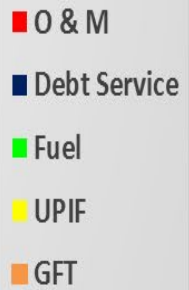
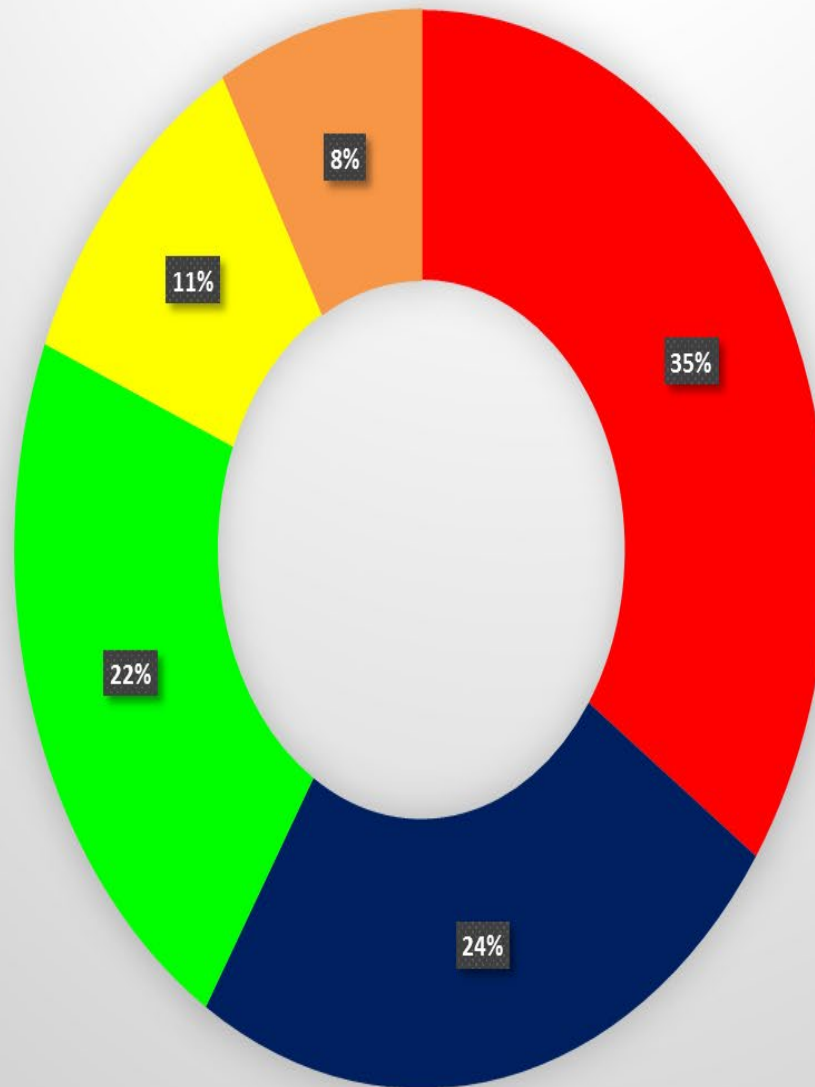


