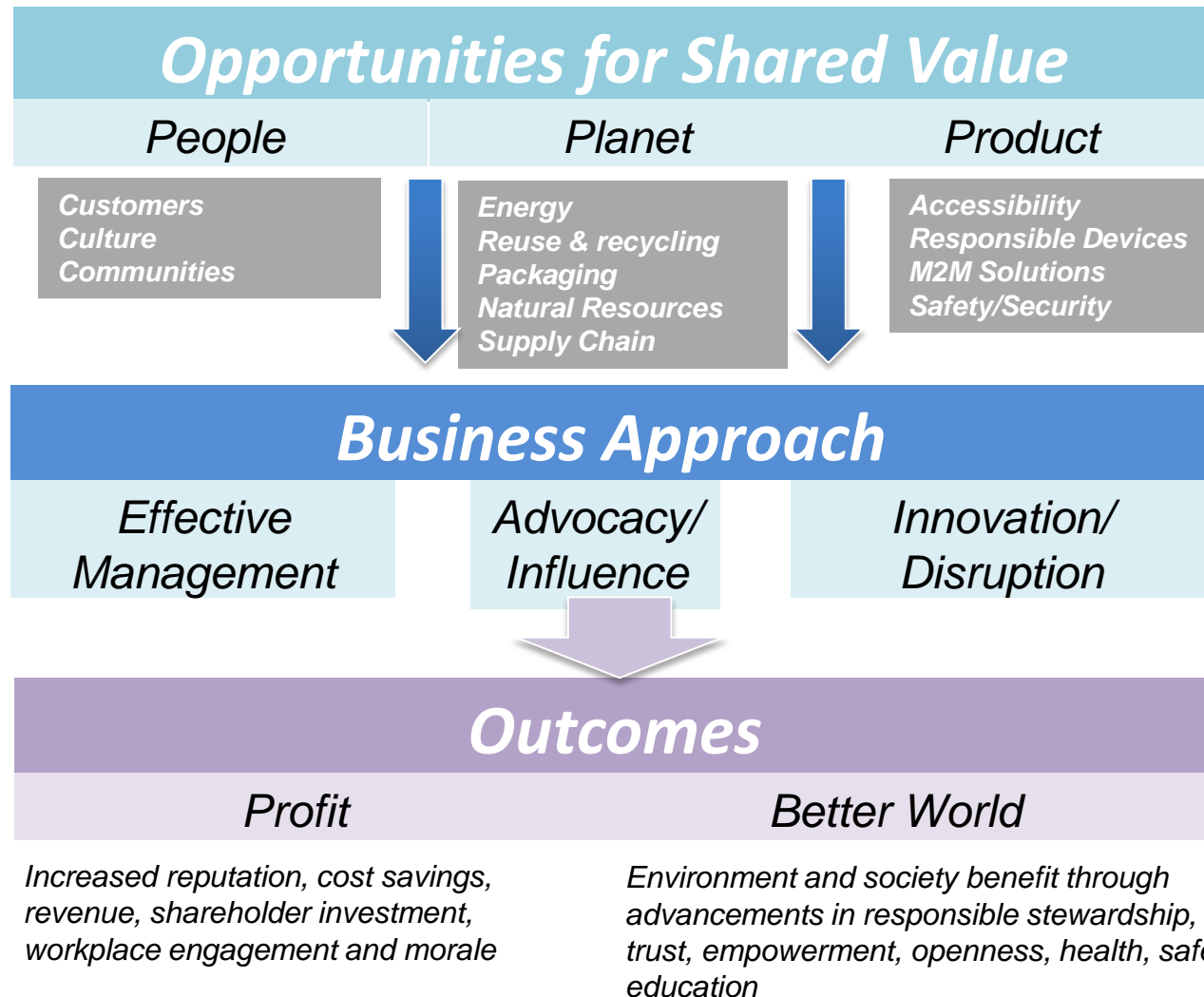


Sprint Renewable Energy Procurement: Lessons Learned

Amy Hargroves

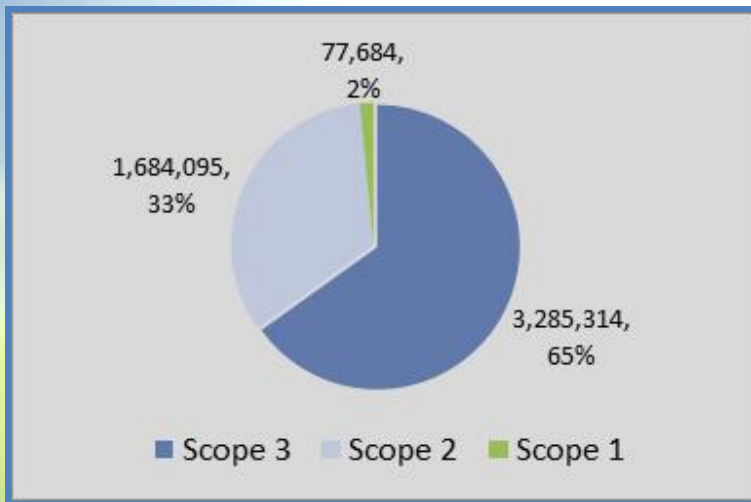
March 13, 2014

