



AUSTIN ENERGY 2021 ANNUAL REPORT



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Customer Driven. Community Focused.

As a public power utility, Austin Energy has the responsibility to build a better Austin for our community and our customers. Customer Driven and Community Focused is our promise to those we serve. This means that in our mission, vision and daily operations, we put them first.

Mission:

To safely deliver clean, affordable, reliable electricity and excellent customer service.

Vision:

To drive customer value in energy services with innovative technology and environmental leadership.



Public Utility, Public Guidance.

Austin Energy is a public power utility and a department of the City of Austin. The Austin City Council is the governing body for Austin Energy, providing oversight and policy direction for the utility. Austin’s City Manager and Austin Energy’s General Manager are responsible for the safe and effective operations of the utility. *(Pictured here is the Council in 2021.)*

Alison Kitchen



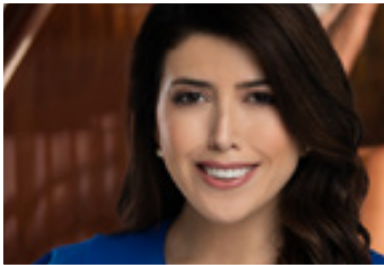
Steve Adler



Paige Ellis



Leslie Pool



Vanessa Fuentes



Sabino Rentera



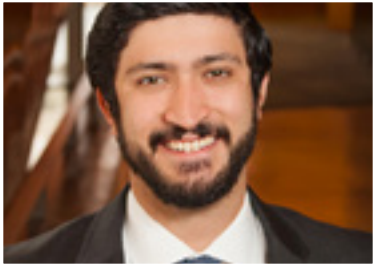
Natasha Harper-Madison



Mackenzie Kelly



Ann Kitchen



Greg Casar



Alison Alter



Kathy Tovo





JACKIE A. SARGENT
Austin Energy
General Manager

A message from Austin Energy General Manager Jackie Sargent

2021 was a year unlike any other in Austin Energy's more than 126-year history. The uncertainty of the continued pandemic and a devastating winter storm challenged the Austin Energy family as we worked to support our community through difficult times. I am proud of how our staff of more than 2,000 rose to meet these challenges and more, while providing customers with safe, reliable, affordable and clean energy.

Every challenge is an opportunity for growth. As a public power utility, Austin Energy has the responsibility to build a better Austin for our community and our customers. Customer Driven and Community Focused is our promise to those we serve.

We understand our customers need us now more than ever before. In 2021, we were reminded of how important it is to be there for those in need. City of Austin Utilities provided more than \$13 million to nearly 16,000 customers through our Utility Bill Relief program. We also worked with Austin Public Health and the Central Texas Area Food Bank in letting those most in need know we're here to help.

In February, a series of historic and devastating storms hit the Austin Energy service area, bringing snow, ice and wind over the course of eight days. Our service area experienced widespread outages after

the Electric Reliability Council of Texas directed utilities to cut power to help stabilize the power grid. Our lineworkers – many of them dealing with power outages and frozen pipes at home – ventured out to restore power to more than 220,000 of our customers as soon as they safely could. Our control room operators barely slept that week as they monitored grid conditions and how they would impact our restoration efforts. Because power plants performed well, Austin Energy was able to provide electricity to the power grid during that time, resulting in financial stability for our customers.

Austin Energy's service area continues to grow as economic conditions in Texas remain strong, but we know there is more work to do as we navigate this complex energy landscape. We continue to make significant progress toward system resiliency and clean energy for a smart grid of the future. That's why we're continuing to invest in electric vehicle charging stations and promoting our award-winning EV Buyer's Guide. We're also proud of our joint effort with Austin Bergstrom International Airport where we've installed more than 6,600 solar panels across a distance equal to two football fields.

As a utility, we will step forward and grow through every opportunity we face. The success of Austin Energy is directly connected to the value we deliver to customers, employees and the communities we serve. We know that, together, we each have a role to play to achieve our shared climate goals and create a clean energy economy that benefits all.

