30	726	64	726	64	706	98	663	132	663	132
744	31	725	66	725	66	705	99	660	133	660	133
744	31	725	66	725	66	704	100	659	134	659	134
744	31	725	66	725	66	704	100	659	134	659	134
743	34	725	66	725	66	704	100	657	136	657	136
743	34	725	66	725	66	704	100	653	137	653	137
743	34	725	66	725	66	703	103	647	138	647	138
								624	139	624	139

JD Power Business FY18 Final

Top Quartile (1st)	Mean	Rank	2nd Quartile	Mean	Rank	3rd Quartile	Mean	Rank	Bottom Quartile (4th)	Mean	Rank
Alabama Power	819	1	Duke Energy-Midwest	779	23	PECO	761	43	NYSEG	752	64
Duquesne Light	816	2	Atlantic City Electric	776	24	NES	761	43	West Penn Power	752	64
Portland General Electric	804	3	Con Edison	775	25	NorthWestern Energy	760	45	The Illuminating Company	752	64
Georgia Power	801	4	Kentucky Utilities	775	25	Energy Louisiana	759	46	Dayton Power & Light	748	67
Energy Mississippi	800	5	Ameren Missouri	774	27	OG&E	759	46	San Diego Gas & Electric	748	67
Gulf Power	799	6	Indianapolis Power & Light	774	27	Southern California Edison	759	46	NV Energy	747	69
Public Service Co. of Oklahoma	799	6	Ohio Edison	773	29	Louisville Gas & Electric	758	49	Delmarva Power	744	70
SRP	798	8	Xcel Energy - Midwest	773	29	Westar Energy	758	49	National Grid	742	71
Energy Texas	797	9	PPL Electric Utilities	771	31	Rocky Mountain Power	757	51	Appalachian Power	741	72
SMUD	796	10	We Energies	771	31	PSE&G	756	52	El Paso Electric	741	72
DTE Energy	793	11	Duke Energy-Florida	771	31	AEP Ohio	756	52	Alliant Energy	736	74
Idaho Power	793	11	South Carolina Electric & Gas	771	31	Consumers Energy	756	52	Austin Energy	736	74
JEA	791	13	Duke Energy-Carolinas	769	35	L. A. Dept. of Water & Power	756	52	NIPSCO	735	76
BGE	790	14	Tampa Electric	766	36	Jersey Central Power & Light	755	56	Potomac Edison	734	77
Seattle City Light	790	14	ComEd	765	37	Met-Ed	755	56	Central Maine Power	731	78
Florida Power & Light	789	16	Indiana Michigan Power	765	37	Ameren Illinois	755	56	Penelec	725	79
MidAmerican Energy	784	17	Southwestern Electric Power	765	37	Puget Sound Energy	755	56	Eversource Energy	722	80
WPS	784	17	APS	765	37	Pepco	754	60	Avista	719	81
Dominion Virginia Power	784	17	Entergy Arkansas	763	41	KCP&L	754	60	MLGW	718	82
Omaha Public Power District	783	20	Xcel Energy - West	762	42	Pacific Gas and Electric	753	62	PSEG Long Island	710	83
CPS Energy	783	20			Pacific Power			Central Hudson Gas & Electric	710	83	
Duke Energy-Progress	780	22						PNM	709	85	
								Mon Power	708	86	

Review of 2017 YE Metrics



Deliver Business Excellence

Co-Champions: Paul Cosgrave, Melissa Dykes and Ted Hobson

Grow Revenues	FY17 Goal	2017 YE
Reduce unbilled revenue		
Grow non-core utility businesses <ul style="list-style-type: none"> • Telecommunication/fiber <ul style="list-style-type: none"> • Dark Fiber • Wireless Colocation • Natural Gas Sales • Joint Dispatch (GRU) • Pole attachments 		
Grow revenues from new business lines and unbilled revenue reductions	\$12M	\$11.9M



