



Update on JEA

FMIPA Board of Directors

September 19, 2019

FMPA Position on Local Control

Every Municipal Has Right to Manage Its Affairs

- FMPA acknowledges every municipal utility has the right to locally manage its own affairs
- FMPA's members desire to:
 - Stay informed on reasons a municipal utility would wish to re-evaluate the business, and
 - Understand similarities and differences in the perspectives of the municipals evaluating the possible exit from the business
- FMPA's analysis and information presented to inform its members on JEA's Strategic Analysis

FMPA Board Position on Public Power

Municipals Will Defend the Business Model

- As low-cost, reliable and community-valued utilities, municipals are concerned about statements regarding the municipal business model
- JEA says the municipal model is too limited and cannot compete

“The problem is not being community owned; The problem is being government with government restraints in a competitive market.”

JEA presentation
July 23, 2019

“By the mid-2020s, we expect customers to be able to self-serve with a battery and solar system at a cheaper cost than JEA can provide.”¹

Ryan Wannemacher
CFO of JEA

- FMPA believes all Florida municipal electrics have the resource options available to compete and add value for their customers

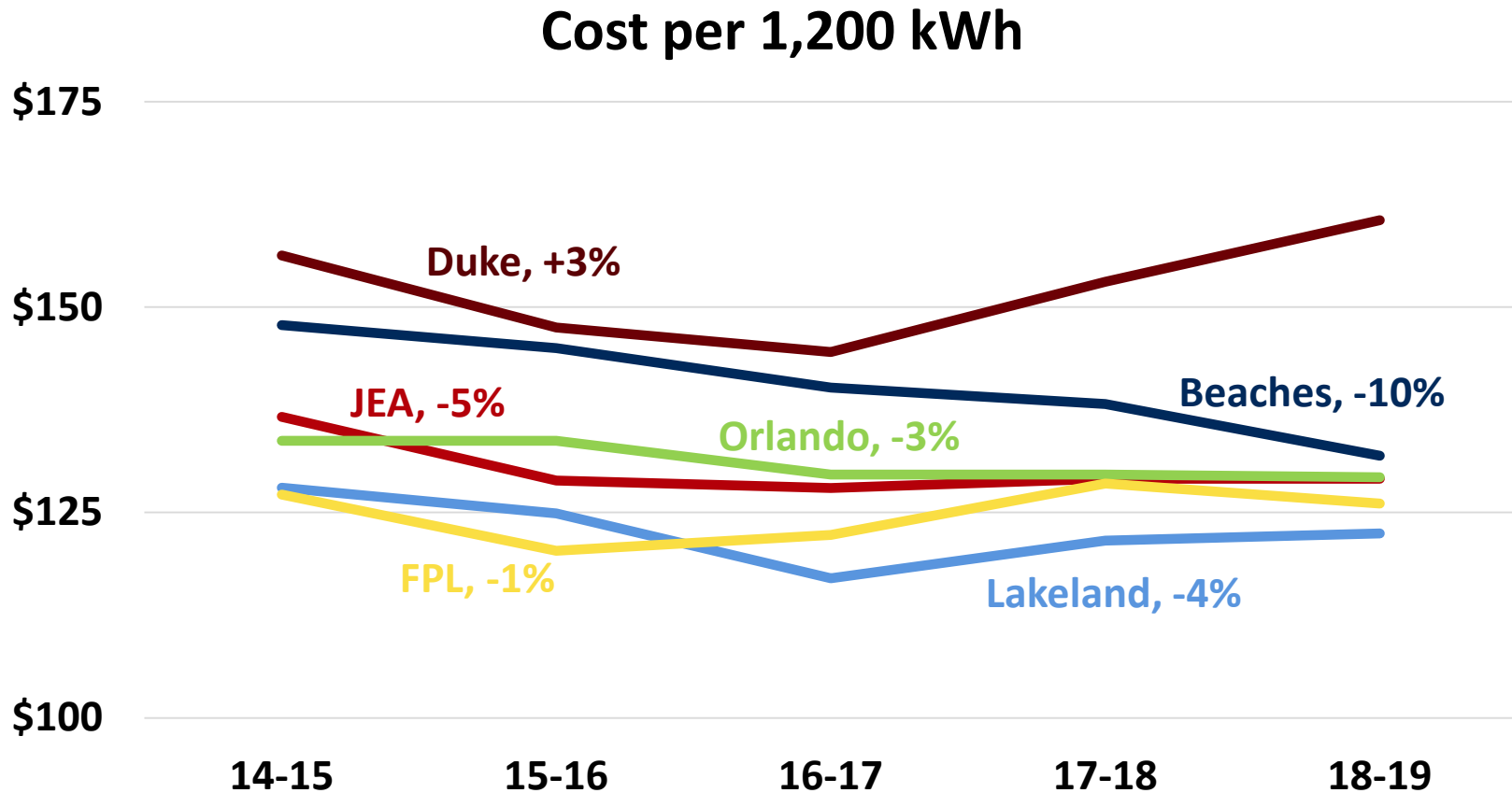
Review of Data Analysis from August

JEA's Rates, Reliability & Growth Similar to Others

- JEA a well-managed utility and in a similar position to that of other large municipal utilities in Florida
- JEA's electric rates very competitive and declining, like many other municipal utilities in Florida
- JEA's electric reliability among the best in the state
- JEA's load growth of 1.3% per year from 2013-2018 similar to FMPA's ARP, Lakeland and OUC
- JEA's projected load growth in its Ten-Year Site Plan (TYSP) of ~0.5% per year is lower than the historic growth rate but in line with TYSP projections of other IOUs and municipals in Florida

JEA Residential Rates Comparison

*JEA Rates Competitive and Declining**



JEA Reliability Competitive

JEA Highly Reliable

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.

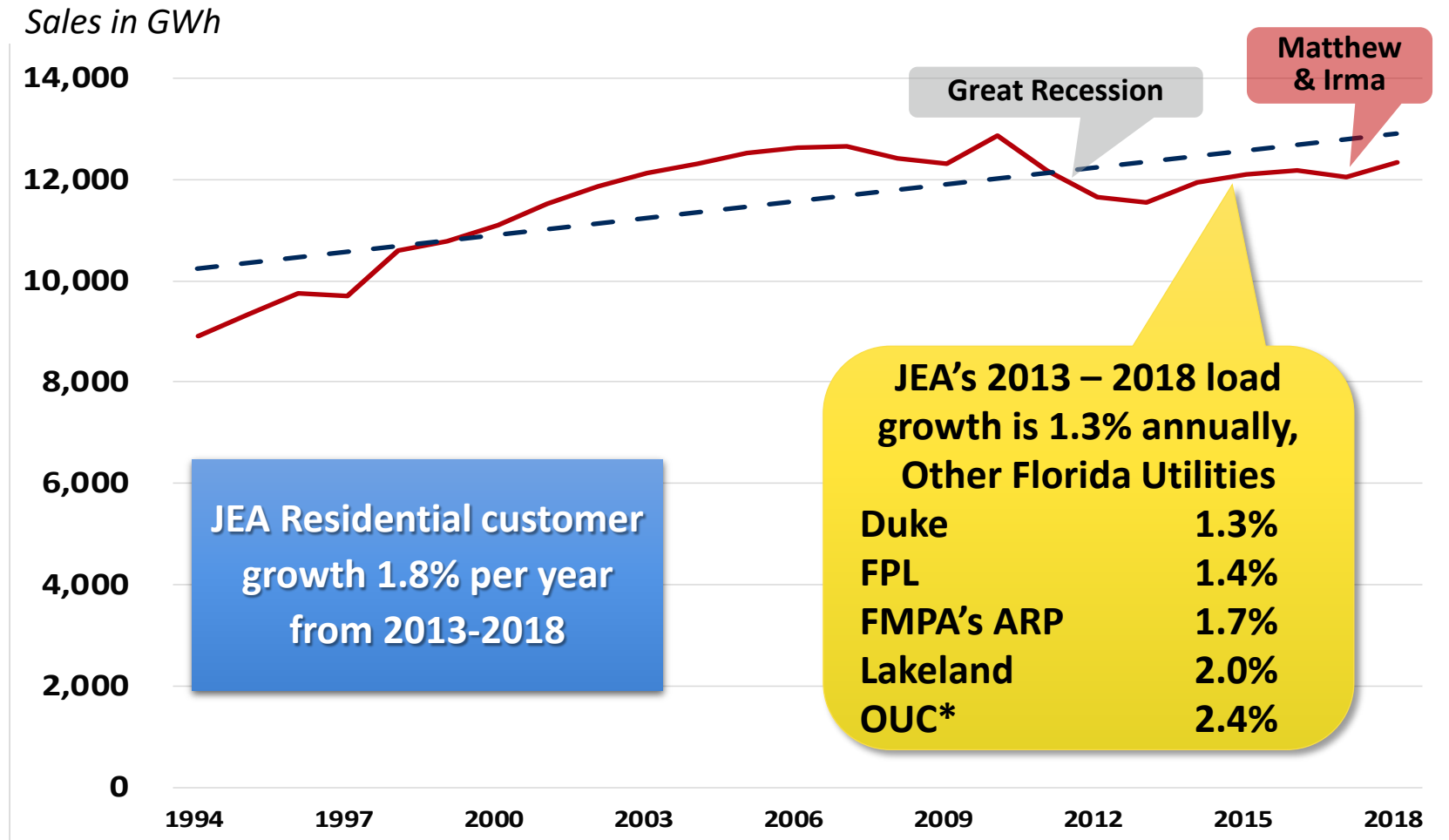
² SAIDI = Average duration of interruptions for the average customer.

