

AN ORDINANCE 2014 - 01 - 30 - 0063

AUTHORIZING CPS ENERGY TO ESTABLISH A REGULATORY ASSET IN ORDER TO AMORTIZE UTILITY RELATED DEBT ISSUANCE COSTS OVER THE LIFE OF THE CORRESPONDING DEBT.

* * * * *

WHEREAS, pursuant to Chapter 1502 of the Texas Government Code, the City Council, acting in its regulatory capacity, has original jurisdiction over the rates of CPS Energy and shall establish rates that are equal and uniform; and

WHEREAS, CPS Energy operates a combined electric and gas utility system on behalf of the City of San Antonio with management by the CPS Energy Board of Trustees as an independent body with control over the utility system’s revenues and day-to-day operations; and

WHEREAS, CPS Energy’s financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”), as prescribed by the Governmental Accounting Standards Board (“GASB”); and

WHEREAS, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”), in April 2012, which became applicable to the CPS Energy for its current fiscal year, which runs February 1, 2013 to January 31, 2014; and

WHEREAS, GASB 65 would otherwise require that the CPS Energy expense immediately all currently unamortized debt issuance costs, as well as all debt issuance costs incurred and to be incurred subsequent to the effective date of adoption; and

WHEREAS, CPS Energy is also subject to existing GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (“GASB 62”), which describes regulatory accounting methods available to rate-regulated entities or operations and allows CPS Energy to record debt issuance costs as regulatory assets to be amortized over the life of the related debt; and

WHEREAS, based on the applicability of GASB 65, beginning in the CPS Energy’s current fiscal year, CPS Energy could continue capitalizing these costs on its balance sheet and amortizing them over the life of the corresponding debt, in conjunction with the recognition and application of regulatory asset treatment pursuant to GASB 62, provided the City Council authorizes this accounting treatment; and

WHEREAS, CPS Energy recommends that approval be granted for the establishment of a regulatory asset for unamortized debt issuance costs of as February 1, 2013, which total approximately \$29 million, as well as any additional debt issuance costs incurred or to be

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01/30/14
Item No. 24

incurred on or after February 1, 2013, to be recovered over the life of the corresponding debt.
NOW, THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. CPS Energy is authorized to establish a regulatory asset for its unamortized debt issuance costs as of February 1, 2013, which total approximately \$29 million, as well as any additional debt issuance costs incurred or to be incurred on or after February 1, 2013, to be recovered over the life of the corresponding debt.

SECTION 2. This Ordinance shall become effective immediately upon passage by eight (8) votes of the City Council and if passed upon fewer than eight (8) votes after the tenth (10th) day after passage thereof.

PASSED AND APPROVED, this 30th day of January, 2014.



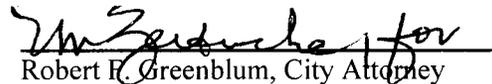
M A Y O R
Julián Castro

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Robert H. Greenblum, City Attorney

Agenda Item:	24 (in consent vote: 6, 7, 8, 10, 11, 12, 14, 15, 16, 17, 18, 19, 22, 23, 24, 25, 26, 27, 27A, 27B)						
Date:	01/30/2014						
Time:	11:49:00 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance authorizing the establishment of a Regulatory Asset related to debt issuance costs by CPS Energy. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Director, Finance]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x				
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				x
Joe Krier	District 9		x			x	
Michael Gallagher	District 10		x				