Debt, Cash & Liquidity

Item #180947
Utility Advisory Board
April 10, 2019

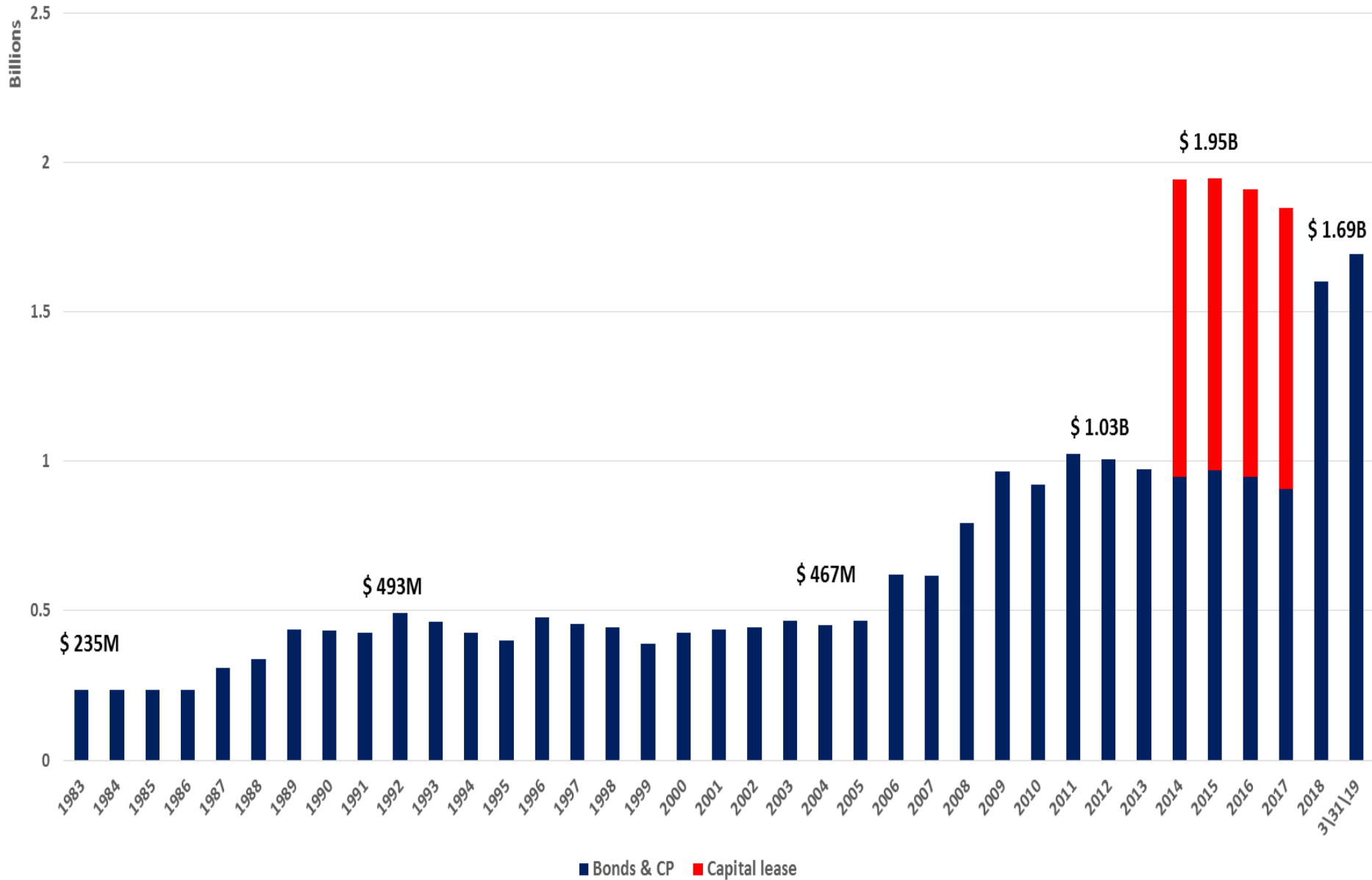
Debt

Expenditures by Percentage of Budget