Deliver Business Excellence

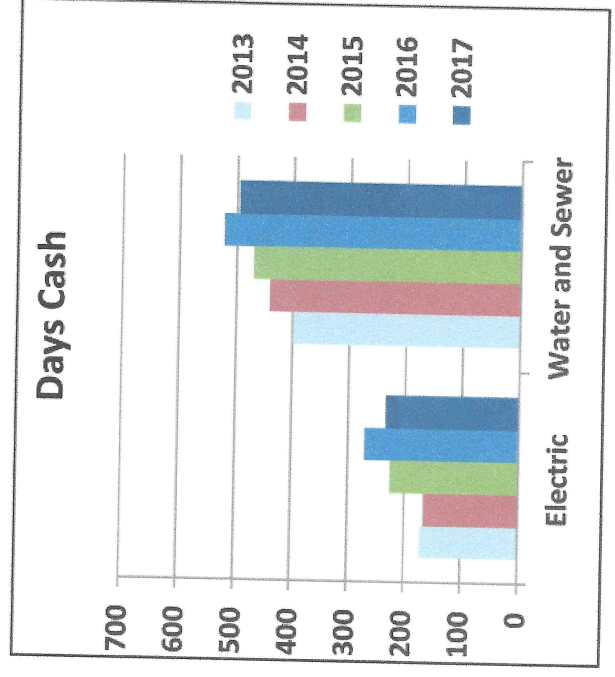
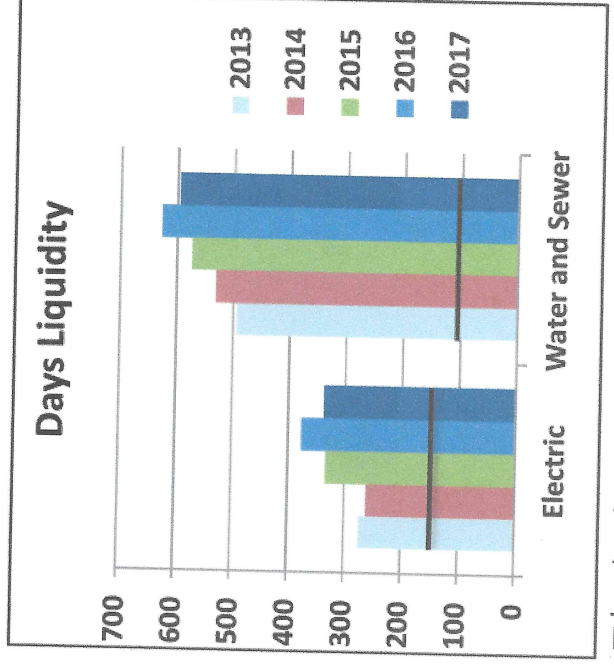
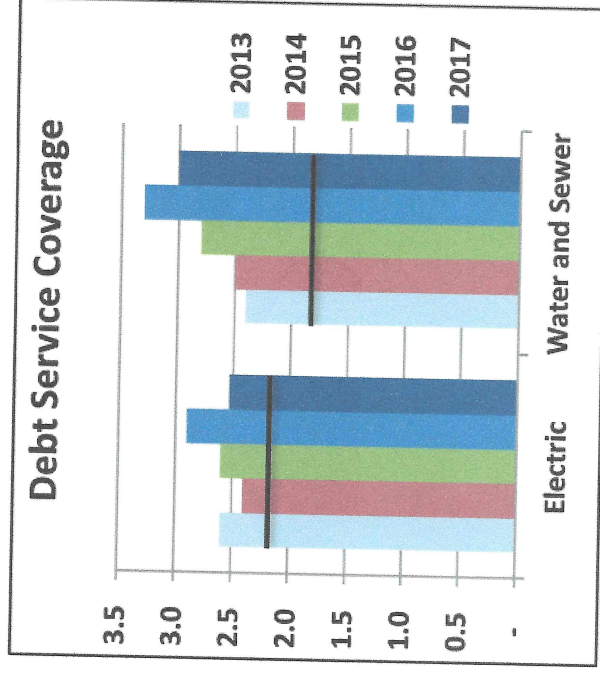
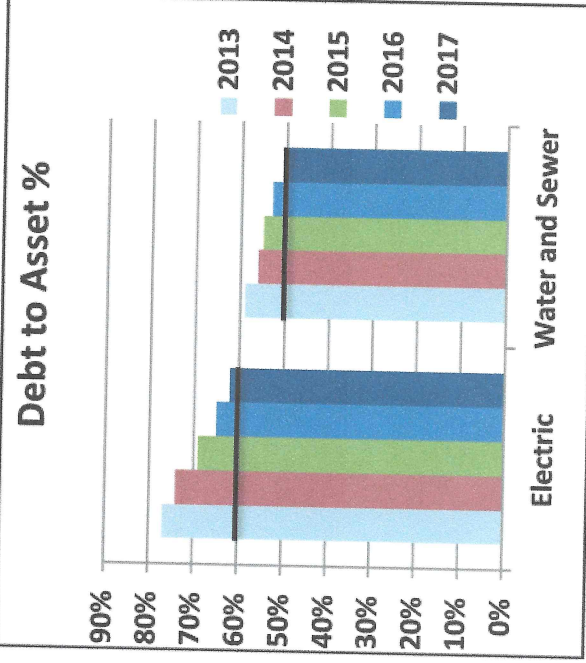
Leverage EAM Principles	FY17 Goal	2017 YE
Leverage EAM principles to improve systems efficiency and cost structure		
Identify EAM principle-driven projects capable of producing \$10 million of annual value	\$10 million	>\$10M identified
Cost performance: 1a. Non-Fuel Electric \$/MWh 1b. Water \$/kGal 1c. Wastewater \$/kGal	< 1a. \$53.94/MWh 1b. < \$4.75/kGal 1c. < \$10.27/kGal	1a. \$52.50/MWh 1b. \$4.57/kGal 1c. \$9.20/kGal
Debt/Asset Ratio Reduction - No new debt in FY2017	\$0	\$0
No base rate increases projected for at least 5 years in electric, at least 10 years in water/sewer	No base rate increases	No base rate increases



Key Financial Metrics

FY2017 results demonstrated strong performance across all key financial metrics

- FY2017 Debt Service Coverage remains strong and provides financial flexibility to respond to industry challenges
- Debt-to-Asset % continues to improve and approach long-term targets
- Days Liquidity and Days Cash metrics continue to be strong and provide the ability to invest in infrastructure in both systems without the need for additional debt



— Long-term targets per JEA Pricing Policy