



Northern California Power Agency

October 2021

Finance Committee Materials

PFM Financial Advisors
LLC

601 S. Figueroa Street
Suite 4500
Los Angeles, CA 90017

213.489.4075



Hydroelectric Bonds, Series 2021A (refunding) Request for Proposals



Proposed Schedule

October							November							December							January							February							March						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2		1	2	3	4	5	6				1	2	3	4						1				1	2	3	4	5			1	2	3	4	5
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8	9	10	11	12
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15	16	17	18	19
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22	20	21	22	23	24	25	26	20	21	22	23	24	25	26
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29	27	28						27	28	29	30	31		
31																					30	31																			

Timing	Activity
Mid October, 2021	<ul style="list-style-type: none"> Send out underwriter RFP
Mid November, 2021	<ul style="list-style-type: none"> Select Underwriter(s)
Early December, 2021	<ul style="list-style-type: none"> Kick-off call
February 8 th , 2022	<ul style="list-style-type: none"> Finance Committee recommendation of Commission Approval
February 24 th , 2022	<ul style="list-style-type: none"> NCPA Commission Approval
Week of February 28 th , 2022	<ul style="list-style-type: none"> Post POS
Week of March 7 th , 2022	<ul style="list-style-type: none"> Pricing
April 5 th , 2022	<ul style="list-style-type: none"> Closing
July 1 st , 2022	<ul style="list-style-type: none"> Redemption of the 2012A Bonds

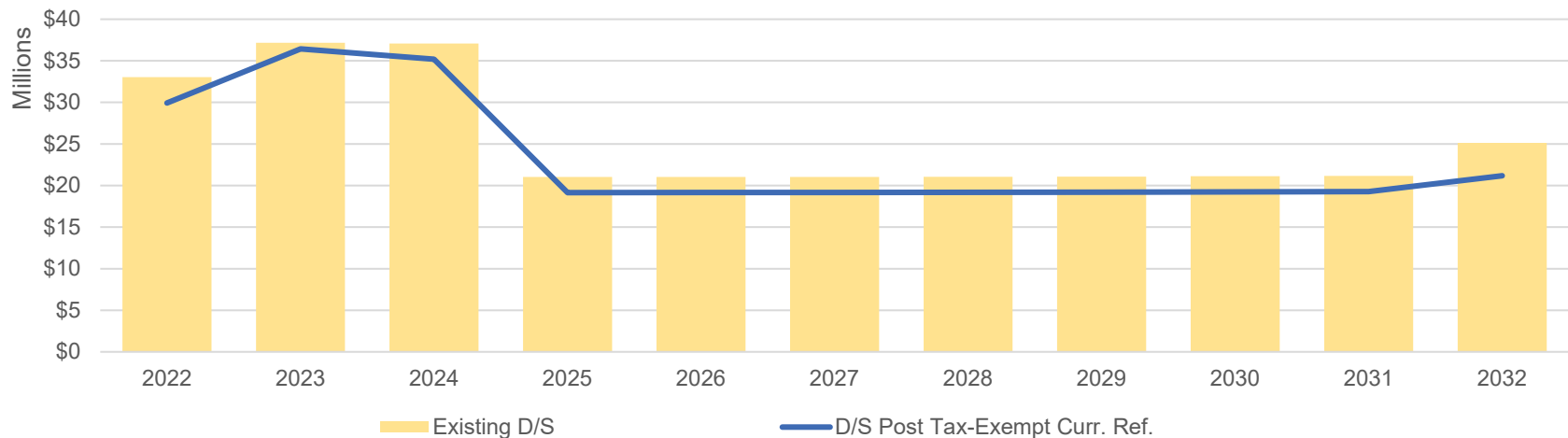


Sample Numbers

- \$76,665,000 of NCPA's Hydroelectric Project Number One Revenue Bonds, Series 2012A, is outstanding, all of which is callable on 7/1/2022
- At current rates, a tax-exempt current refunding would achieve NPV savings of about \$16.6 million, or 21.61% of refunded par

