



Colorado Springs Utilities
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2025AB Plan of Finance Update

Adam Hegstrom
Treasury and Finance Manager
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Plan of Finance Overview

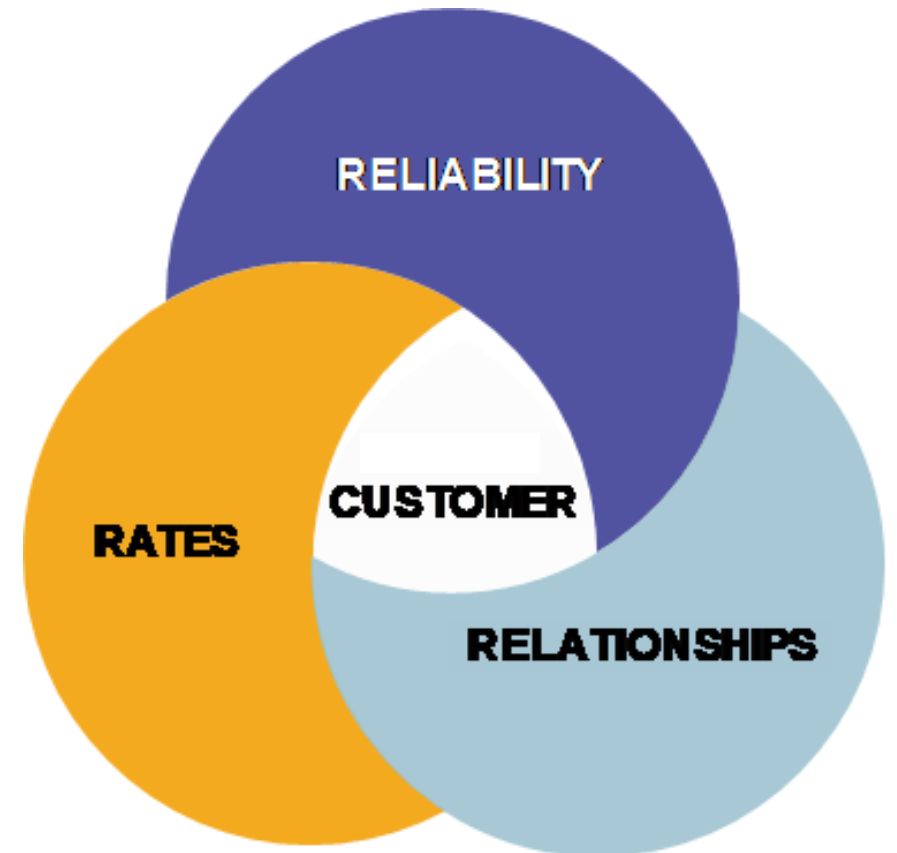
The Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Colorado Springs Utilities' ("The Utilities") capital needs

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

Prudence - Efficiency - Flexibility

Collectively executed by:

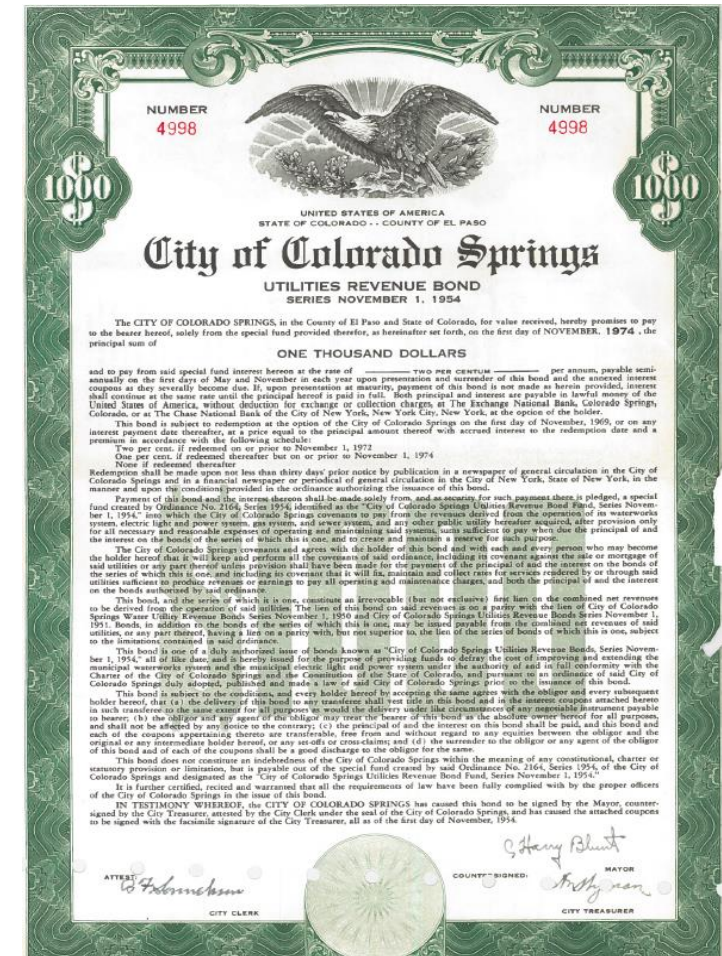
- Utilities Leadership
- Planning and Finance Staff
- Key Advisors
 - Financial Advisor
 - Bond Counsel
- Key Banking Partners and Counterparties



