

The Journey Back to JEA

Raynetta Curry Marshall

When: 4:15-5:00 p.m., Wednesday, July 19, 2023

Where: The Vinoy, St. Petersburg

JEA attendees: Ricky Erixton, Alan McElroy, Wayne Young, Kevin Holbrooks, Janie Smalley (*Maybe a few others, waiting to hear from Nicole.*)

Tech: FMEA will provide a wireless clicker for your PowerPoint, and a confidence monitor will be on the floor. You will have the option of using a podium or lavalier microphone.

Talking points:

- I'm honored to be here today. Thank you to Amy for the invitation.
- I'm here to share with you a little about the journey that this incredible organization, JEA, has been on for the past several years.

OUR SERVICE AREA

- Let me begin by telling you about our customers and the area we serve.
 - JEA's service area covers over **900 square miles** including Duval County and parts of Clay, St. Johns and Nassau counties.
 - We own **more than 744 miles of electric transmission lines**
 - **7,100 miles of distribution lines**
 - We **provide electricity to more than 500,000 customers** in Jacksonville and surrounding communities in Northeast Florida; this encompasses more than **1 million residents** within our region
 - But we do more than just provide electricity to our area. We also are responsible for the **water supply to nearly 400,000 water customers**. Delivering more than **120 million gallons of drinking water** each day to our customers. JEA's water system – potable water and our region's sewer system -- is **one of the largest and most complex in the country**.

OUR HISTORY

- JEA's history began in the 1890s, when private companies competed with the City of Jacksonville to provide its electricity.
- The city won, and a municipal utility was born. Jacksonville's electric division **began generating electricity at a wood-fired plant in 1895**.
- In the decades between now and then our organization has undergone many changes.
 - **1912**, Jacksonville built a state-of-the-art generation facility
 - **1938**, the city's electric division served 30,000 residential customers.

- But when Hurricane Dora hit in August of **1964, 95 percent of the city's electric transmission and distribution system was destroyed**. We rebuilt the system within three years.
 - **1967**, city and county governments consolidated. The electric division got a new name — The Jacksonville Electric Authority, commonly called JEA.
 - **1997** JEA merges with the city's utility department and becomes responsible for Jacksonville's water services.
 - **1998** The next year, we **officially changed our name to JEA**.
- JEA has grown from a small city department to now being the **largest community-owned utility in Florida** and the **eighth largest municipal utility in the country**, providing energy and water services to more than a million people.
 - JEA's 2,000+ employees work every day to provide **foundational services** to our customers and ensure the continued growth of Northeast Florida for generations to come.

FAILED ATTEMPT TO SELL JEA

- Our history is rich, and one we are proud of. But no organization can experience growth without hitting a few obstacles along the way. And part of our story includes the failed attempt to sell JEA.
- Talks about privatization had taken place periodically for decades without gaining much traction.
- In 2016, sale conversations picked up again.
- The board and CEO at that time were replaced, which set the stage for movement toward sale.
- In order to advance the concept of selling JEA, "Death Spiral" rhetoric became the primary emphasis of CEO and senior leaders.
- As part of the plan, CEO and senior staff developed a Performance Unit Plan (PUP). The plan would let all JEA employees voluntarily use a portion of their salary to purchase "performance units" that employees would redeem in three years based on the utility's financial performance. The anticipated return was expected to be enormous.
- An onslaught of discontentment and suspicion accompanied the proposed sale of JEA and in December 2019, the former board ended the negotiations.
- Each board member resigned, and a new seven-member board was appointed and clearly sent a message to employees at its first meeting in April 2020 that "the most important tool we can give you today is **peace of mind: JEA is not for sale.**"
- We were left with some devastating aftereffects, including:
 - Employee backlash and mobilization

- Community backlash
- City auditor/legal inquiries in response to PUP
- Intense scrutiny by media, civic organizations
- As you may know, the former CEO and CFO were indicted and the pre-trial phase is ongoing.
- Rebuilding trust with our employees and the community was essential. It was then that the **Journey Back really began.**

REBUILDING TRUST: THE JOURNEY BACK

- In order to do this, we began by:
 - JEA's board named Jay Stowe as managing director & CEO in November 2020
 - Devising a purposeful strategy to build a new leadership team
 - Rebuilding the trust of employees, community, and industry partners
 - Engaging local leadership and other stakeholders
 - Focusing on the strong financial position of JEA
 - And above all else, assuring everyone that JEA is not for sale, and emphasizing **our importance as the community-owned utility** that we are today.

LT SLIDE

- Jay named a new senior leadership team, of which I am honored to be a part.
- And we began a diligent journey to rebuild trust with the industry.

