

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Original Certificate of) DOCKET NO. 20190168-WS
Authorization and Initial Rates and Charges)
for Water and Wastewater Service in Duval,) FILED:
Baker and Nassau Counties, Florida by)
FIRST COAST REGIONAL UTILITIES,)
INC.)
_____)

NOTICE OF FILING

JEA, by and through its undersigned attorneys, hereby gives notice of filing its Prefiled
Direct Testimony of Joseph E. Orfano in the above-referenced docket.

Respectfully submitted this 26th day of June, 2020.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished via electronic mail
to the following this 26th day of June, 2020.

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**DIRECT TESTIMONY OF
JOSEPH E. ORFANO
ON BEHALF OF JEA**

1 **Q. Please state your name and current employment.**

2 A. My name is Joseph E. Orfano. I am employed by JEA as its Treasurer and have held
3 that position since December, 2013. I also recently served as JEA's Interim Chief Financial
4 Officer from December, 2019, until June 22, 2020. I also currently serve on the Finance and
5 Audit Committee of The Energy Authority.

6
7 **Q. Please describe your educational background and professional experience.**

8 A. I hold a Bachelor's Degree in Business Administration, with a major in Finance, from
9 the University of Notre Dame and I am a Certified Treasury Professional. Prior to joining
10 JEA, I was Director of Treasury at a mining company in Scottsdale, Arizona. Before that, I
11 held a variety of treasury management positions over the course of more than 20 years in a
12 number of large diversified electric utility companies including NV Energy, Inc., SCANA
13 Corporation and Florida Progress Corporation.

14
15 **Q. What are your responsibilities at JEA?**

16 A. At JEA, I am currently responsible for managing the Treasury and Accounts Payable
17 Departments. In my Interim Chief Financial Officer position, I oversaw all financial affairs
18 for the utility including financial reporting, treasury, rates, financial planning, budgeting and
19 insurance.

20
21 **Q. What is the purpose of your testimony?**

22 A. The purpose of my testimony is to describe the resources JEA would bring to bear in
23 service of the development for the public interest including that of the homeowners and other
24 ratepayers in the development.

25

1 **Q. Are you sponsoring any exhibits?**

2 A. No.

3

4 **Q. Please summarize your testimony.**

5 A. If JEA provides water and wastewater service to the development, homeowners and
6 other ratepayers in the development would benefit from the substantial financial and physical
7 resources of JEA. JEA's service territory covers all of Duval and portions of St. Johns,
8 Nassau, and Clay Counties. We have extensive physical and financial resources that will
9 benefit the development through lower rates, increased efficiencies, and increased system
10 reliability. In short, the public interest is best served by JEA providing water and wastewater
11 service to the development.

12

13 **Q. Please describe JEA's territory for water and wastewater service.**

14 A. JEA's Water and Wastewater System provides service within the urban and suburban
15 areas of Jacksonville, Florida. The Water and Wastewater System's service territory extends
16 into St. Johns County to the southeast of Jacksonville and Nassau County to the north and
17 also serves a number of customers in Clay County to the southwest.

18

19 **Q. What physical resources does JEA's Water and Wastewater System include?**

20 A. JEA's Water System is comprised of 20 major and 18 small water treatment plants
21 and two re-pump facilities. It has 137 active water supply wells and 4,806 miles of water
22 distribution mains. Total finished water storage capacity is in excess of 83 million gallons.
23 The Water System has two major and four small distribution grids.

24 JEA's Wastewater System is comprised of approximately 4,113 miles of gravity
25 sewers and force mains, 1,482 pumping stations and 754 low pressure sewer units. The

1 Wastewater System has 11 treatment plants with a rated average daily treatment capacity of
2 approximately 123 million gallons per day (“MGD”) and maximum daily flow capacity of
3 247 MGD.

4
5 **Q. How many customers does JEA serve?**

6 A. The Water System, including reuse accounts, serves approximately 370,000
7 customers. The Wastewater System serves about 278,000 customers.

8
9 **Q. What are JEA’s annual revenues?**

10 A. In 2019, JEA’s Water and Wastewater Systems generated \$450 million in operating
11 revenue, comprised of 39% water revenues, 57% wastewater revenues and 4% of revenues
12 coming from water reuse.

13
14 **Q. What are some key JEA financial resources?**

15 A. JEA’s Water and Wastewater System had net capital assets of approximately \$2.75
16 billion as of September 30, 2019, with a planned capital program of approximately \$1.5
17 billion over the next five years. Its senior lien revenue bonds maintain current credit ratings
18 of AA+ by S&P Global Ratings, AA by Fitch Ratings and A2 by Moody’s Investors Service.
19 In addition to its substantial revenue bond capacity, JEA’s Water and Wastewater System has
20 access to JEA’s \$500 million revolving credit facility.

21

22 **Q. If JEA serves the development, how would the JEA resources you describe**
23 **benefit water and wastewater customers in the development?**

24 A. My understanding is that the planned unit ordinance for the property requires the
25 developer to build the water and wastewater treatment facilities to JEA standards and then

1 dedicate them to JEA for operation. Customers in the development would benefit from
2 having JEA as the provider because JEA's extensive resources lead to lower costs to
3 ratepayers, economies of scale, system redundancies that minimize outages, and sufficient
4 funds for capital projects.

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6 **Q. Does this conclude your testimony?**

7 A. Yes.

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