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

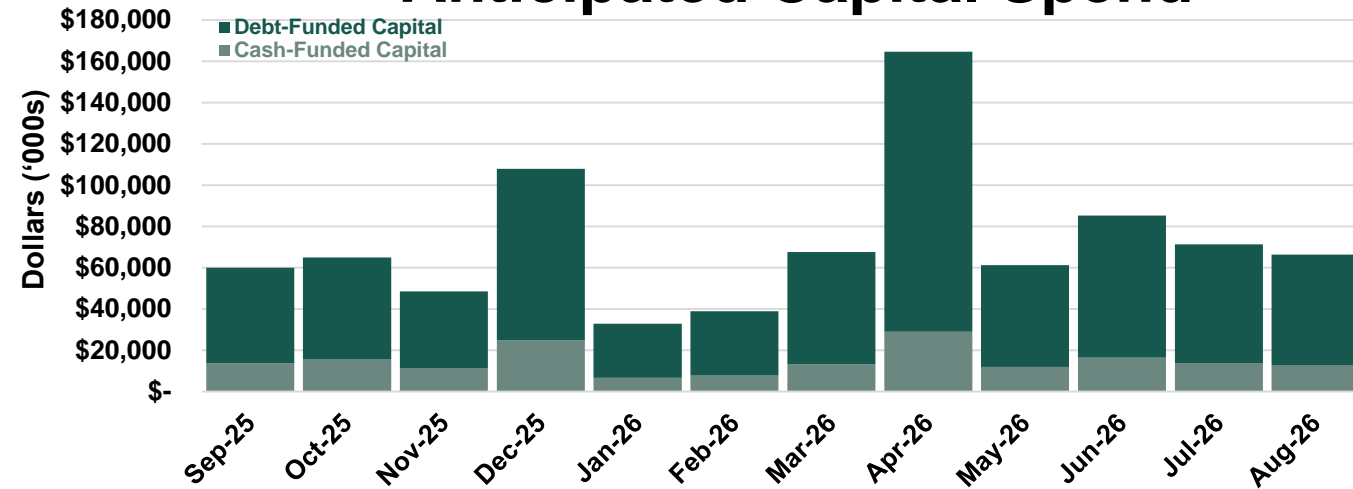
Anticipated Issuance Details:

- 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

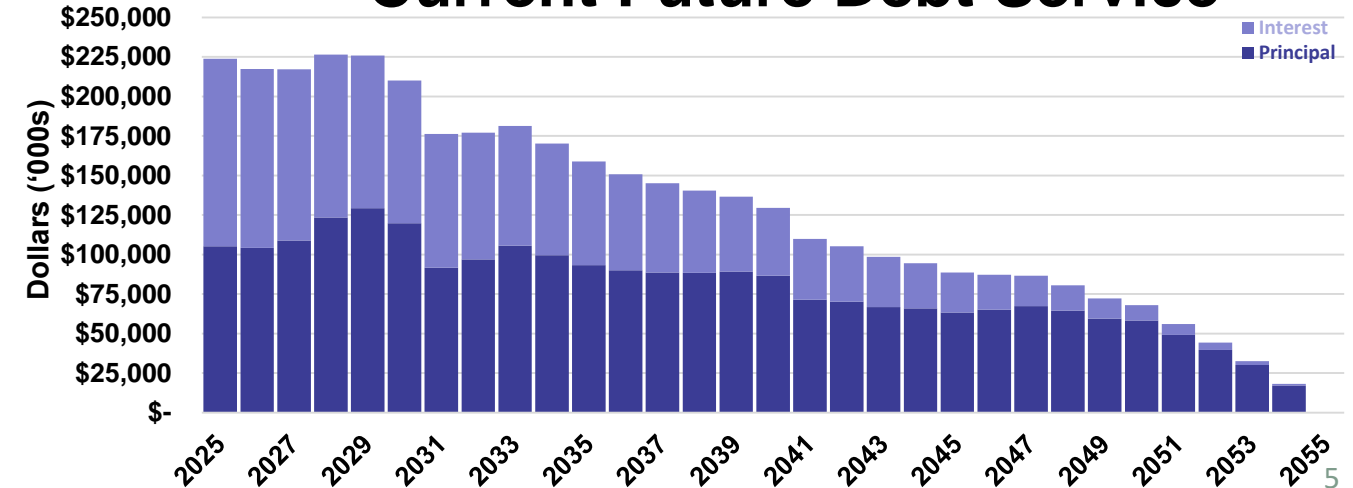
Structure:

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

Anticipated Capital Spend



Current Future Debt Service

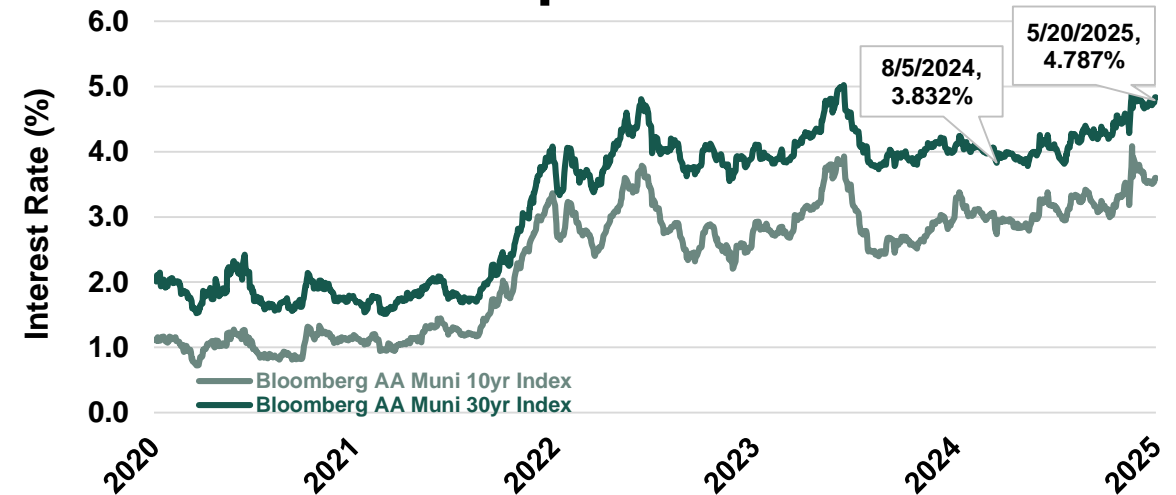


New Money Debt Issuance: 2025As

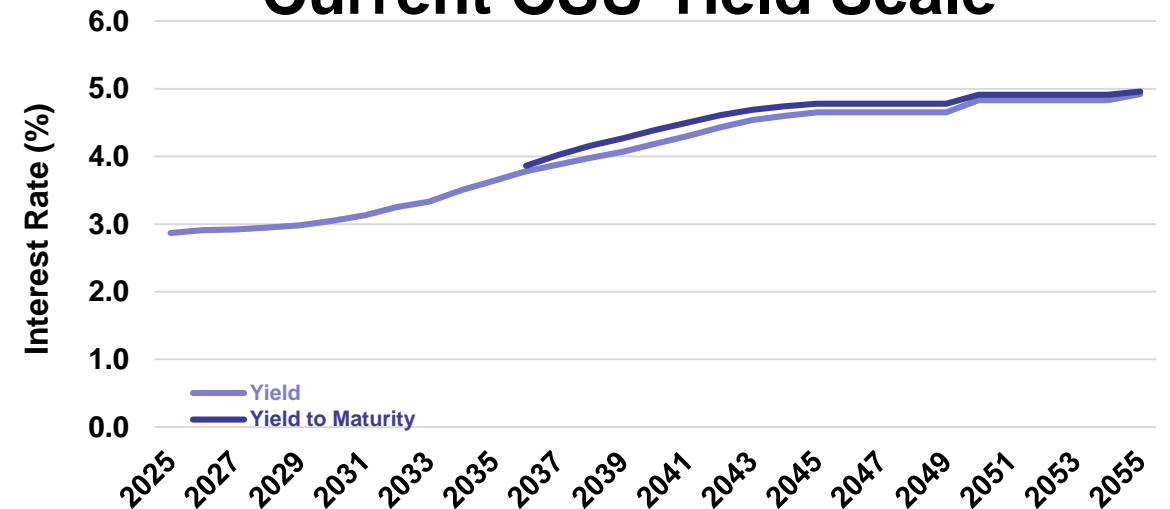
Market Update:

- 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*



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