	Tax-Exempt Current Refunding
Delivery Date	4/6/2022
First Interest Payment Date	7/1/2022
Par	62,025,000
Total Escrow Deposit	78,574,220
NPV Savings (\$)	16,568,927
NPV Savings (%)	21.61%
Average Annual D/S Savings	1,718,612
Arbitrage Yield	0.87%
Negative Arbitrage	152,941
TIC	0.91%

NCPA Hydroelectric Project Aggregate Debt Service





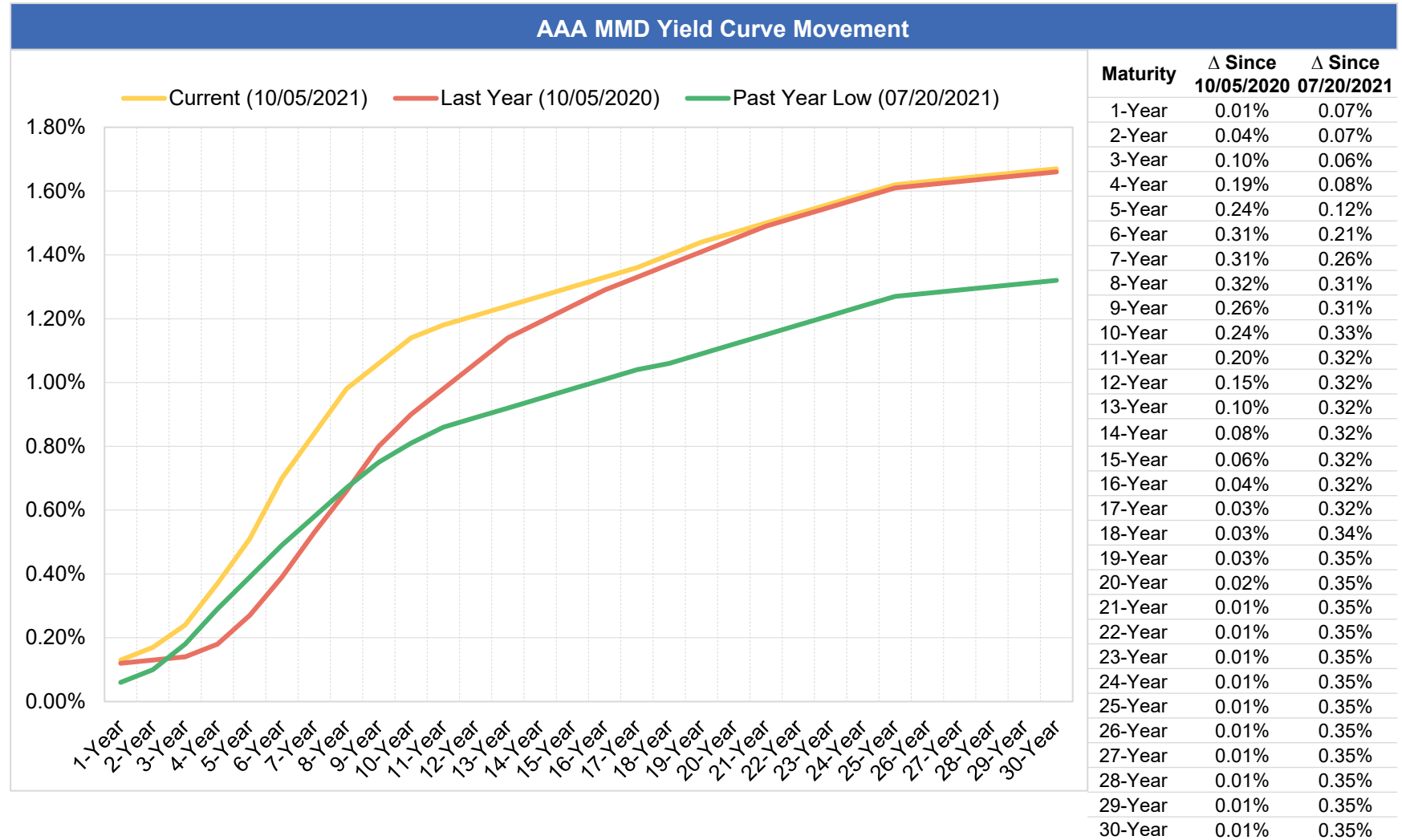
Market Overview Since August 10th

Date	DJIA	10-Yr MMD	10-Yr Tsy	30-Yr MMD	30-Yr Tsy
10-Aug	35,265	0.88%	1.36%	1.46%	1.99%
5-Oct	34,003	1.14%	1.54%	1.67%	2.10%
Δ	-1,262	0.26%	0.18%	0.21%	0.11%

- Prior to the September 21st / 22nd Federal Open Market Committee (FOMC) meeting, rates experienced minimal change from August 10th
 - AAA MMD rose by at most 8 bps
- The September FOMC made few major changes to current monetary policy, but Chairman Powell hinted at a forthcoming taper of bond purchases as well as a slew of possible rate hikes over the coming years
 - Tapering may be as early as November, depending on the jobs report
 - Median dots suggest hikes of 12.5 bps in 2022, 75 bps in 2023 and 75 bps in 2024
- Over the past two weeks, rates have seen notable increases in response to the September FOMC meeting comments, a disappointing consumer confidence report, and continuing power outages in China
 - Immediately following the FOMC meeting, Thursday, September 23rd saw the biggest daily increase in 10-year Treasuries
 - 30-year UST broke 2% on Tuesday, September 28th, the highest level since June
 - AAA MMD rose 6 to 17 bps in the week following the FOMC meeting; rate increases were most significant in the middle of the yield curve



