



FY2024

***ADDITIONAL FINANCING
OPPORTUNITIES***

PRESENTED BY:

Cory Kuchinsky, CPA

Chief Financial Officer & Treasurer

April 20, 2023

Council Approval Requested

AGENDA



- **FY 2024 ADDITIONAL FINANCING OPPORTUNITY**
 - **BOND TENDERS**
- **ADMINISTRATIVE ITEM**
 - **COMMERCIAL PAPER COMPANION PROGRAM**
- **REQUEST FOR APPROVAL**

Our objective today is to request approval for additional financing tools that will allow us to generate savings for our customers.

FINANCING PLAN RELATED APPROVALS



TODAY'S APPROVAL REQUEST

We are seeking approval for the following:

1. Bond Tenders – offer to buy back certain bonds from investors
2. Commercial Paper Companion Program

1. BOND TENDERS

OVERVIEW



- Market conditions have changed, providing an opportunity to tender outstanding bonds (an offer to buy back bonds from investors at a discount)
- Taxable bonds that can now be converted to tax-exempt bonds provide the best opportunity for tendering
- Tender success rates vary, typically between 10% to 50%

Bond Tenders on our Taxable bonds can generate debt service savings up to \$58.0M depending on market conditions and investor participation.

1. BOND TENDERS

CURRENT POTENTIAL CANDIDATES



Bond Type	In millions	Issuance Purpose
Taxable Series 2012	\$404.2	Rio Nogales purchase – <i>providing review under federal tax law; some or all may be ineligible</i>
Taxable Series 2020	\$418.3	Advance refunding of Jr Lien Series 2013 for debt service savings – <i>all eligible for tender</i>
Taxable Series 2022	<u>\$405.4</u>	Winter Storm Uri, phase 1 – <i>all eligible for tender based on successful private letter ruling from IRS</i>
Tendering Total	\$1,227.9	

2. COMMERCIAL PAPER (CP) **COMPANION PROGRAM**

- The companion program is an administrative tool that will allow us to add the previously approved incremental liquidity without affecting our existing, favorable agreements under the primary CP program
- Our current liquidity agreements are locked in at costs that are slightly lower than other programs across the nation
- The new companion program will house the new liquidity and dealer agreements
- Together, the new and existing program will continue to be limited to the current authorized total of \$1.0B

Obtaining approval to establish a companion CP program will provide CPS Energy additional liquidity without jeopardizing the current agreements that provide savings to our customers.

REQUESTS FOR APPROVAL



COUNCIL APPROVAL - Authorize, without the obligation, to execute the following transactions by delegating authority to the CEO or other designated Officials:

Proposed FY2024 Additional Financing Opportunities: Executable before 4/20/2024	Authorization Amount / Reason
Tender of outstanding obligations for purchase and the subsequent issuance of obligations	\$1,227.9M potential candidates
New Series Commercial Paper Program "Companion CP Program"	Aggregate principal amount not to exceed \$1,000,000,000

These financing transactions will help provide bond refunding opportunities & additional liquidity to support our operations & generate potential debt service savings to our customers.



Thank You