³ CAIDI = Average repair time experienced by the average customer who experienced an outage.

⁴ SAIFI = Average frequency of interruptions for the average customer.

JEA's Sales to Native Territory Customers

Sales Pattern Similar to Other FL Utilities

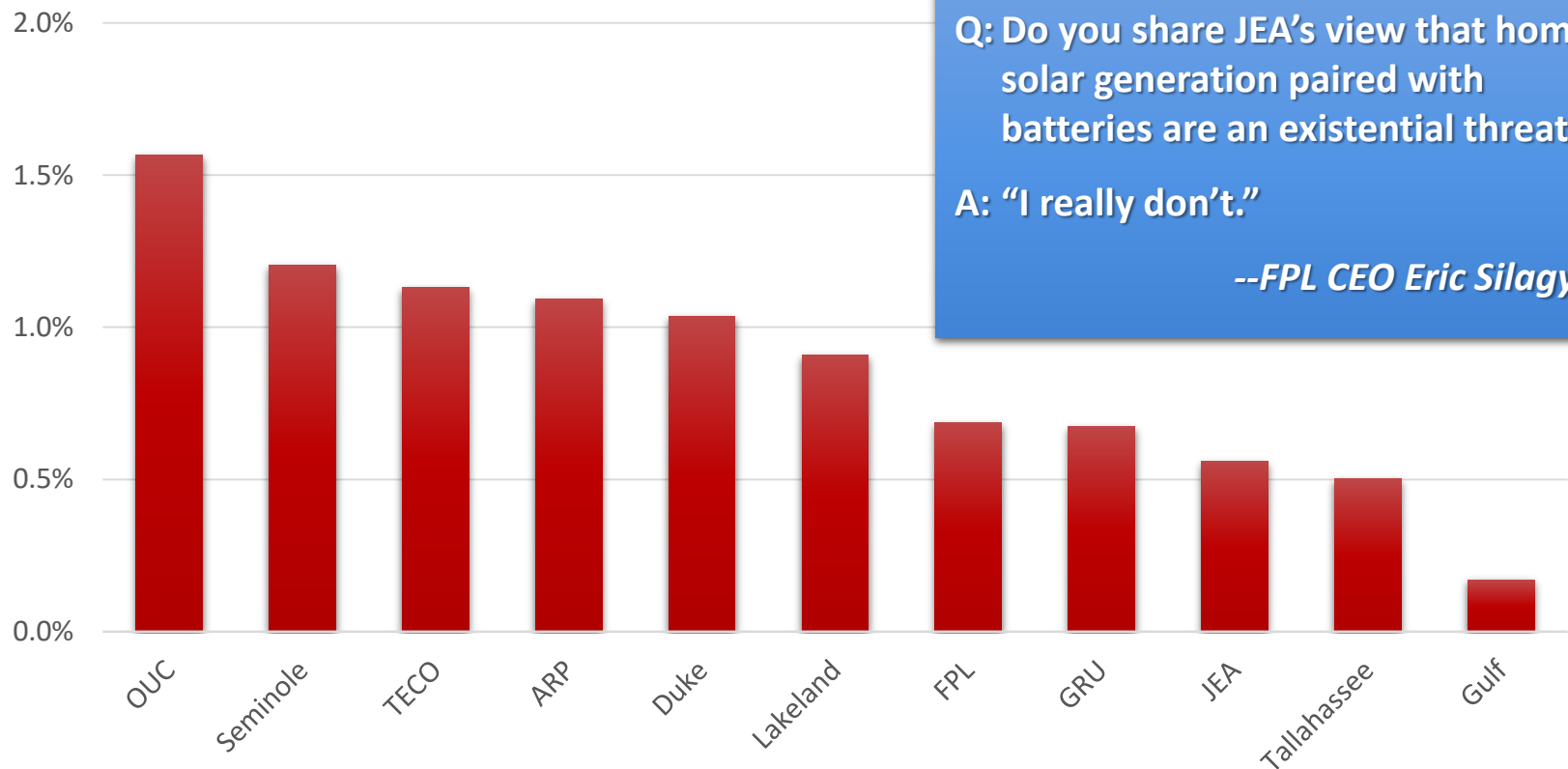


All Other FL Utilities Projecting Growth

JEA's TYSP Projects Growth in Line Last 5 Years

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

JEA's Business as Usual Assumptions Pessimistic

Florida IOU and Muni Models More Optimistic

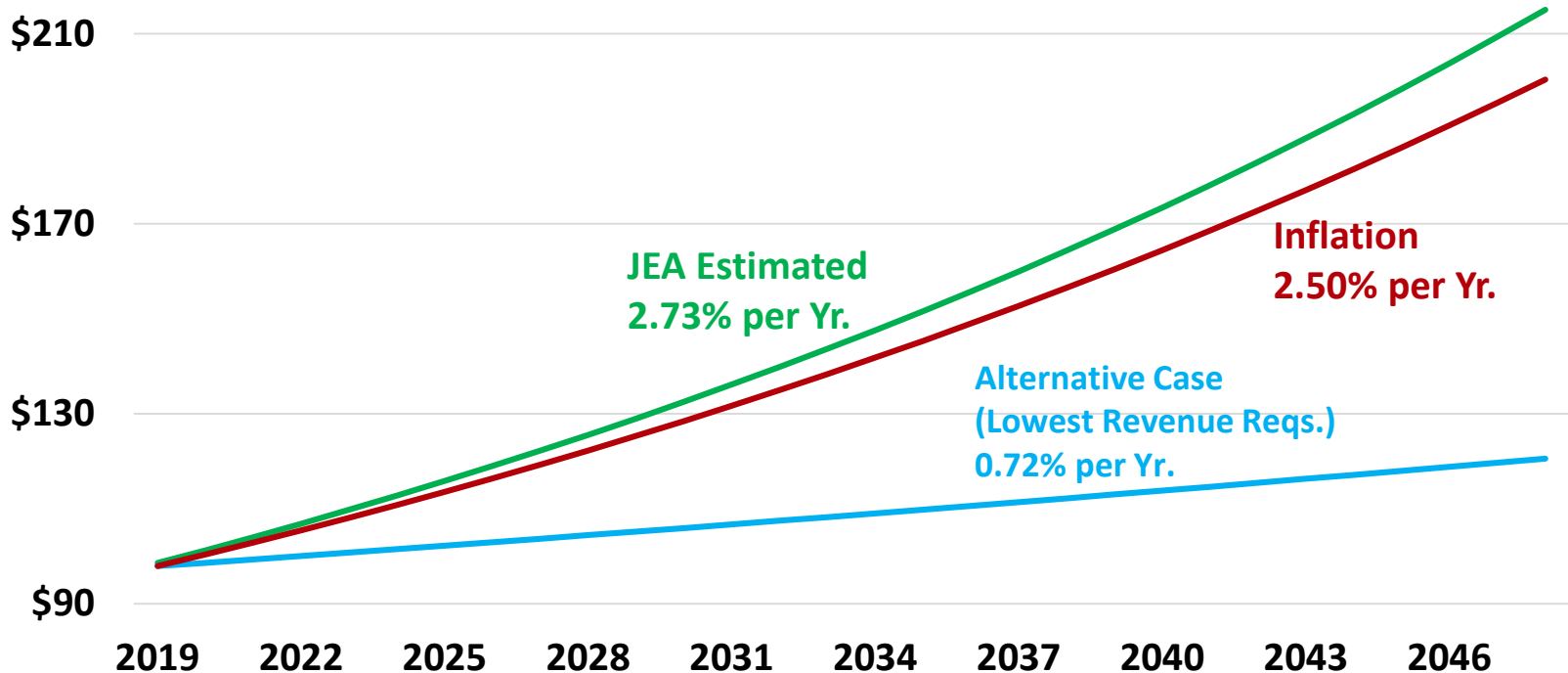
- JEA's Business As Usual (BAU) model presented to its Board uses more pessimistic assumptions than other IOUs and municipals in Florida
- An approximation of JEA's BAU model leads to rate increase of ~2.7% per year for 10 years while holding city transfers relatively constant
- Applying assumptions consistent with other IOUs (TYSP) and FMPA's Strategic Plan assumptions lead to rate increases of ~0.7% per year for 10 years with consistent city transfers
- These different assumptions lead to an extra ~\$1.25B value for JEA's electric utility over 30-year period
- All Florida utilities sensitive to these same business assumptions

