



Colorado Springs Utilities
It's how we're all connected

2025AB Plan of Finance Update

Adam Hegstrom
Treasury and Finance Manager
July 8, 2025

Plan of Finance Overview

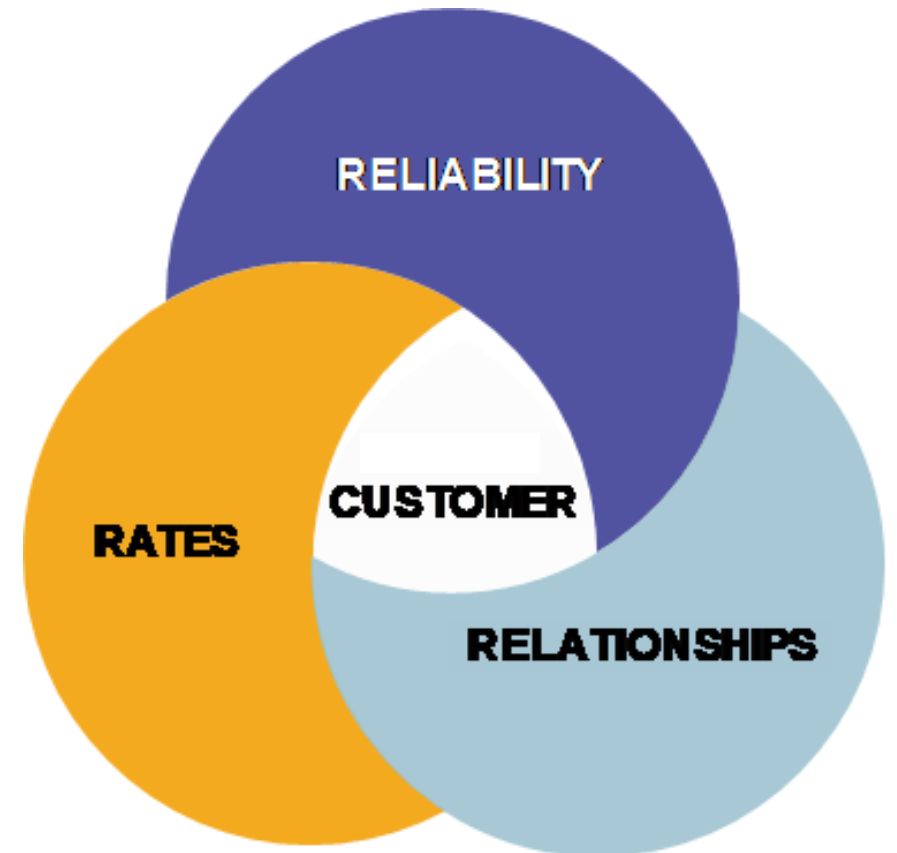
The Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Colorado Springs Utilities' ("The Utilities") capital needs

- Critical to Utilities Board's Strategic Focus
- Core tenets:

Prudence - Efficiency - Flexibility

Collectively executed by:

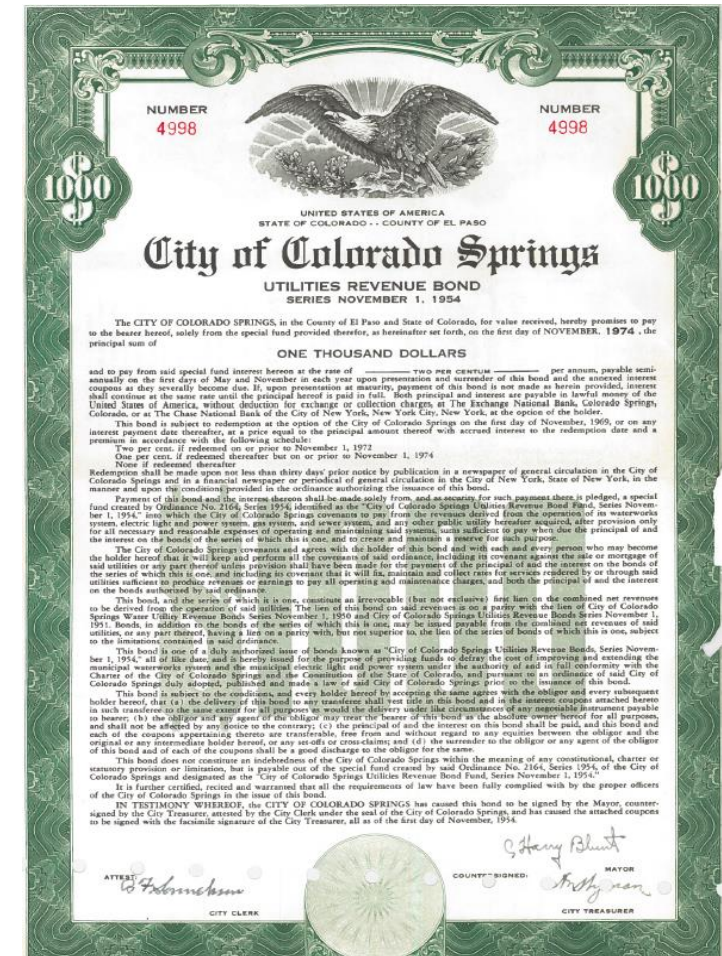
- Utilities Leadership
- Planning and Finance Staff
- Key Advisors
 - Financial Advisor
 - Bond Counsel
- Key Banking Partners and Counterparties



