
From: Orfano, Joseph E. - Treasurer <orfaje@jea.com>
Sent: Wednesday, October 23, 2019 4:07 PM
To: 'DeStefano, Andrew'
Cc: Wannemacher, Ryan F. - Chief Financial Officer
Subject: RE: Surveillance Review
Attachments: Energy Financial Forecast for Rating Agencies - Oct 2019(1).xlsx

Andrew:

Attached is an updated five-year forecast for the Electric System. Let me know if you have any questions or comments.

Regards,

Joe Orfano

Treasurer

Direct: (904) 665-4541

Mobile: (904) 677-1873

Fax: (904) 665-8334



From: DeStefano, Andrew
Sent: Monday, October 21, 2019 9:19 AM
To: Orfano, Joseph E. - Treasurer
Cc: Wannemacher, Ryan F. - Chief Financial Officer
Subject: RE: Surveillance Review

[External Email - Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.]

Thank you.

Andrew DeStefano
Director, U.S. Public Finance
Fitch Ratings, 300 West 57th Street, New York, NY 10019
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From: Orfano, Joseph E. - Treasurer [<mailto:orfaje@jea.com>]
Sent: Friday, October 18, 2019 4:02 PM
To: DeStefano, Andrew <andrew.destefano@fitchratings.com>
Cc: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>
Subject: RE: Surveillance Review

Andrew:

We should have a new five-year Electric System model available by mid-next week.

Regards,

Joe Orfano

Treasurer

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From: DeStefano, Andrew <andrew.destefano@fitchratings.com>
Sent: Friday, October 18, 2019 10:47 AM
To: Orfano, Joseph E. - Treasurer <orfaje@jea.com>
Cc: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>
Subject: RE: Surveillance Review

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By the way, how are you doing on the financial forecast and CIP or annual Capex? I was hoping to get you a copy of the FAST by next week.

Thanks

Andrew DeStefano

Director, U.S. Public Finance
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From: Orfano, Joseph E. - Treasurer [<mailto:orfaje@jea.com>]
Sent: Thursday, October 17, 2019 3:18 PM
To: DeStefano, Andrew <andrew.destefano@fitchratings.com>
Cc: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>
Subject: RE: Surveillance Review

Andrew:

We have verified the EIS data that you sent yesterday. One point to note: the sales data is for calendar years ended December 31st, which does not line up w/our September 30th fiscal year end for reporting purposes.

I am also re-sending the unaudited financials, as there was apparently a minor issue involving a post-closing adjustment.

Thanks,

Joe Orfano

Treasurer

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From: DeStefano, Andrew <andrew.destefano@fitchratings.com>
Sent: Wednesday, October 16, 2019 2:57 PM
To: Orfano, Joseph E. - Treasurer <orfaje@jea.com>
Cc: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>
Subject: RE: Surveillance Review

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Thanks Joe. When you have a moment, can you have someone on your staff verify the EIA data I sent in the original email? It goes all the way back to 1999. I realize this is a bit of an ask, the good news is we won't need to ask you to do this more than this on time.

Andrew DeStefano

Director, U.S. Public Finance

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FitchRatings

From: Orfano, Joseph E. - Treasurer [<mailto:orfaje@jea.com>]

Sent: Wednesday, October 16, 2019 2:24 PM

To: DeStefano, Andrew <andrew.destefano@fitchratings.com>

Cc: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>

Subject: RE: Surveillance Review

Here to help, my friend. The unaudited figures on page 4 of the attached PDF tie to the audited figures. Let me know if you need anything else.

Joe Orfano

Treasurer

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From: DeStefano, Andrew <andrew.destefano@fitchratings.com>

Sent: Wednesday, October 16, 2019 2:16 PM

To: Orfano, Joseph E. - Treasurer <orfaje@jea.com>

Cc: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>

Subject: RE: Surveillance Review

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I see. It appears as though in prior years we were using the schedules in the back where Electric and Bulk Power is separate from the SJRPP, etc... The 2017 table/info is attached below.

2018 has a similar table, but capital assets are provided in net terms only.

September 30, 2017

| | Electric System and Bulk Power Supply System | SJRPP System | Elimination of intercompany transactions |
|---|--|--------------|--|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 340,063 | \$ 41,950 | \$ - |
| Investments | 20,629 | 4,493 | - |
| Accounts and interest receivable, net of allowance of \$2,101 | 203,433 | 16,597 | (27,231) |
| Inventories: | | | |
| Fuel | 38,044 | 34,199 | - |
| Materials and supplies | 2,136 | 19,778 | - |
| Total current assets | 604,305 | 117,017 | (27,231) |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 79,077 | - |
| Investments | 442,080 | 192,794 | - |
| Accounts and interest receivable | 20 | 952 | - |
| Total restricted assets | 442,100 | 272,823 | - |
| Costs to be recovered from future revenues | 275,936 | 4,042 | - |
| Investment in The Energy Authority | 6,283 | - | - |
| Other assets | 10,429 | - | - |
| Total noncurrent assets | 734,748 | 276,865 | - |
| Capital assets: | | | |
| Land and easements | 123,585 | 6,660 | - |
| Plant in service | 5,326,764 | 1,316,707 | - |
| Less accumulated depreciation | (2,867,037) | (851,023) | - |
| Plant in service, net | 2,583,312 | 472,344 | - |
| Construction work in progress | 103,920 | 2,093 | - |
| Net capital assets | 2,687,232 | 474,437 | - |
| Total assets | 4,026,285 | 868,319 | (27,231) |

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From: Orfano, Joseph E. - Treasurer [<mailto:orfaje@jea.com>]
Sent: Wednesday, October 16, 2019 2:08 PM
To: DeStefano, Andrew <andrew.destefano@fitchratings.com>

Cc: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>

Subject: RE: Surveillance Review

Andrew:

The gross and net capital figures by JEA System (*which ties to the net capital figure of \$5,380,259*) can be found on page 41 of the Annual Report, Footnote #6.