Even JEA BAU Rate Increases Not Unreasonable

All Florida Utilities Have Similar Impacts with JEA BAU Assumptions

Estimated Average Revenue Comparison

Dollars per MWh, Nominal Dollars

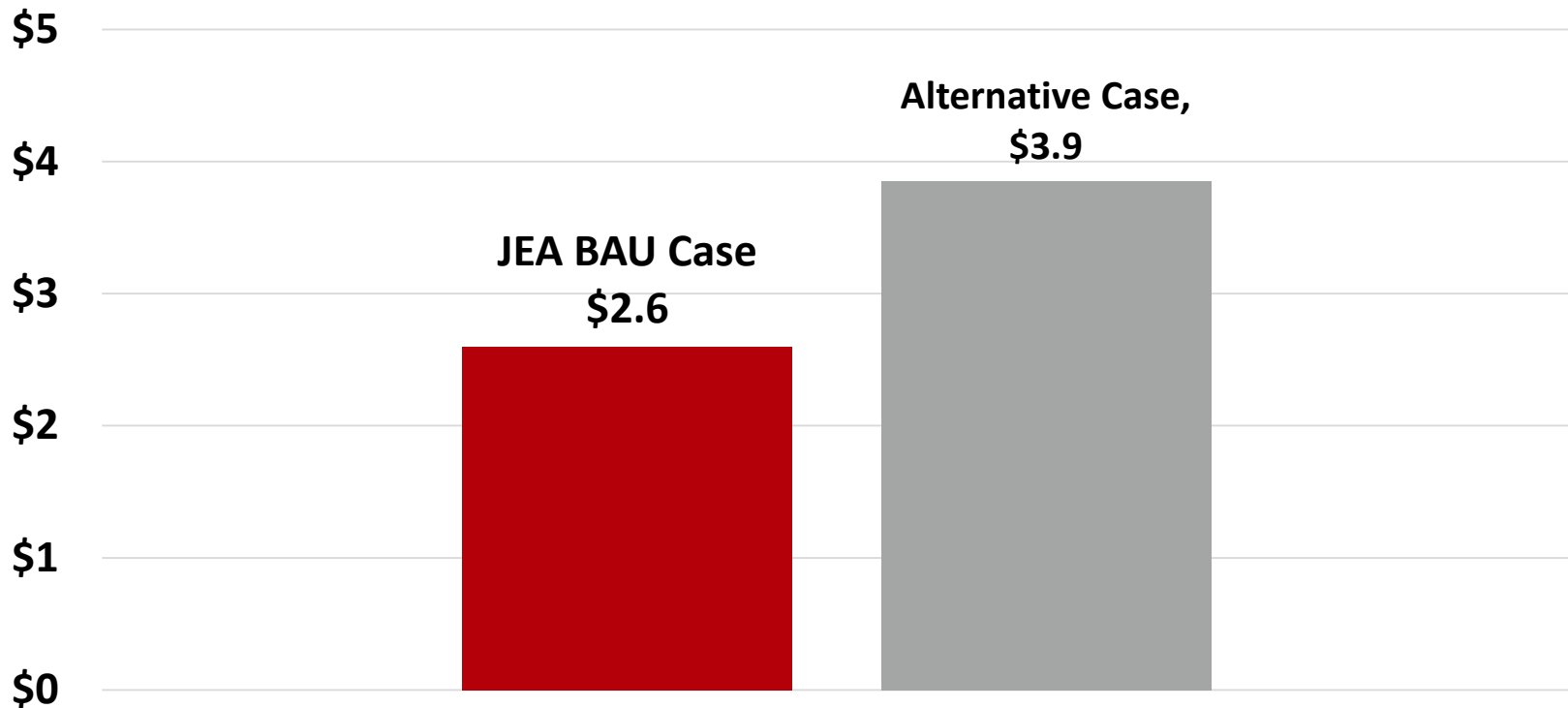


NPV of Value Delivery Significant

JEA BAU Does Not Consider Upside*

Est. NPV of Value Delivery (incl. Lower Rates in Alt. Case)