REBUILDING TRUST WITHIN INDUSTRY

- Part of this process included rejoining FMEA.
- Ricky Erixton, VP of Electric Services
 - Joined JEA as an intern more than 30 years ago; has held multiple leadership roles.
 - He is currently on the board of FMEA as well as the SERC Reliability Board of Directors.
- Nationally, Jay Stowe serves as
 - American Public Power Association representative on the national Electricity Subsector Coordinating Council
 - Member of FMEA's Large Public Power CEO Advisory Group
- And I serve on the board of FMPA and Association of Edison Illuminating Companies

WHAT WE'VE LEARNED

- We've learned many valuable lessons during this journey. Among them:
 - "Don't act like it didn't happen."
 - Emphasize: *JEA is not for sale.*
 - We are committed to our community more than ever.
 - One way we've done this is through the recent launch of a major customer education campaign that shows what it means to be a community-owned utility and the value we bring to our customers, community, and stakeholders.
 - Some of our own team members are featured in the campaign, delivering the messages and representing different areas of our organization.

THE JOURNEY FORWARD.

REBUILDING TRUST. PLANNING FOR THE FUTURE.

- Now, we are moving forward...rebuilding trust...planning for the future.
- I'd like to share a video with you that allows you hear it straight from the people who make JEA what we are today – our team members. Enjoy!

IMPROVING LIVES. BUILDING COMMUNITY.

- We keep our corporate values, strategic areas of focus, and strategic objectives front and center. (Raye may choose to pull out select areas to discuss.)
- One of the most important things we have tackled as we plan for the future is our **electric Integrated Resources plan.**
 - For the first time, we engaged stakeholders from within our community in the planning process.
 - The stakeholder involvement was critical as it allowed us to
 - **Inform:** We shared information about trends, challenges and opportunities facing the electric utility industry.
 - **Listen:** We heard their suggestions and it allowed us to understand their perspectives as integral members of our community.
 - **Incorporate:** Their input helped us shape the right framework for decisions about our community's power supply.
- We presented goals at public forum on May 25, which was simulcast through our public radio station.

- Afterwards, we embarked on presenting IRP goals to employees.
- Next, we will continue discussions with community groups. We call these our “**IRP Roadshows**” – and we hope to reach even more of our customers through these efforts.
- In less than a decade, we plan to accomplish:
 - 35% clean energy
 - Retire less efficient generation
 - 100% clean energy to serve JEA facilities
 - Offset electrification demand with energy efficiency programs

BY 2023:

- Accomplishing these goals by 2030, **will result in an 80 percent reduction in JEA’s overall carbon emissions since 2005.**

CURRENT AND FUTURE ENERGY MIX

- **As of 2022**, our energy mix reflects:
 - Natural Gas – 58%
 - Purchase Power – 28%
 - Coal/Petcoke – 12%
 - Renewables – 2%
 - With nuclear power, not yet in the mix
- **By 2030**, we anticipate:
 - Natural Gas – 54%
 - Renewables – 24%
 - Purchase Power – 8%
 - Coal/Petcoke – 3%
 - And of course, we will have added nuclear power to our mix, with 11% contributing to our energy efforts by then.

PLANT VOGTLE

- Soon, we’ll be receiving carbon-free nuclear energy from Plant Vogtle in Georgia. While we are optimistic about the progress forward, it hasn’t been accomplished without significant challenges - delays and cost overruns.
- JEA has a purchase agreement and is among the utilities helping to finance the expansion of Plant Vogtle. JEA’s share of the costs are now significantly higher than anticipated when JEA’s board first approved the venture.

- Still, Vogtle plays an important part of our goal to reduce carbon emissions and increase the use of renewable energy as we plan to meet the growing needs of Northeast Florida balancing affordability, reliability and sustainability.
- Expansion of this nuclear power facility, with Units 3 and 4, will greatly expand the availability of clean electrical power to customers in our region.
- Once Unit 4 is online – possibly in the first quarter of 2024 -- **Plant Vogtle’s power will increase JEA’s clean energy mix by 11%**, a positive investment for JEA’s Northeast Florida customers and the environment.
- However, despite the positives that come with using nuclear energy, we must also acknowledge that part of the reason we had a recent rate change – that took effect April 1 – was to help fund and pay for Plant Vogtle.
- In addition to this, we will have some future incremental rate increases in the next couple of years, in large part to address the cost of Vogtle.
- As a community-owned not-for-profit utility, JEA does everything it can to manage costs the best we can.
- We can’t lose sight of the fact that **JEA’s agreement with Plant Vogtle makes long-term sense. And that’s what we’re here for – the long term.** We will be providing the future energy needs of our customers for years to come, just as we have been for over 125 years already.
- JEA is committed to bringing our customers more zero-carbon electricity, power that meets our goals of reliable, affordable and sustainable resources.

CONCLUSION

- Thank you for allowing me to share a little about this expansive, and dynamic organization we call “JEA.” We are passionate about improving lives and building community in Northeast Florida. We know that the services we provide are foundational and we take that very seriously!
I hope this overview has allowed you to see that **“JEA uses experience from our past to POWER our future.”**

CONCLUSION / 2024 LINEMAN

- In case you hadn’t heard: The **2024 Lineman State Rodeo Competition** will be coming to Jacksonville on February 24. We are excited to be the city host next year and hope to see you all there!
- I am happy to go more deeply on any of these topics – and welcome any questions.