The Empire District Electric Company
A Liberty Utilities Company
Case No. ER-2019-0374
OPC Data Request – 1011

Data Request Received: 3/09/20
Request No. 1011
Submitted by: Robert Schallenberg

Date of Response: 3/24/2020
Respondent: Mark Timpe

REQUEST:

Who, on Liberty-Empire's behalf, evaluated and determined Liberty-Empire's best course of action for refinancing its $90 million of first mortgage bonds that matured and came due on June 1, 2018?

a. Did that/those analyst(s) evaluate the option of refinancing those $90 million of Empire first mortgage bonds with a new issuance of mortgage bonds? If so, please provide copies of the documentation of any such analysis. If not, explain why not.

RESPONSE:

Arthur Kacprzak, Vice President – Treasury & Treasurer for Algonquin Power & Utilities Corp. and Mark Timpe, Director, Treasury of Liberty Utilities, in consultation with David Bronicheski, CFO of Algonquin Power & Utilities Corp.

a. No. In the Company's view, a $90 million "one-off" financing, given its very small size, would attract an insufficient level of investor interest leading to higher credit spreads that are otherwise available under the Liberty Utilities financing strategy. Liberty's strategy of warehousing financing needs until an efficient deal size is reached is designed to produce substantial debt investor interest given desired investment thresholds and mixes of issuance tenors. This strategy also offers debt investors a more diverse and larger mix of utility cash flows from both a mode and geographic perspective. Finally, as noted in Mr. Timpe's Rebuttal Testimony on page 10 at lines 5-7, the $90 million Empire promissory note issued to LUCo on June 1, 2018 was priced based on Liberty's $750 million private debt placement which was nearly 3 times oversubscribed which evidences the wisdom of Liberty's financing strategy.