In Billions of Dollars, 30-Year Study Period

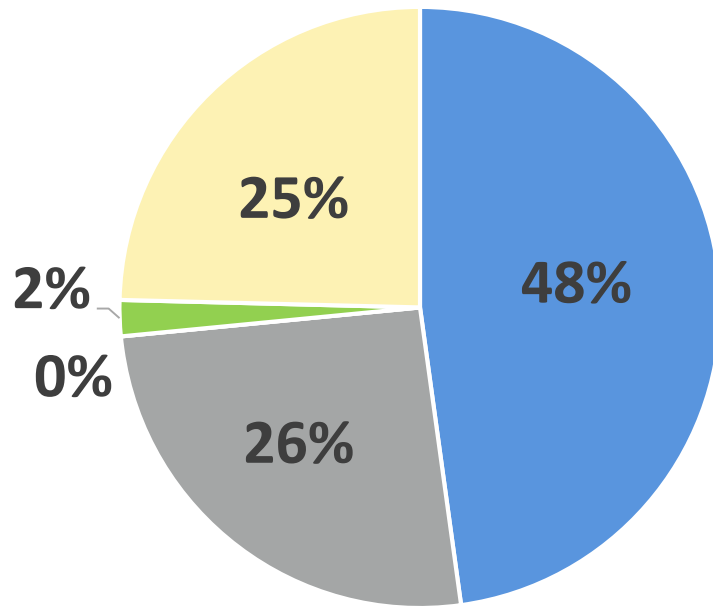


*Estimate only. Reflects high-level estimate of JEA BAU case.