Sprint's CR Approach



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 : 4-cylinder vs. 6, EPA SmartWay certified

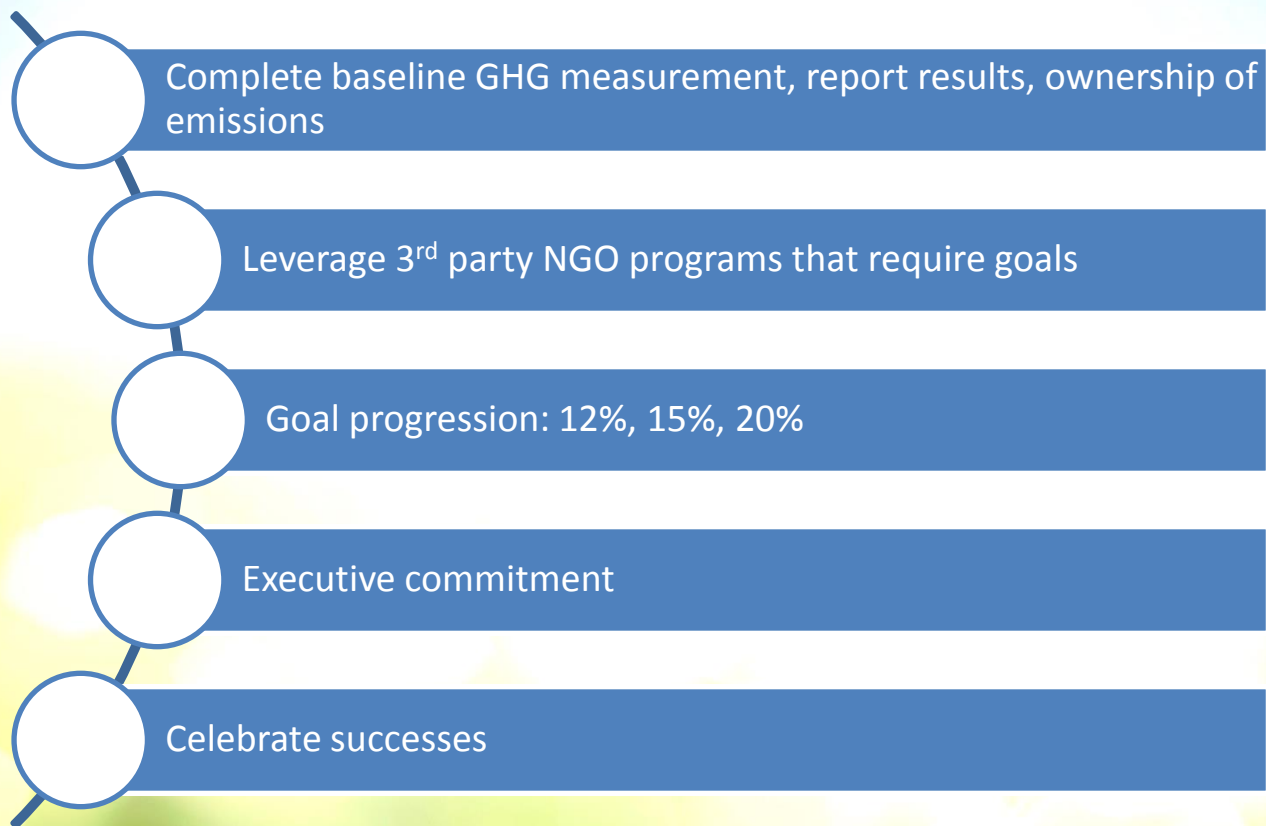
Scope 2 Actions:

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

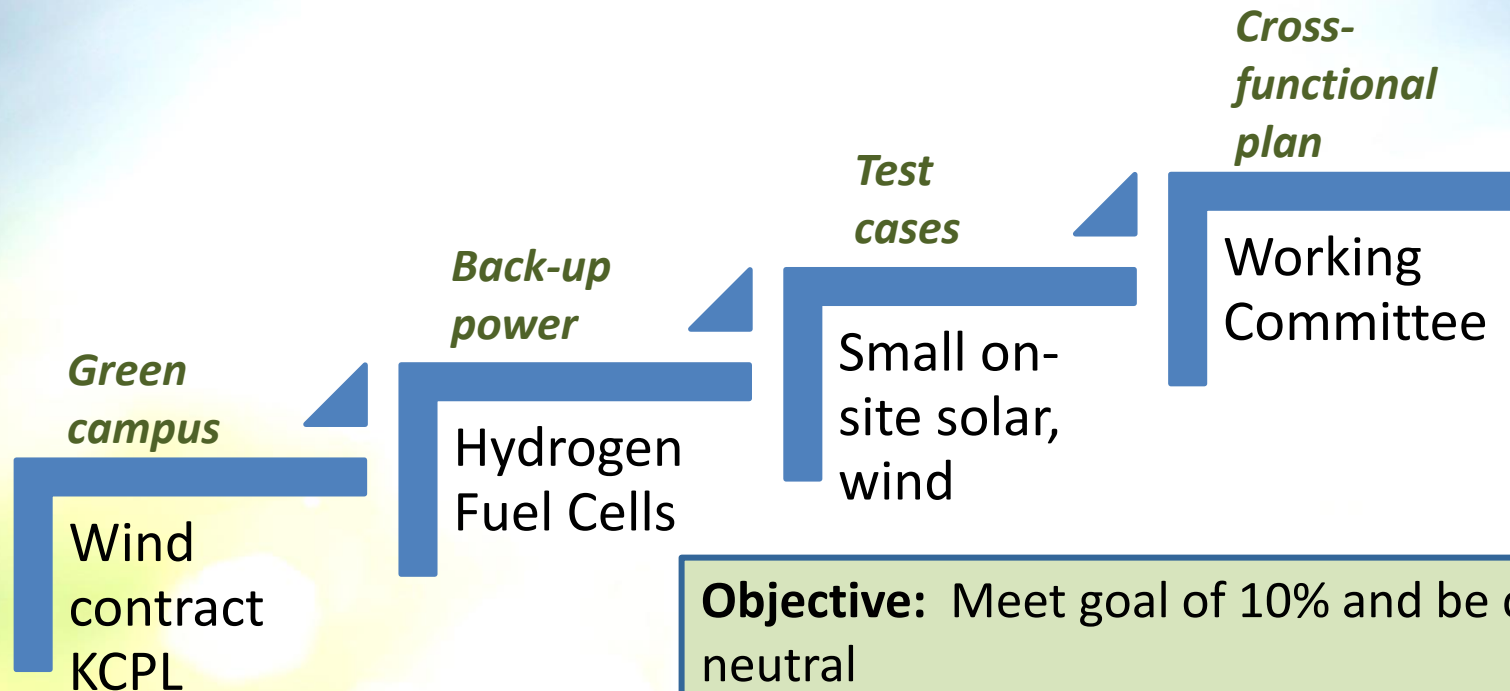
Scope 3 Actions:

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

Challenging Goals are Essential



Sprint's RE/AE Journey (so far)



Objective: Meet goal of 10% and be cost neutral

Options

- RECs
- On-site RE assets – owned or leased
- Power Purchase Agreements (PPAs) – financial, physical, utility or not

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

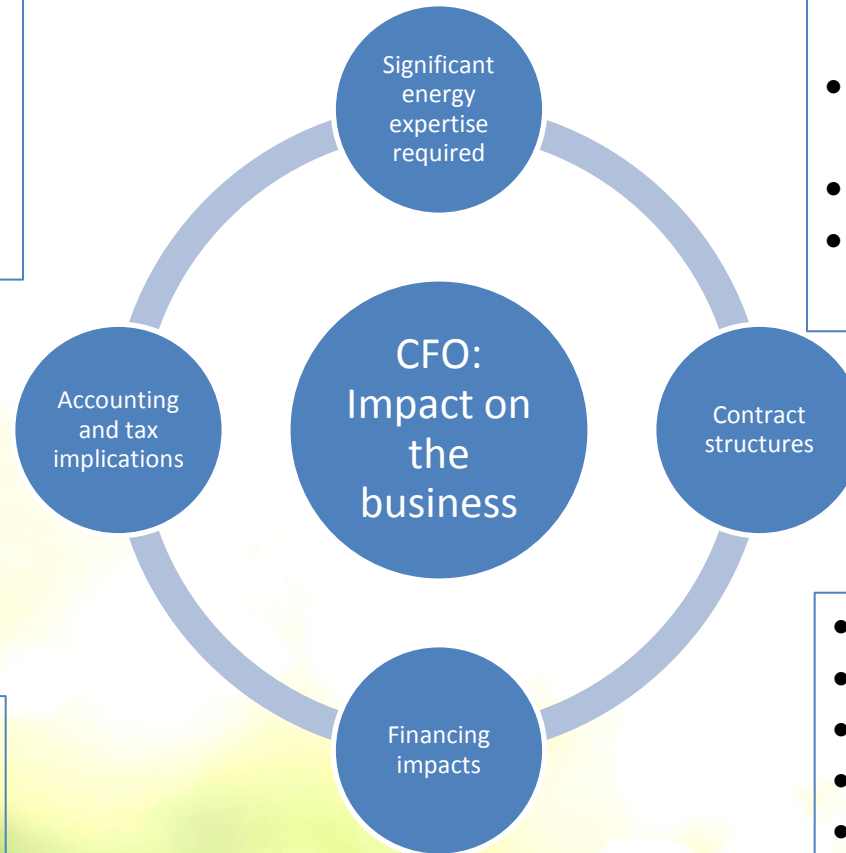
Power Purchase Agreements: Good option

- 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”
- 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

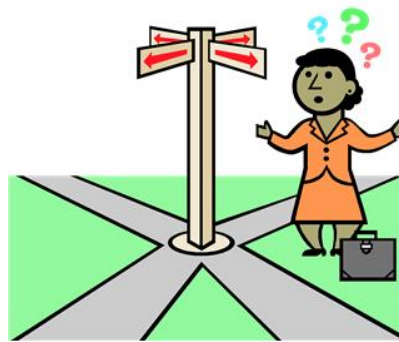
Notional quantity

Derivative accounting

Letter of Credit

Congestion spread

Ventyx 20 year power forecast



Production Tax Credit

Firm delivery

Bus Bar

P50 Production vs. P99

Green tariff

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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