How We Got Here

GRU Principal Outstanding at FYE

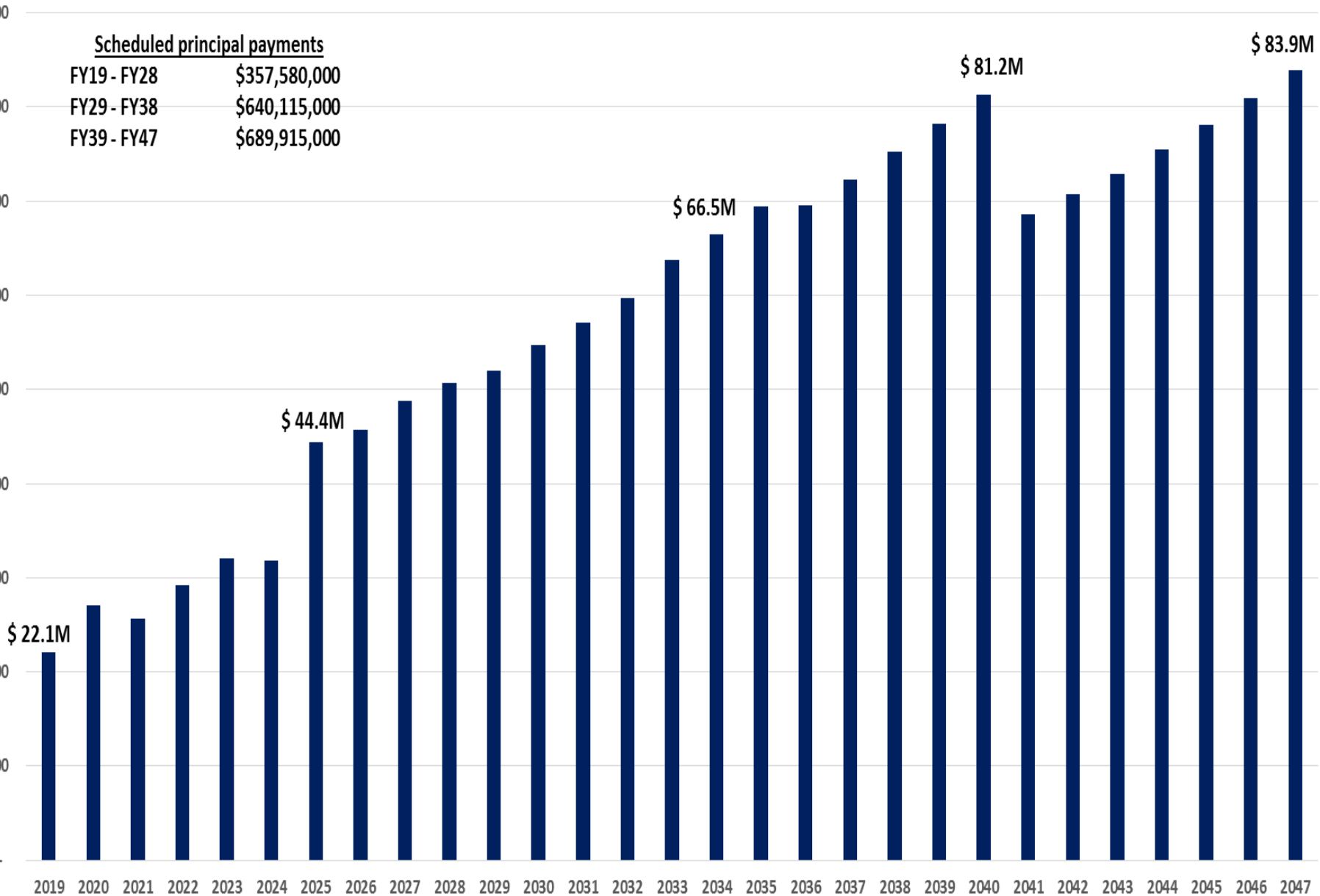


We Pay Off Debt Each Year

Principal Payment Schedule @ 3/31/19