Plan of Finance Overview

Plan of Finance efforts are dedicated towards four key objectives:

1. Fund the debt-backed portion of The Utilities' upcoming capital plan
2. Manage and optimize The Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage The Utilities' financial reputation and industry relationships to ensure market access



New Money Debt Issuance: 2025As

Objective 1: Support The Utilities' operations by funding the debt-backed portion of the Enterprise's future capital plan ("New Money Issuances")

Enterprise Need:

- Estimated \$869.3 million in total capital spend between September 2025 and August 2026

Anticipated Actions:

- Issue new money debt in August 2025



New Money Debt Issuance: 2025As

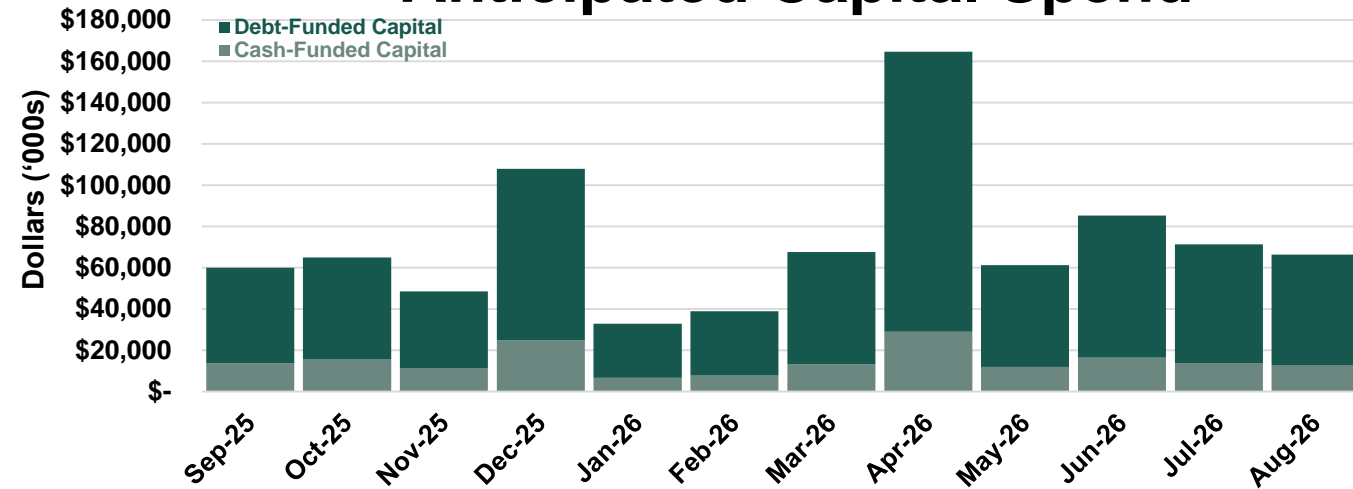
Anticipated Issuance Details:

- Current Estimated - \$735 million (proceeds)
- Ordinance Ceiling - \$700 million (par)
- More clarity in coming months surrounding 2026 AOP/Capital Plan
- Approximately 80% debt-funded capital over financing period
- Effective balance between cash and debt to optimize financial metric performance

