



FY2024 FINANCING PLAN

PRESENTED BY:

Cory Kuchinsky, CPA

Chief Financial Officer & Treasurer

December 1, 2022

Council Approval Requested



AGENDA



- **FY2024 FINANCING PLAN**
 - **FINANCING PLAN OBJECTIVES**
 - **ANNUAL ROUTINE TRANSACTIONS**
 - **NEW PROPOSED TRANSACTION**
- **REQUEST FOR APPROVAL**

Our objective today is to request approval for transactions that will allow us to seek debt service savings for our customers as well as maintain current & provide additional liquidity.

FY2024 FINANCING PLAN

FINANCING PLAN OBJECTIVES



- Remain aligned with approved rate request & upcoming budget request
- Be ready to execute via delegation
 - Interest Rates are volatile, favorable opportunities require quick action
- Keep current liquidity available
 - Extend terms of various agreements to take advantage of short-term credit
- Seek opportunities to increase liquidity
 - Stay aligned to capital forecasts & build capacity for emergency mitigation



The financing plan gives us flexibility to execute responsibly amidst interest rate headwinds & allows us to evaluate proactive liquidity solutions.

FY2024 FINANCING PLAN

ANNUAL ROUTINE TRANSACTIONS



- 2014 Jr Lien Refunding - seeking re-authorization; current authorization expires Oct 2022; can achieve debt service savings via refunding
- \$500M Flexible Rate Revolving Note - seeking to extend provider's agreements with Wells Fargo, Frost, & JP Morgan; which expire April 2023
- \$200M Commercial Paper (CP) Series B - seeking to extend or replace liquidity agreement with State Street, which expires Jun 2023
- \$600M FY2024 TECP Refunding - seeking to refund outstanding Tax-Exempt Commercial Paper; estimated transaction date is in the first half of 2023

These are annual routine transactions. The transactions will not add to the debt portfolio or negatively impact our financial metrics.

FY2024 FINANCING PLAN

NEW PROPOSED TRANSACTION



- Commercial Paper (CP) Program increase from \$700M to \$1.0B
 - CP continues to be a low interest rate option for capital plan financing
 - Previously increased from \$450M to \$600M in 2012 & to \$700M in 2019
 - Seeking to extend capacity to match increasing average annual capital spend

Budget Cycle Rolling Avg Data	FY2012	FY2019	FY2021	FY2023	*FY2024	*FY2024 (+ ERP & Generation estimates)	*Projected
Avg Annual Capex (6yr avg)	\$543	\$632	\$840	\$847	\$880	\$1,002	\$1,002
CP Capacity	\$600	\$700	\$700	\$700	\$700	\$700	\$1,000
Ratio of CP to Capital	111%	111%	83%	83%	80%	70%	100%

* Data is estimated & is being refreshed as part of our annual budget process

The CP Program has allowed us to fund a portion of our capital program with low-cost short-term debt.

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 Financing Plan Transactions: Executable before 12/1/2023	Authorization Amount / Reason
2014 Jr Lien Refunding	\$200M/ Potential savings
Flexible Rate Revolving Note – \$500M Term Extensions	Term expires on 04/26/2023
Commercial Paper Program (1) Series B extension (2) Program capacity increase (3) Refunding	(1) Series B expires 06/21/2023 (2) \$1.0B/More access to lower cost, short-term funding (3) \$600M/ Replenish program

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