Scheduled principal payments

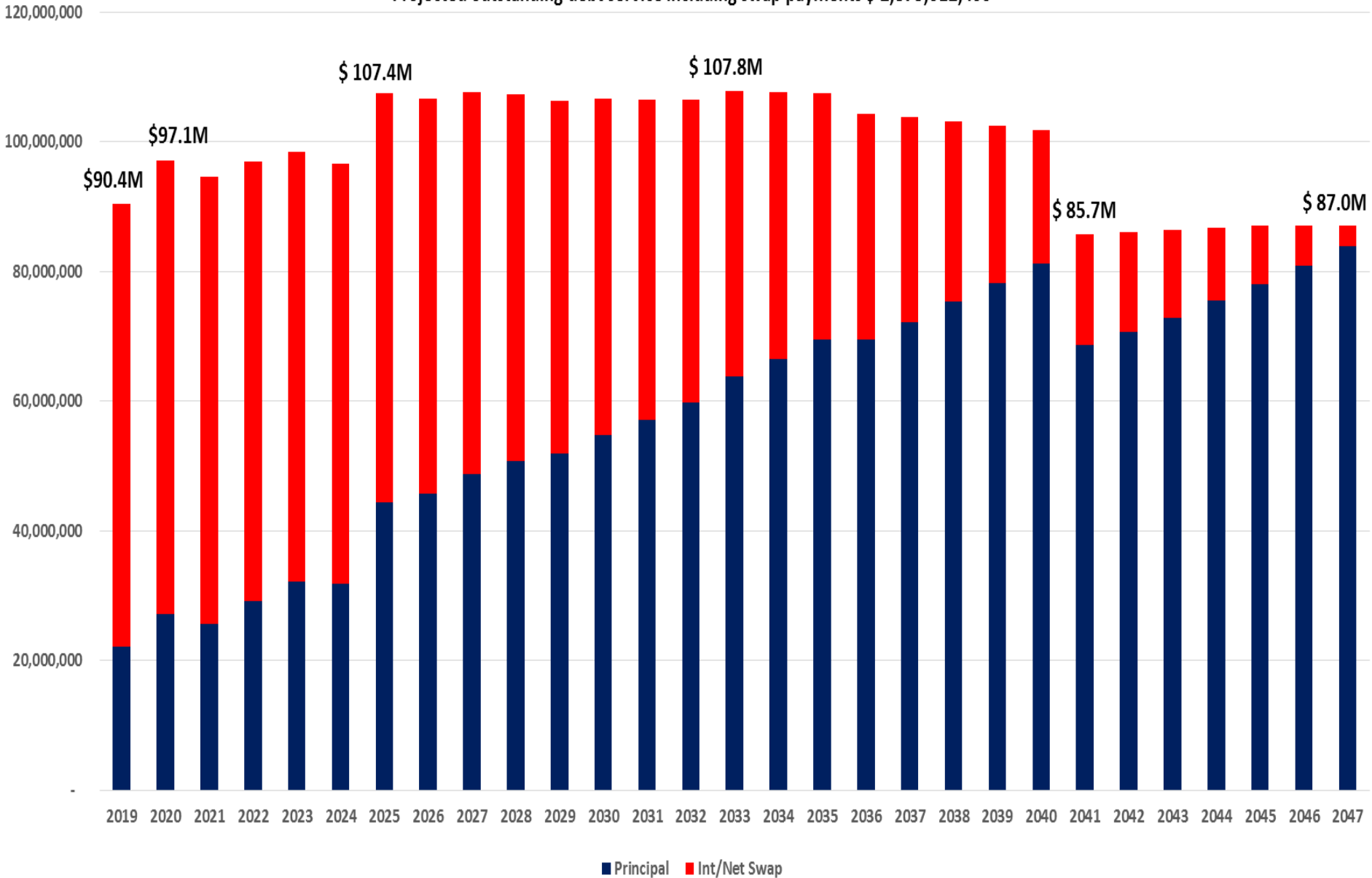
FY19 - FY28	\$357,580,000
FY29 - FY38	\$640,115,000
FY39 - FY47	\$689,915,000