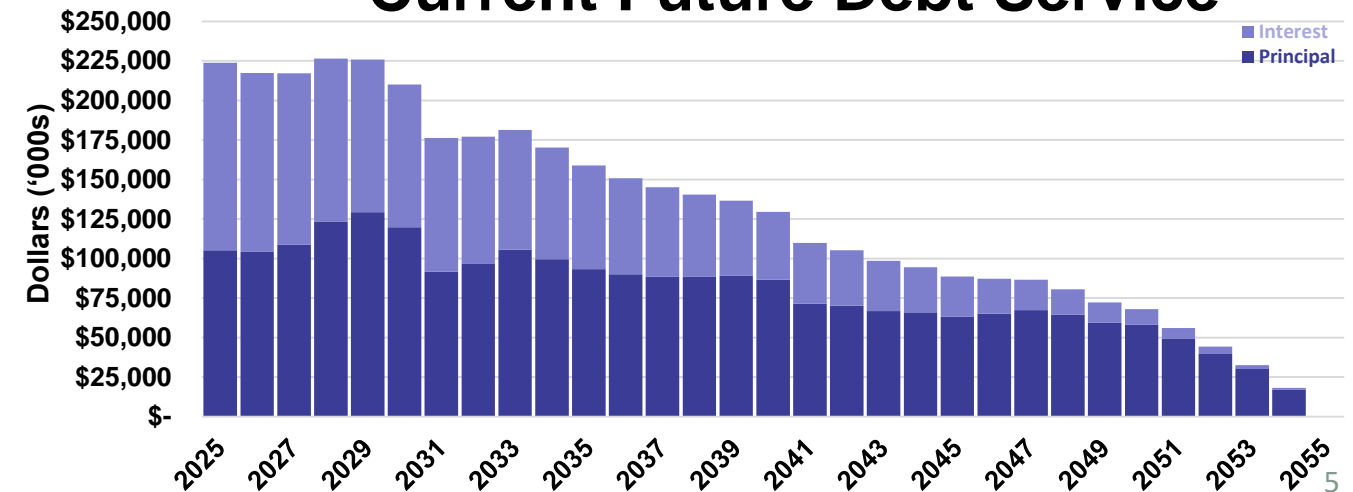
Structure:

- Traditional tax exempt fixed-rate debt
- Maturity-by-maturity optimization near issuance date