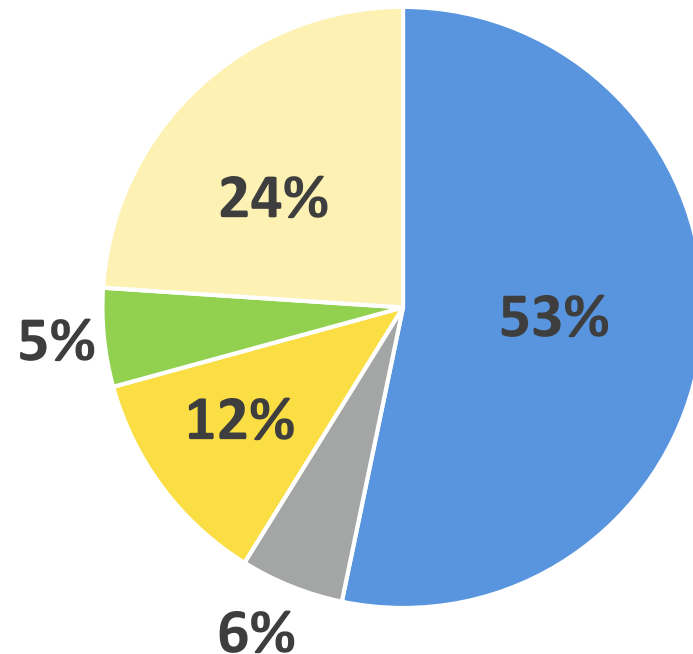
Modeling Includes 12% Vogtle Addition

JEA to Increase Nuclear, Gas and Solar; Decrease Coal

2019 Energy Mix*



2030 Energy Mix*



■ Gas ■ Coal ■ Nuc ■ Renewable ■ Economy Purchases

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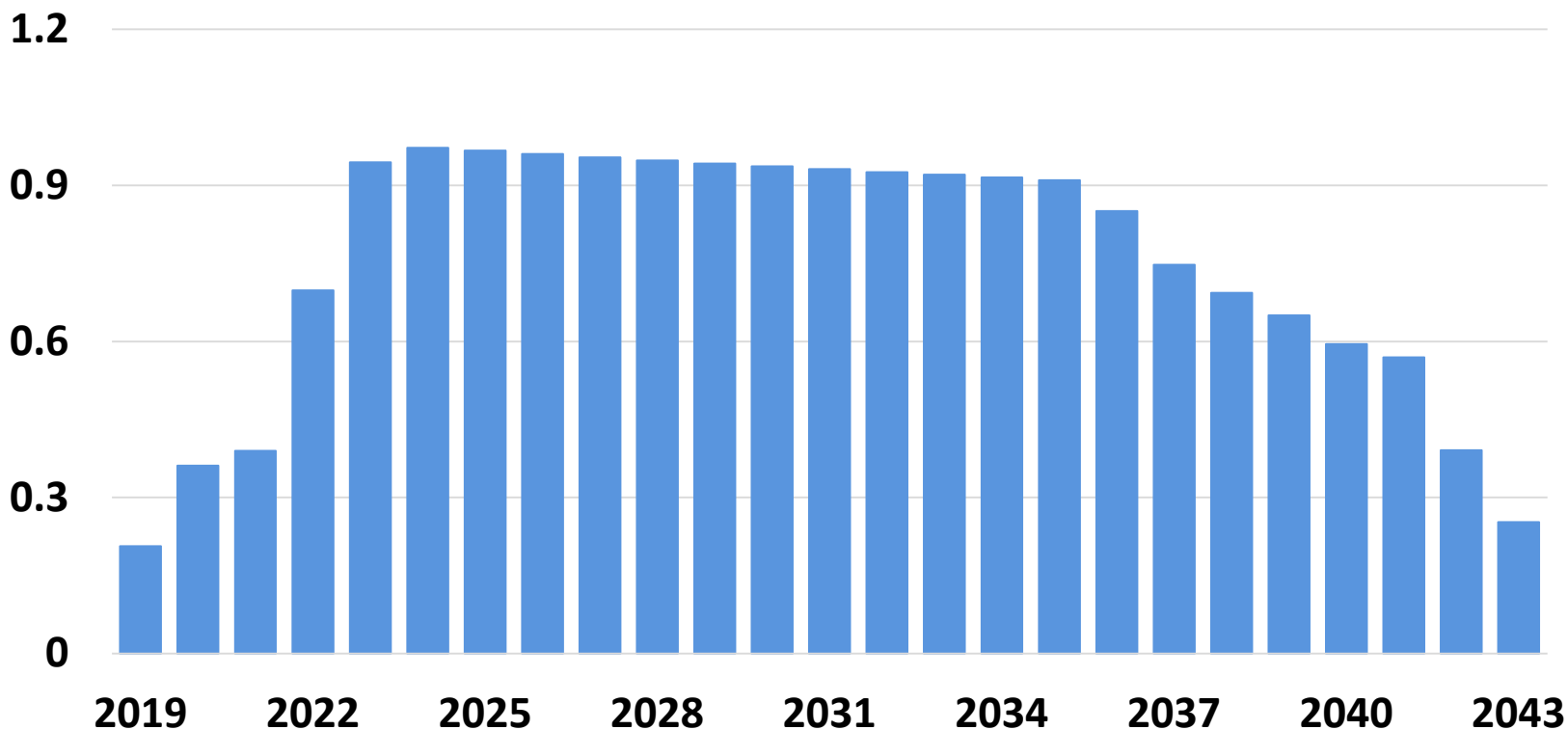
*Based on Alternative Case dispatch. JEA's most recent Annual Disclosure Report projects ~20% economy purchases for 2019.

Vogtle Increases Costs ~1 Cent/kWh

Customer Impact on Bill ~9%, Manageable

Estimated Cost Impact of Vogtle PPA (Alternative Case)