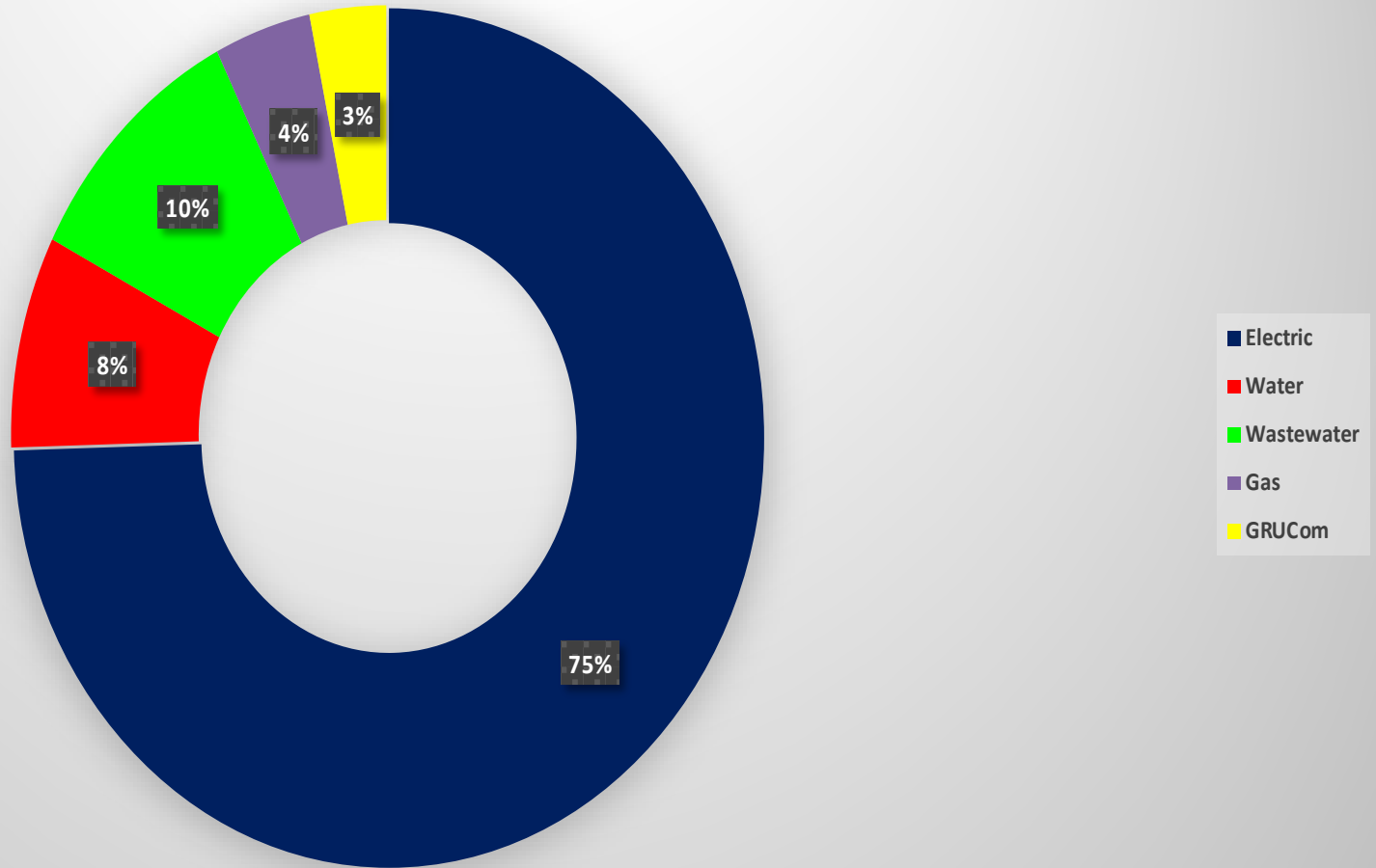
Levelized Payments Are Our Goal

Principal, Interest & Projected Net Swap Payments

Projected outstanding debt service including swap payments \$ 2,873,012,460

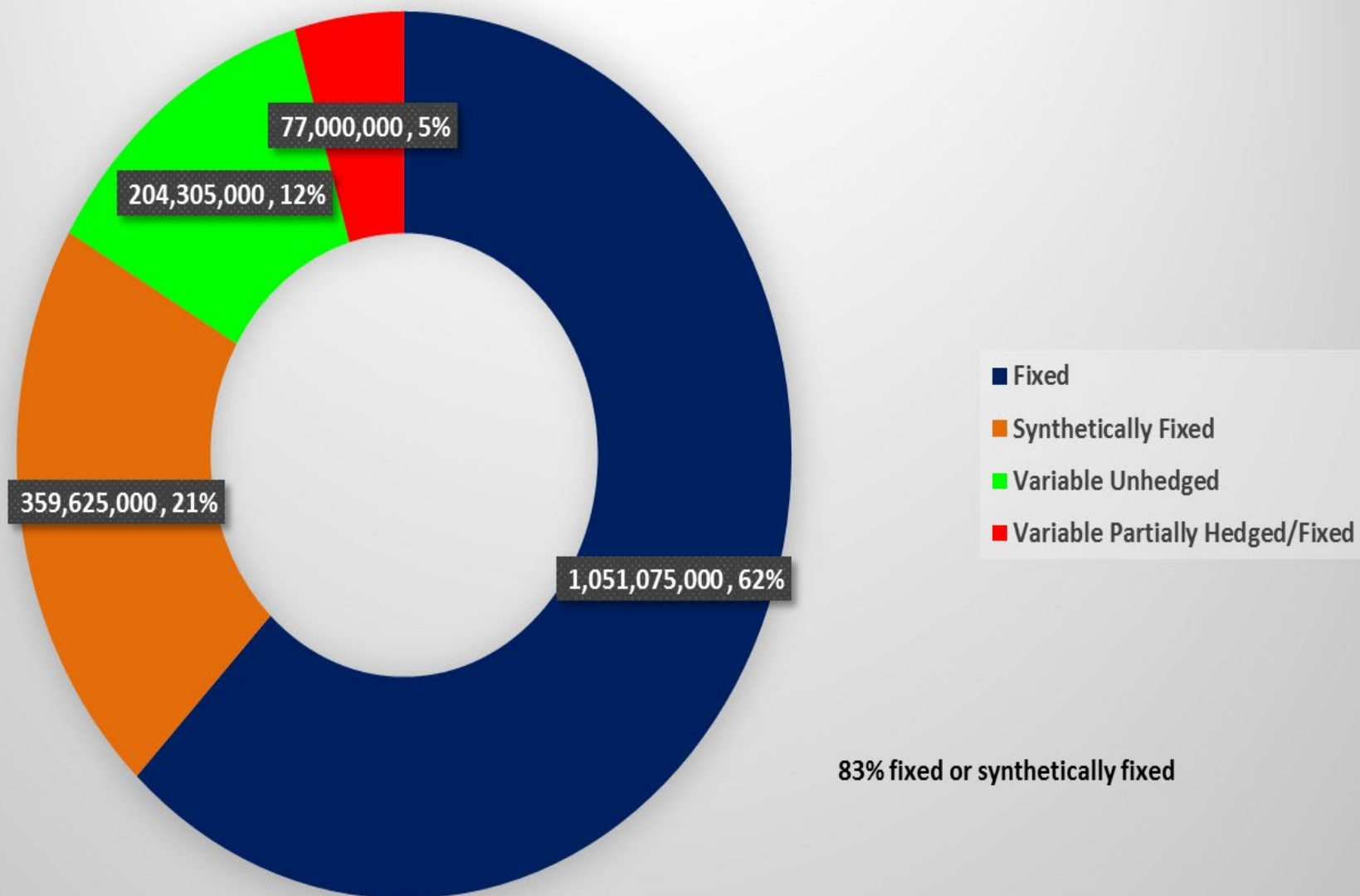


Outstanding Principal by System



	Electric	Water	Wastewater	Gas	GRUCom	Total
O/S Principal	1,257,905,884	134,807,114	169,238,755	70,170,334	55,487,914	1,687,610,001
Customers	98,172	73,043	66,483	35,389	6,737	279,824
Per Customer	12,813	1,846	2,546	1,983	8,236	6,031

