Sprint Renewable Energy Procurement: Lessons Learned

Amy Hargroves March 13, 2014

Sprint's CR Approach

Opportunities for Shared Value

People

Planet

Product

Customers Culture Communities Energy
Reuse & recycling
Packaging
Natural Resources
Supply Chain

Accessibility
Responsible Devices
M2M Solutions
Safety/Security

Business Approach

Effective Management Advocacy/ Influence Innovation/ Disruption

Outcomes

Profit

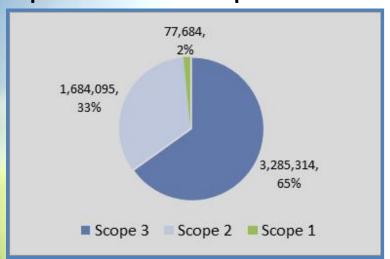
Better World

Increased reputation, cost savings, revenue, shareholder investment, workplace engagement and morale

Environment and society benefit through advancements in responsible stewardship, trust, empowerment, openness, health, safety, education

Climate and Energy are a Priority

Sprint 2012 GHG Footprint



Sprint 2017 Climate Goals

- 20% reduction in GHG emissions
- 20% reduction in electricity use
- 10% of electricity from renewable sources

Scope 1 Actions:

- Low carbon back-up fuel options
- Fleet standards: 4cylinder vs. 6, EPA
 SmartWay certified

Scope 2 Actions:

- Network redesign
- Energy efficiency –
 heating/cooling, lighting,
 virtualization, BAS (see DOE
 Better Buildings data)
- Renewable Energy purchases

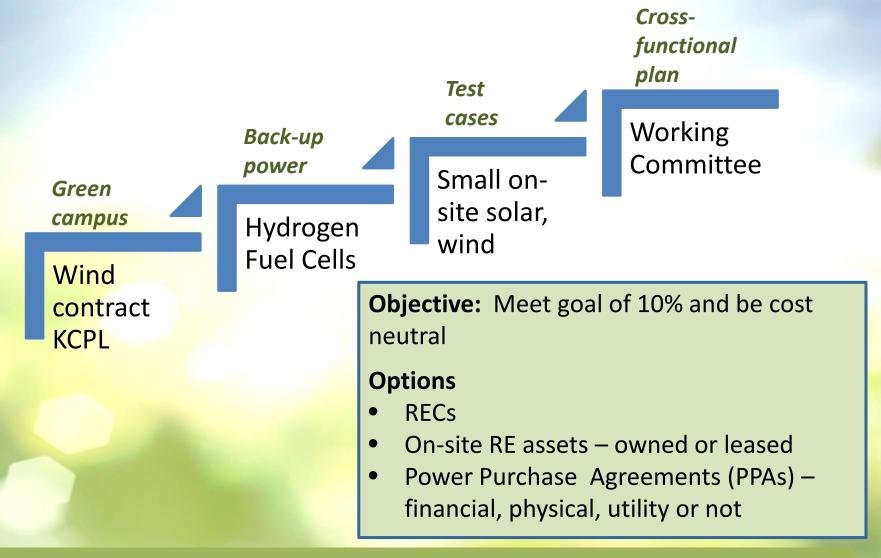
Scope 3 Actions:

- Hot spot analysis
- Supplier requirements
- Supplier capacity building
- Product/packaging LCA

Challenging Goals are Essential

Complete baseline GHG measurement, report results, ownership of emissions Leverage 3rd party NGO programs that require goals Goal progression: 12%, 15%, 20% **Executive commitment** Celebrate successes

Sprint's RE/AE Journey (so far)



PPAs Seem Like the Best Choice

On-site development: Not cost effective

- High initial cost and long payback
- Few sites with adequate roof top or land space
- Sites with adequate space most often in areas with low electricity rates (Ex. KS)
- No tax benefit (for Sprint)

RECs: Easy but less desirable

- Relatively low cost
- Easy to procure
- No tax or accounting implications
- Additionality concerns

Power Purchase Agreements: Good option

- High volume, opportunity for financial benefit
- Long-term contract required, complex

Recommended mix of RECs and PPAs over time, decreasing reliance on RECs. AND small on-site deployments where economically attractive.

The CFO is the Gate Keeper

- **Derivative accounting** triggers
- Tax benefit?
- Dodd-Frank impacts?
- Hedging market futures

Few resources for "beginners" Significant

Contract

- Consultants expensive and biased
- Range of solution options
- Complexity, regional specifics



- Debt ratio
- Cash flow
- **Expected** interest rate
- **Credit rating**
- Banking relationships

- # of years
- Fixed price or escalating
- Financial swap or physical?
- Prepay option?
- Settlement timing
- Reporting responsibility
- Power scheduling?

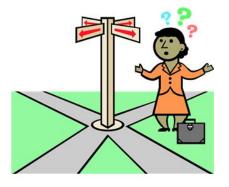
OMG

FERC Registration

Notional quantity

Derivative accounting

Letter of Credit Ventyx 20 Year power forecast



Congestion spread

Production Tax Credit

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P50 Production vs. P99

Firm delivery

Green tariff

BusBar

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We Need to Make PPAs Easier

- Be an advocate
- Push utilities
- Share your learning
- Network across energy sector
- Understand your company's financials
 - Never lose sight of the need to contribute positively to the business. Be a business person first, and then an environmentalist.

Thank you for listening!

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