Regards,

Joe Orfano

Treasurer

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From: DeStefano, Andrew <andrew.destefano@fitchratings.com>

Sent: Wednesday, October 16, 2019 1:36 PM

To: Orfano, Joseph E. - Treasurer <orfaje@jea.com>

Cc: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>

Subject: RE: Surveillance Review

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Joe – I’m having trouble finding the gross capital assets and accumulated depreciation for the electric system in the 2018 financial statements. Can you direct me to that information?

By the way, I was able to find it for 2017 and previous years. It seems the reporting for 2018 just shows the “net” capital assets. For at least one of our ratios – age of plant – we need the accumulated depreciation figure.

No rush.

thanks

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From: Orfano, Joseph E. - Treasurer [<mailto:orfaje@jea.com>]
Sent: Wednesday, October 16, 2019 1:06 PM
To: DeStefano, Andrew <andrew.destefano@fitchratings.com>
Cc: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>
Subject: RE: Surveillance Review

Andrew:

Per our discussion in Minneapolis, I am forwarding our unaudited FY2019 financials. Sales data for the Electric and Water & Sewer Systems can be found on pages 17 and 18. Ryan and I look forward to working through the new Fitch criteria w/you.

I will be sending an updated forecast under separate e-mail. At this point will you be focusing only on the Electric System?

Regards,

Joe Orfano

Treasurer

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From: DeStefano, Andrew <andrew.destefano@fitchratings.com>
Sent: Wednesday, October 16, 2019 11:25 AM
To: Orfano, Joseph E. - Treasurer <orfaje@jea.com>
Cc: Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>
Subject: Surveillance Review

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Good morning Joe and Ryan,

I hope you're both doing well.

I'm starting to mobilize the credit/rating review for JEA under the new criteria format. I'm hoping to complete the review in November.

Please see the attached pdf with your MWh sales data, which is directly fed to us from EIA. The sales data is used to build our stress in the FAST tool. Please take a look at the annual data (especially the retail sales) and let me know if there are any egregious differences in any years, and what the actual sales should be for those years. We'd like to ensure the data is correct because the FAST utilizes a stress on future sales, based on variations in historical sales.

After the EIA data is verified, I can build a preliminary FAST. For this I'll need your most recent pro forma financials (including FY 2019) and capital plan. I'll send you a copy of the FAST once completed for us to review together. We've found the back-and-forth is helpful for you to understand how it works and for us to get the most complete/accurate view of your expected five year forward look, on which the stress will be applied.

Of course if you have questions during this initial process, please give me a call. But, I suspect we'll be in contact fairly often throughout this initial review under the new framework.

I don't think an update is needed but we're always open to a more formal credit discussion if you think one is needed.

Regards,

Andrew

Andrew DeStefano
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From: Orfano, Joseph E. - Treasurer [<mailto:orfaje@jea.com>]
Sent: Tuesday, September 10, 2019 6:40 PM
To: DeStefano, Andrew <andrew.destefano@fitchratings.com>
Cc: Pidherny, Dennis <dennis.pidherny@fitchratings.com>; Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>
Subject: Re: APPA Business & Financial Conference Tuesday Breakfast

Andrew:

Let's plan on 7:30 a.m. at the hotel restaurant. Appreciate the quick response!

Joe

Sent from my Sprint Samsung Galaxy S8.

----- Original message -----

From: "DeStefano, Andrew" <andrew.destefano@fitchratings.com>

Date: 9/10/19 5:45 PM (GMT-05:00)

To: "Orfano, Joseph E. - Treasurer" <orfaje@jea.com>

Cc: "Pidherny, Dennis" <dennis.pidherny@fitchratings.com>, "Wannemacher, Ryan F. - Chief Financial Officer" <wannrf@jea.com>

Subject: RE: APPA Business & Financial Conference Tuesday Breakfast

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Hi Joe – we're confirmed for Tuesday morning. We're also at the conference hotel. I checked the website, looks like they have a sizeable restaurant/breakfast area. Let us know what time and we'll meet you.

Andrew DeStefano

Director, U.S. Public Finance

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The logo for Fitch Ratings, with "Fitch" in red and "Ratings" in grey.

From: Orfano, Joseph E. - Treasurer [<mailto:orfaje@jea.com>]

Sent: Tuesday, September 10, 2019 5:19 PM

To: DeStefano, Andrew <andrew.destefano@fitchratings.com>

Cc: Pidherny, Dennis <dennis.pidherny@fitchratings.com>; Wannemacher, Ryan F. - Chief Financial Officer <wannrf@jea.com>

Subject: APPA Business & Financial Conference Tuesday Breakfast

Andrew:

Confirming that next Tuesday morning at the APPA conference is still available for breakfast. Ryan and I will be staying at the Hyatt Regency [*conference hotel*] and can meet there if convenient for you folks.

Regards,

Joe Orfano

Treasurer

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