Composition of Debt

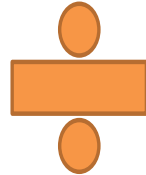


Leverage

- Leverage = Debt relative to cash flow available to service that debt

NET ADJUSTED DEBT

Total Debt	\$1,711,098
Less:	
Operating cash	(26,793)
Rate Stabilization Fund cash	(57,704)
Debt Service Fund cash	<u>(59,269)</u>
Equals Net Adjusted Debt	\$1,567,332



FUNDS AVAILABLE FOR DEBT SERVICE

Operating Income	\$ 73,618
Less	
RSF Transfers	(3,840)
General Fund Transfer	(36,379)
Plus	
Depreciation & Amortization	94,080
Interest & BABS subsidy & other	<u>14,545</u>
Equals Funds Available for Debt Service	\$ 142,024



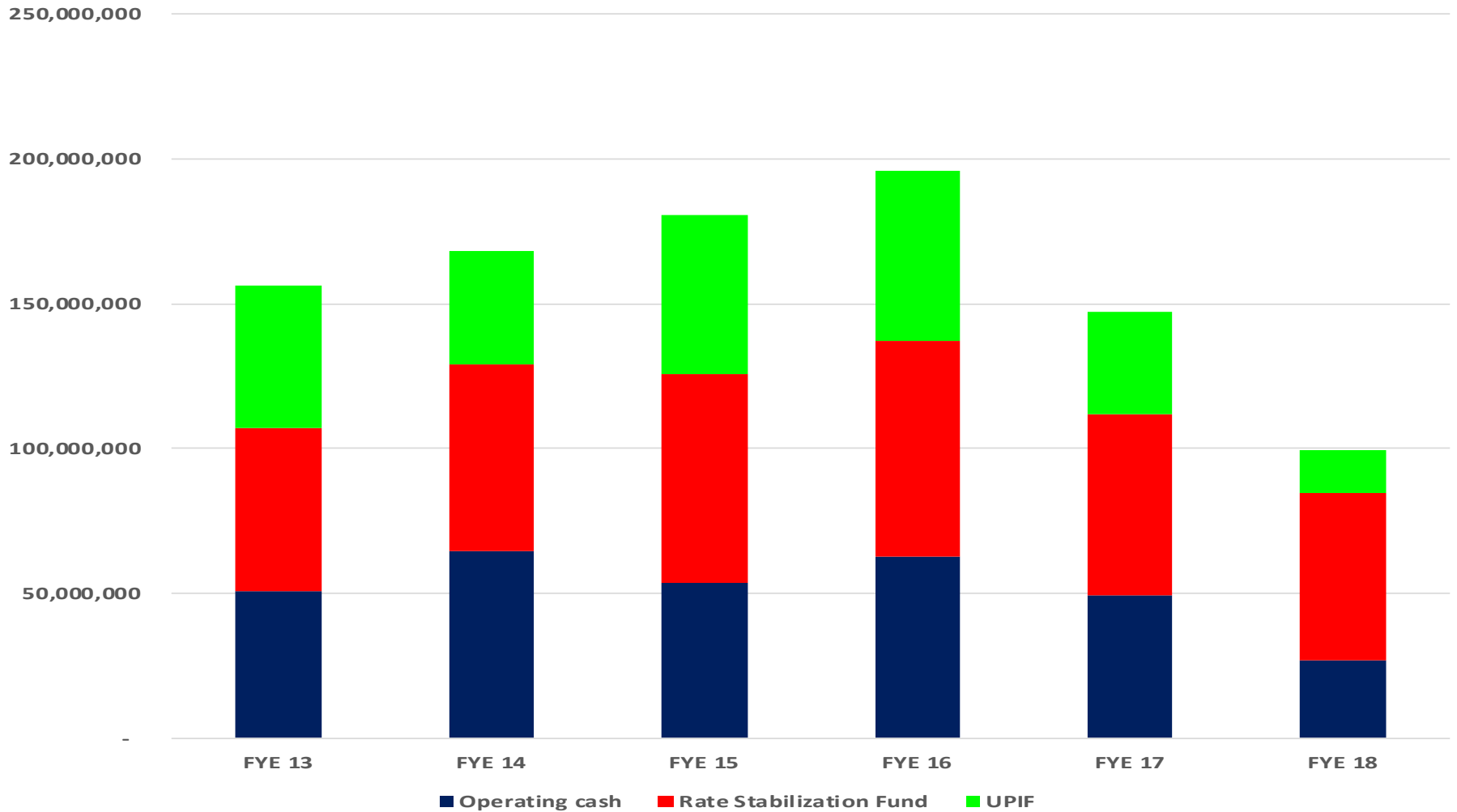
LEVERAGE

Leverage = 11.0

- All 3 rating agencies expressed concerns regarding GRU's high leverage
 - Fitch specifically mentioned potential for increased leverage if GFT rises
- "Scorecard" items will assist in reducing this leverage
 - 2019 transaction will deposit savings in RSF – reducing Net Adjusted Debt
 - GFT reduction will increase Funds Available for Debt Service
 - Other revenue increases/expense reductions will increase Funds Available for Debt Service

Cash & Liquidity

Cash Balance Trends



	FYE 13	FYE 14	FYE 15	FYE 16	FYE 17	FYE 18
Operating cash	50,725,104	64,756,240	53,539,963	62,635,050	49,498,170	26,793,426
RSF	56,154,695	64,030,121	72,104,746	74,262,078	62,431,906	57,703,806
