



# Project Scampi

## MIRA Inc. Management Presentation Discussion Topics

December 2019



Macquarie Infrastructure and Real Assets Inc. (“MIRA Inc.”) expects the management presentation to cover typical items such as company operations & strategy, organization (i.e., HR, IT, etc), regulatory, capital outlook and growth, financial and tax, and process, with a specific focus on the following list of key discussion topics:

## Process

- Expected process timeline from Management Presentation to close and key process milestones (such as Best and Final Offer (“BAFO”), City Council Vote, Voter Referendum, and any other key process milestones)
- Coordination of public communication and approval strategy
- Status of the evaluation of other strategic alternatives (besides sale of JEA) currently being explored
  - If applicable, framework for potential concession structure including structure, term, rate design, operating parameters
- Background on how minimum requirements were determined

## Organizational Structure

- Organizational overview and structure of JEA
- Overview of employees and union relationships, including contractors, and if employees are aligned with specific businesses or shared between the Electric Utility, Water & Wastewater Utility and District Energy businesses
- Overview of the services, assets, costs, and capex that are “shared” between the Electric Utility, Water & Wastewater Utility and District Energy businesses, and how those costs are allocated in JEA’s published accounts and filings
- Expected steps to separate JEA from the city, including any services JEA relies on from the City (or any services the City relies on JEA) and any separation issues already identified (i.e., any entanglement issues? IT system requirements?)

## Company Operations

- JEA’s business planning process, including timeline, cross functional input, and review and finalization of budget/business plan
- Operational issues that have posed the greatest challenge for management in the past 3-5 years; and those that are expected to pose the greatest challenges in the coming 3-5 years
- Safety metrics, historical trend and future expectations
- Procurement process for major repairs and materials
- IT environment (ERP, application, data servers/cloud, back-up)

## Electric

- JEA’s load forecasting and IRP process
- Feasibility, timing and quantification of each operational improvement, strategic capital investment and core growth opportunities described in CIP
- Northside retirement timeline, regulatory strategy and LCOE of replacement generation
- Management’s view on the Vogtle “Adjusted Scenarios” including rationale for the rates, rate design and interplay with FPSC rate making
- Fuel strategy and available gas capacity, cost, and access
- Status of discussions with COJ and Duval County Schools regarding supply of 100% renewable energy and expected tariff structure
- Management’s view on load erosion and threat of distributed generation, including any previous and existing dialogue with C&I customers
- Storm hardening capital expenditure plans

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## Water

- JEA's usage forecasting and Water IRP process
- Feasibility, timing and quantification of each operational improvement, strategic capital investment and core growth opportunities described in CIP
- Background of 40 MGD commitment and status of options being evaluated, including regulatory strategy for recovery
- Status of ROFR with Nassau and St Johns Counties
- Discussion of water conservation programs
- Expansion prospects for the District Energy system
- Identified roll-up opportunities of adjacent water systems

## Regulatory & Rates

- FPSC requirements, process and timing
  - Discussions between JEA and the FPSC to-date regarding the transaction
  - Engagement of the City in approval process
- Approach to and calculation of Management Case base rate stability projections

## Other

- New lines of business that management see as the most prospective growth opportunities
- JEA's historical capitalization/expense policy, such as what constitutes a repair (and is therefore expensed) and what constitutes capital