Anticipated Capital Spend



Current Future Debt Service

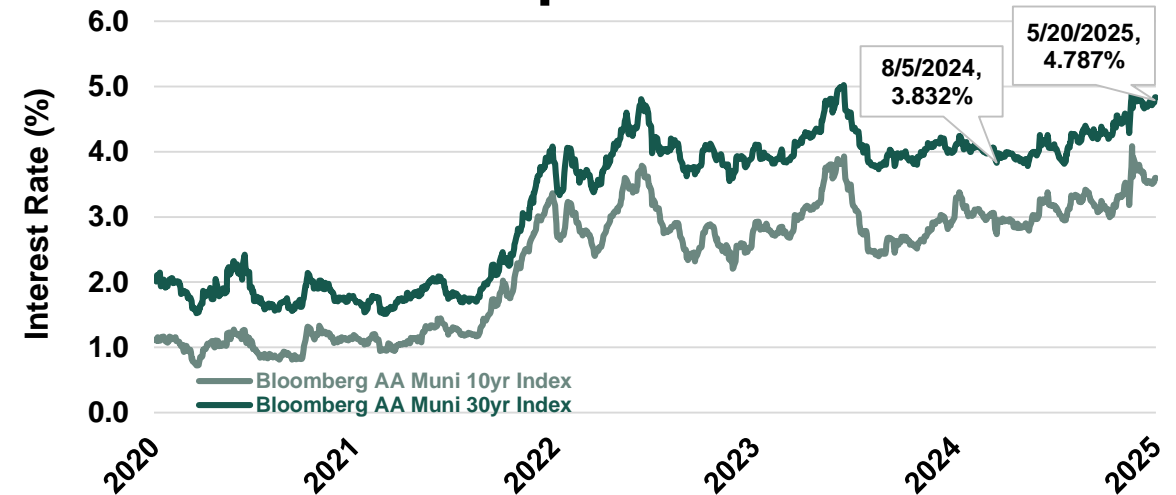


New Money Debt Issuance: 2025As

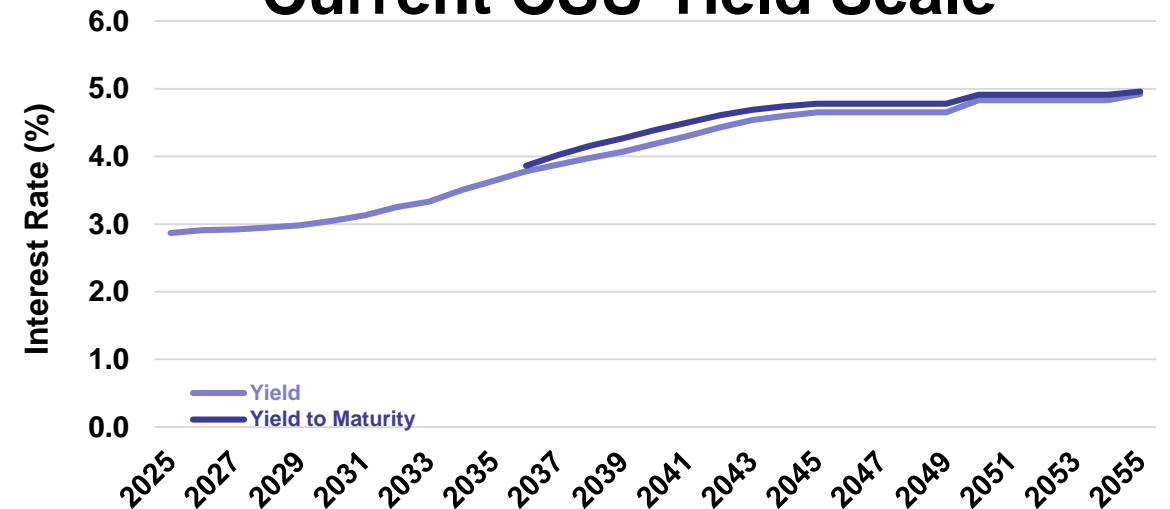
Market Update:

- Due to volatile market conditions, interest rates have risen since the last issuance
- Inflation remains somewhat elevated
- Uncertainty about the economy has increased due to tariffs
- Timing of 2025AB issuance planned to maximize flexibility considering market conditions
- Given the current short-term interest rate environment, planned issuance date (August) selected to optimize earnings on funds in escrow

AA Municipal Interest Rates



Current CSU Yield Scale*



Refunding Debt Issuance: 2025Bs

Objective 2: Manage and optimize The Utilities' current debt portfolio ("Refunding Issuances")

- \$2.1 billion in outstanding fixed rate bonds
- Vast majority can be refinanced 10 years after issuance if interest rate economics are favorable

Anticipated Actions:

- Issue a current refunding transaction in August to refinance all/parts of the 2015A issuance:

Current Estimated Refunding Results

	2015A
Callable Par Value of 2015A Bonds	\$39.5 million
Cashflow Savings from Refunding	\$2.5 million
NPV Savings (\$)	\$1,688,668
NPV Savings (%)	4.27%

Industry and Investor Relationships

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

Underwriter Selection

- Pool established in 2023 for an anticipated 5-year term
- Competitive selection process for 2025AB bonds completed in May
- Team selected for 2025AB issuance:
 - Senior Manager – Goldman Sachs
 - Co-Managers – Bank of America, J.P. Morgan, Morgan Stanley, and Barclays



Industry and Investor Relationships

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

Credit Rating Agencies

- Currently preparing messaging materials for upcoming rating agency meetings
- Anticipated topics of interest to address:
 - Five-Year Financial Plan Update
 - Current forecast metrics compared to original plan
 - Planning mechanisms in place to adjust to forecast changes
 - Smart Energy Transition
 - Natural Gas Supply projects
 - Water Supply update
 - Eastern Wastewater System Expansion

	Moody's	S&P Global	FitchRatings
	Moody's	S&P	Fitch
	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Investment Grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
Non-Investment Grade	B1	B+	B+
	B2	B	B
	B3	B-	B-
High Yield "Junk"	Caa	CCC	CCC
	Ca	CC	CC
	C	C	C
Default	C	D	D

Debt Issuance Working Timetable

Date*	Event
<i>Tuesday, January 21, 2025</i>	<i>Plan of Finance Presentation to Finance Committee</i>
<i>Tuesday, March 25, 2025</i>	<i>JP Morgan Investor Conference</i>
<i>Wednesday, May 21, 2025</i>	<i>Underwriter RFP Selection</i>
<i>Monday, June 16, 2025</i>	<i>Working Committee Presentation</i>
<i>Wednesday, June 18, 2025</i>	<i>Utilities Board Presentation</i>
Tuesday, July 8, 2025	First Reading of Ordinance - City Council
Wednesday, July 9, 2025	Rating Agency Presentation (Moody's)
Thursday, July 10, 2025	Rating Agency Presentation (S&P)
Tuesday, July 22, 2025	Second Reading of Ordinance & Ordinance Approval – City Council
Monday, July 28, 2025	Due Diligence Call
Week of August 4 th or 11 th , 2025	Bond Pricing
Tuesday, August 26, 2025	Issuance Closing

**Preliminary schedule as of June 9, 2025*



Colorado Springs Utilities

It's how we're all connected