UPIF	49,243,689	39,313,780	55,023,201	58,792,082	35,418,075	14,716,405
Total	156,123,488	168,100,141	180,667,910	195,689,210	147,348,151	99,213,637

After 2019 transaction, UPIF balance at approximately \$37M, total @ \$122M

Cash & Liquidity

- Received specific questions from current and potential investors concerning cash balance declines during investor calls on 2019 transaction
- Transaction addressed some of these issues by injecting approximately \$60M in cash over the period 2019 through 2022 through
 - \$23M UPIF replenishment
 - Near term debt service savings
- Post 2019 transaction
 - Approximately 220 days cash on hand (operating cash, RSF, and UPIF)
 - Approximately 426 days liquidity on hand (cash, authorized but unissued commercial paper, and undrawn SunTrust line of credit)

Cash and Liquidity Targets after 2019 Transaction

Cash Balance Study (\$ millions)	2019	2020	2021	2022
Proposed Cash Targets	72.7	74.9	77.2	79.5
Lower Bound	63.1	65.0	67.0	69.0
Upper Bound	82.3	84.8	87.4	90.0
Cash Available for Reserve Targets				
Operating cash (60 days)	4.4	4.4	4.4	4.4
Rate Stabilization Fund	57.7	44.7	34.5	27.6
UPIF for Reserves	5.0	28.0	33.2	36.3
UPIF Reimbursement from 2019 Transaction	23.0	-	-	-
Total Cash Reserves	90.1	77.1	72.1	68.3
Addition of RSF cash from refinancing savings	5.5	9.1	11.6	10.8
	95.6	86.2	83.7	79.1
Over(Under) Upper Bound	13.3	1.4	(3.7)	(10.9)



Questions ?