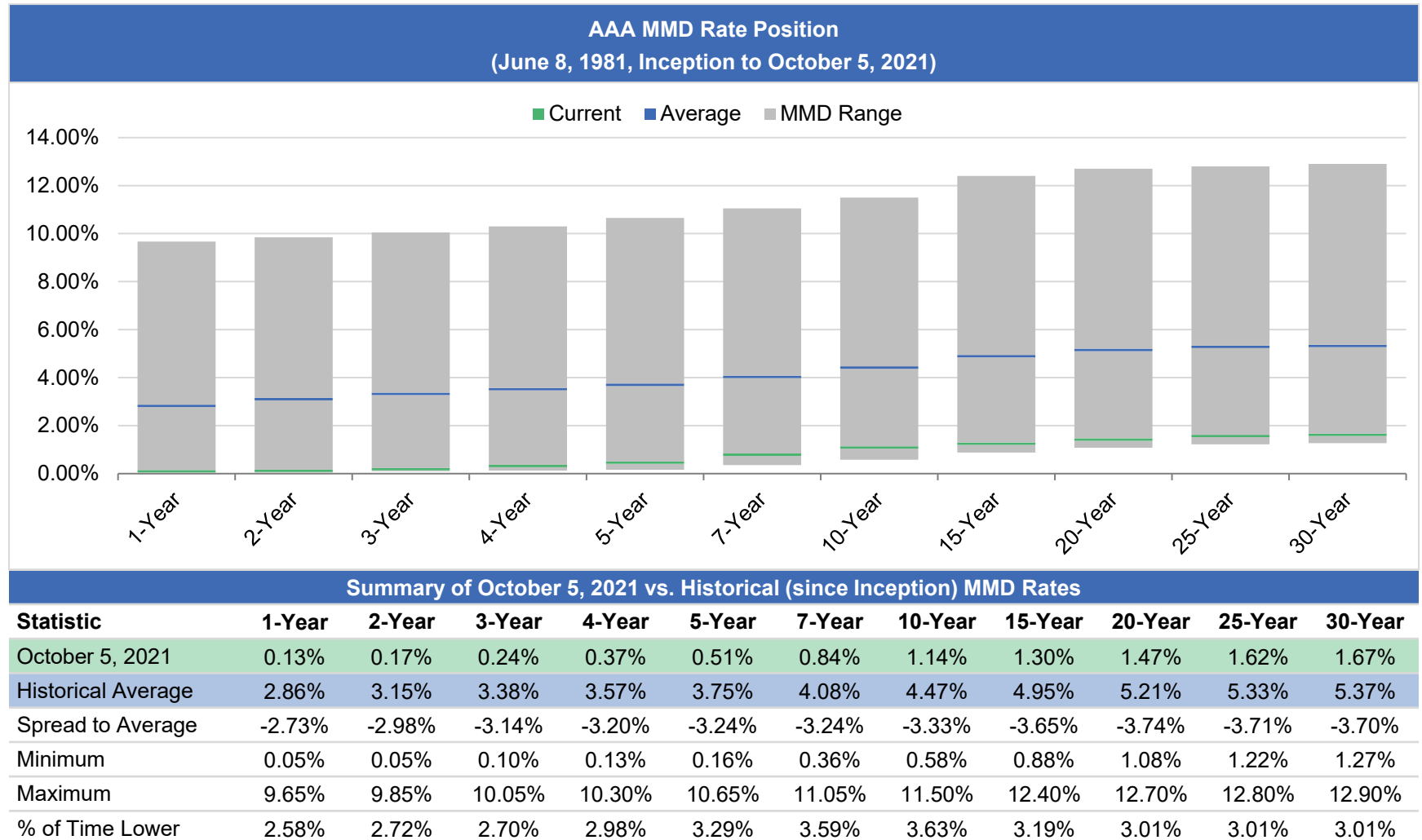
Recent AAA MMD Yield Curve Movement



Source: Thomson Reuters



AAA MMD Position Since Inception

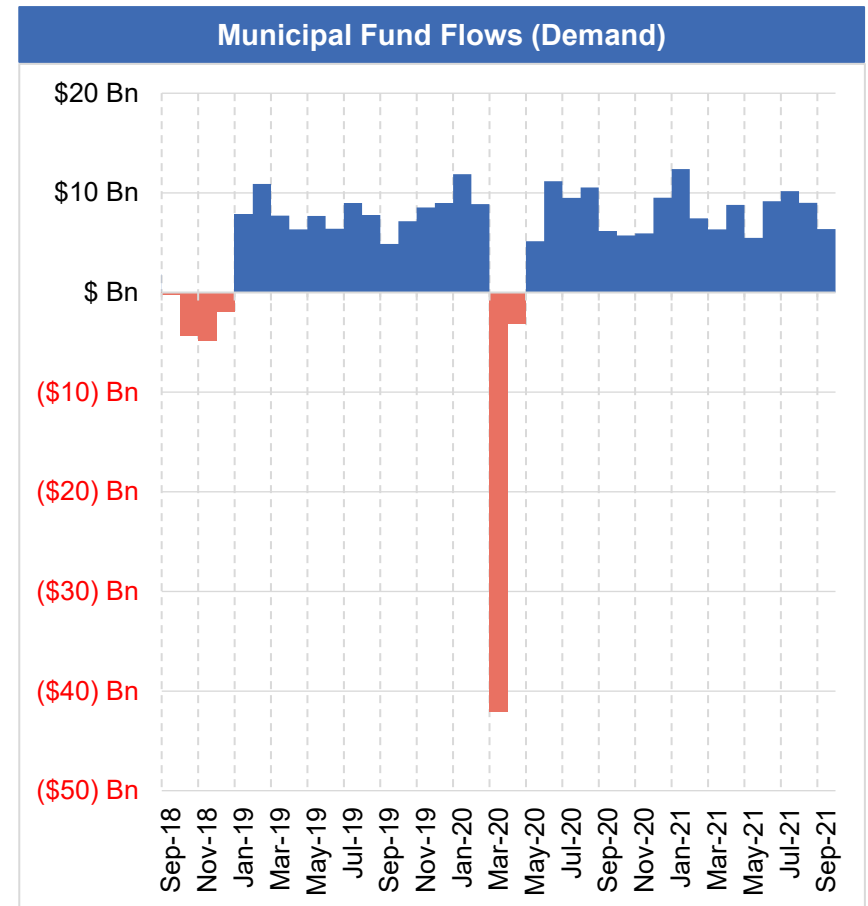
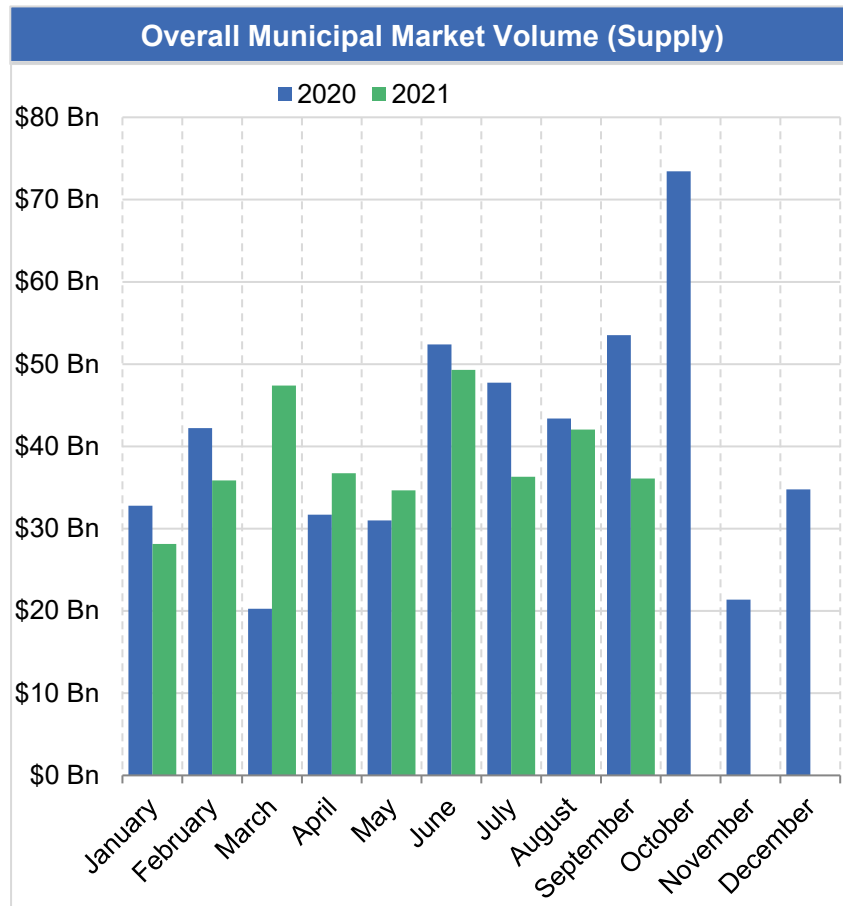


Source: Thomson Reuters



Municipal Market Supply & Demand

- New issuance volume was down by 32.57% year-over-year in September, while year-to-date new issuance volume was 2.40% lower than 2020 issuance through July.



Source: Bond Buyer, Investment Company Institute



Interest Rate Forecasts

- According to effective Fed funds futures, the market expects no rate action in Q3.