Cents per kWh of JEA Sales, Nominal Dollars



Alternative Case Revised Assumptions

Each Has Basis to Realize Benefits

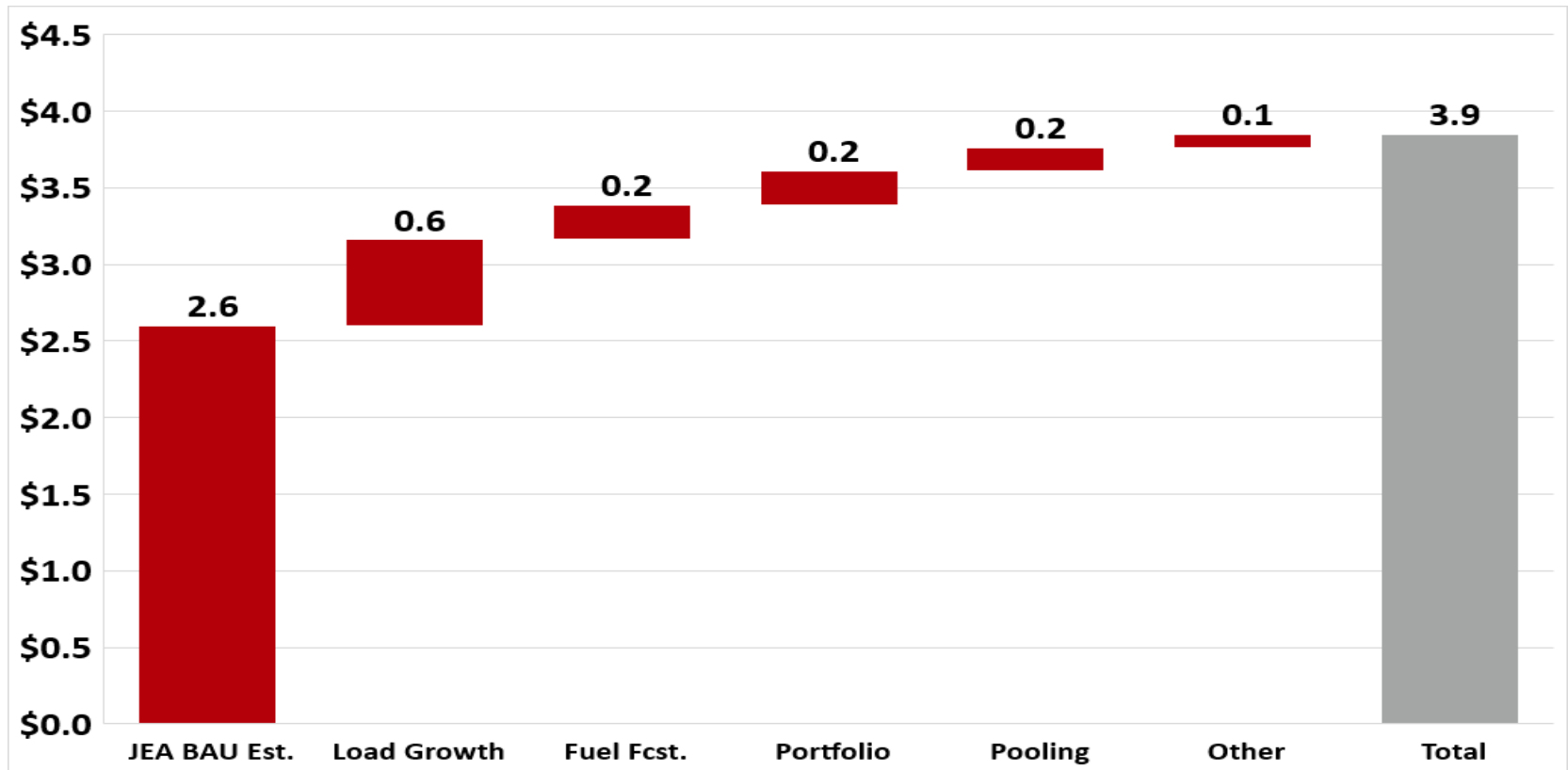
Adjustment	Basis to Realize
<p>TYSP Load Growth</p> <ul style="list-style-type: none"> JEA BAU: ~1% Decline Alternative: ~0.5% Growth 	<ul style="list-style-type: none"> Rates restructured to match costs Solar subscriptions offered EE impacts more gradual Strong population/meter growth
<p>Resource Portfolio</p> <ul style="list-style-type: none"> Retire Northside Coal Replace with Least Cost MWs 	<ul style="list-style-type: none"> Certain JEA resources are out of the money/inefficient Excess market capacity can replace resources, as needed
<p>Economy Energy Pooling</p> <ul style="list-style-type: none"> JEA BAU: Sole Balancing Authority Alternative: More coordinated exchanges with municipals 	<ul style="list-style-type: none"> JEA can buy more economy energy if pooled with others
<p>Escalations for Fuel, O&M and R&R</p> <ul style="list-style-type: none"> JEA BAU: ~3 - 5% annually Alternative: ~2.5% annually 	<ul style="list-style-type: none"> Escalations follow logical path relative to growth and consistent with longer term markets

Negative Load Growth Major Swing Factor

Management of Power Supply and Fuels Also Significant Factors

Estimated Impact of Key Assumptions

Billions of Dollars



JEA Employees Valuable for Jacksonville

~1,200 Local Employees Means \$58M in Benefits

- JEA provides employment to 1,553 electric employees (based on FY '18 budget); estimate ~1,200 jobs retained net of plant efficiencies for long-term
- After estimated taxes and deferrals for savings, a portion of that pay stays in local economy
- Some amount spent on goods and services outside local economy
- Estimated net impact on local economy ~\$58M
- Assumes Northside coal plant efficiencies

JEA a Well Run and Valuable Utility

All Municipals Have Tools Available to Manage Noted Risks

- JEA well run and valuable utility with a growing load, competitive rates, great customer service and high reliability
- JEA similar to other Florida IOUs and municipals on key metrics
- JEA BAU case notably more pessimistic than the view of other Florida IOUs and municipals
- Assumption differences lead to rate increase delta of 2 percentage points per year or \$1.25 B in value over 30 years
- All Florida electrics subject to impacts from load loss, fuel prices and general cost escalations
- Municipals have rate and service options available to them to minimize potential load loss and/or cost shifts to serve all customers
- Municipals can proactively manage changing business environment to stay competitive and add value to the communities they serve