CFSD for years has been following about thirty US investment grade utilities. With almost no exceptions, all of them maintained large revolving credit facilities whose principal use was to backstop commercial paper programs which constituted their week in and week out liquidity programs.

The intensity of their financings at the front end of the coronavirus pandemic (March 2020) has been astonishing. The following two charts demonstrate the scale of these COVID financings. In the first chart, blue indicates the size of the companies’ liquidity draws at the beginning of the 1st quarter of 2020, while orange designates the size of their COVID financings, much of which was used to pay down their commercial paper. As you can readily see, for many of these utilities the scale of their COVID financings was very large. Our second chart illustrates another aspect of the COVID financings: while there were a few relatively short term COVID financings, the vast majority of them were ten-to-thirty-year fixed rate financings. Our anecdotal evidence suggests that LIBOR was scarcely considered in the pricing of these facilities, and if so, only with a floor. Perhaps LIBOR—long on life support—will prove to be another COVID victim. We continue to work hard on complementary, regional-local bank liquidity facilities that would incorporate a more relevant pricing benchmark such as AMERIBOR.