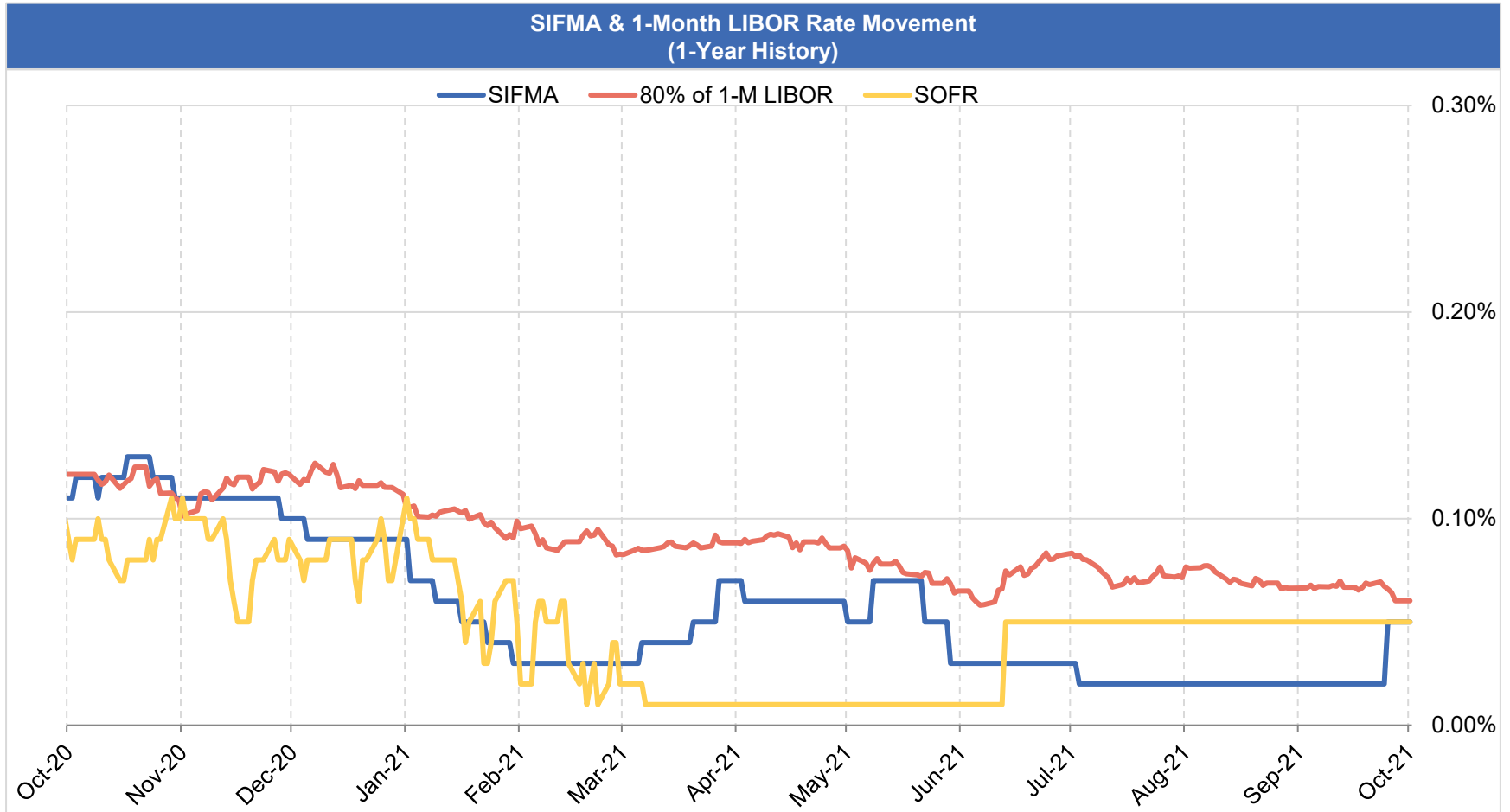
The Street's Interest Rate Forecast (As of October 5, 2021)								
Average Forecasts	Current	Q3 21	Q3 Δ vs. Current	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
30-Year UST	2.06%	2.17%	0.11%	2.30%	2.42%	2.50%	2.59%	2.66%
10-Year UST	1.50%	1.59%	0.09%	1.69%	1.82%	1.89%	1.99%	2.06%
2-Year UST	0.28%	0.30%	0.02%	0.38%	0.49%	0.58%	0.68%	0.81%
3M LIBOR	0.13%	0.22%	0.09%	0.24%	0.28%	0.36%	0.43%	0.59%
Fed Funds Target Rate	0.00%	0.00%	0.00%	0.01%	0.02%	0.04%	0.08%	0.18%

Source: Bloomberg



SOFR, SIFMA & 1-Month LIBOR Rate Movement

- For the past year SOFR, SIFMA and 1-M LIBOR have all remained below 0.20%. Currently, SIFMA and SOFR are both less than 80% of 1-M LIBOR at 0.05%.



Source: Thomson Reuters



pfm