Sincerely,

A handwritten signature in blue ink that reads "Jackie A. Sargent". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jackie Sargent



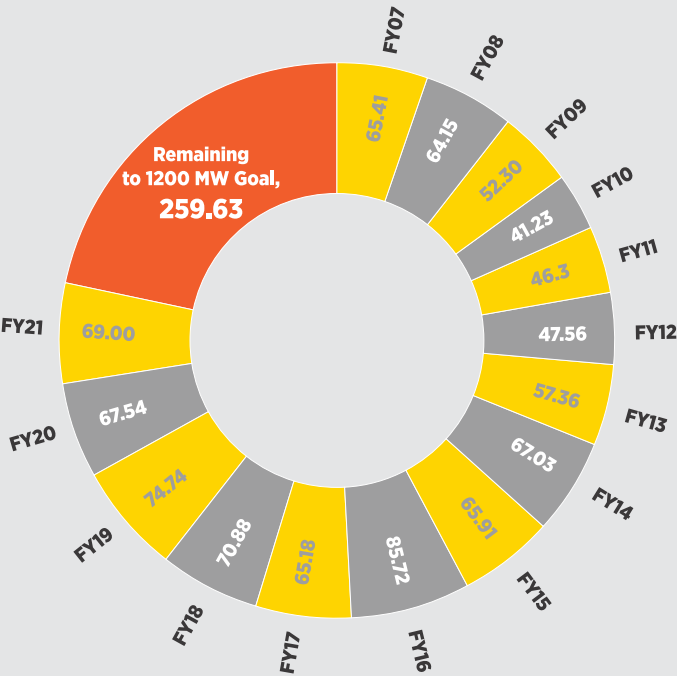
Austin Energy lights the way forward for our community. We are a diverse team that works day in and day out to ensure the region has the power it needs to thrive. Here is a high-level look at how we are doing.

In FY 2021, Austin Energy added more than 13,000 customers to the system.

That brings total FY 2021 customers to 520,757 (unaudited)

Energy Efficiency
Results for FY 2021

Customer Energy Solutions has a goal of saving 1,200 MW by 2030 through its energy efficiency programs. This chart tracks the progress to that goal.

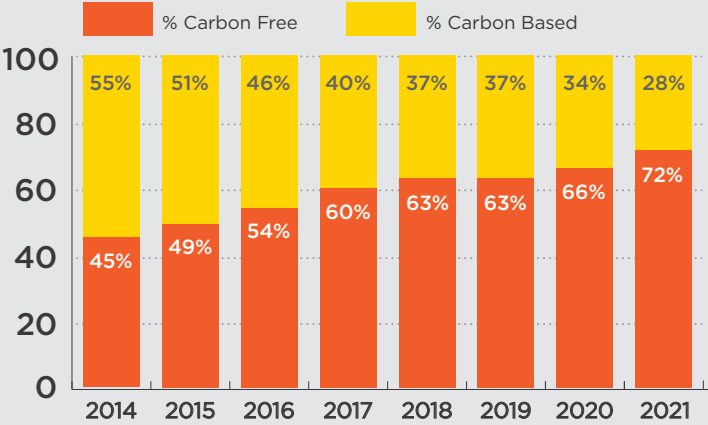


STANDARD AND POOR'S BOND RATING

AA
FY 2021

AA
Target

Progress to
Carbon-Free
Resources
for FY 2021



Reliability for FY 2021

Reliability means customers have the power they need, when they need it. Austin Energy works 24/7 to keep the lights on and the power flowing for Central Texas residents.

	Austin Energy	TX Electric Utilities Average (Calendar Year 2020)*
System's average length outage (minutes)	61.39	177.67
System's average number of interruptions a year per customer	0.72	1.37
Customer's average interruption length (minutes)	85.26	101.24

*Texas average based on 2020 CYE data, the latest available on the United States Energy Information Administration website.

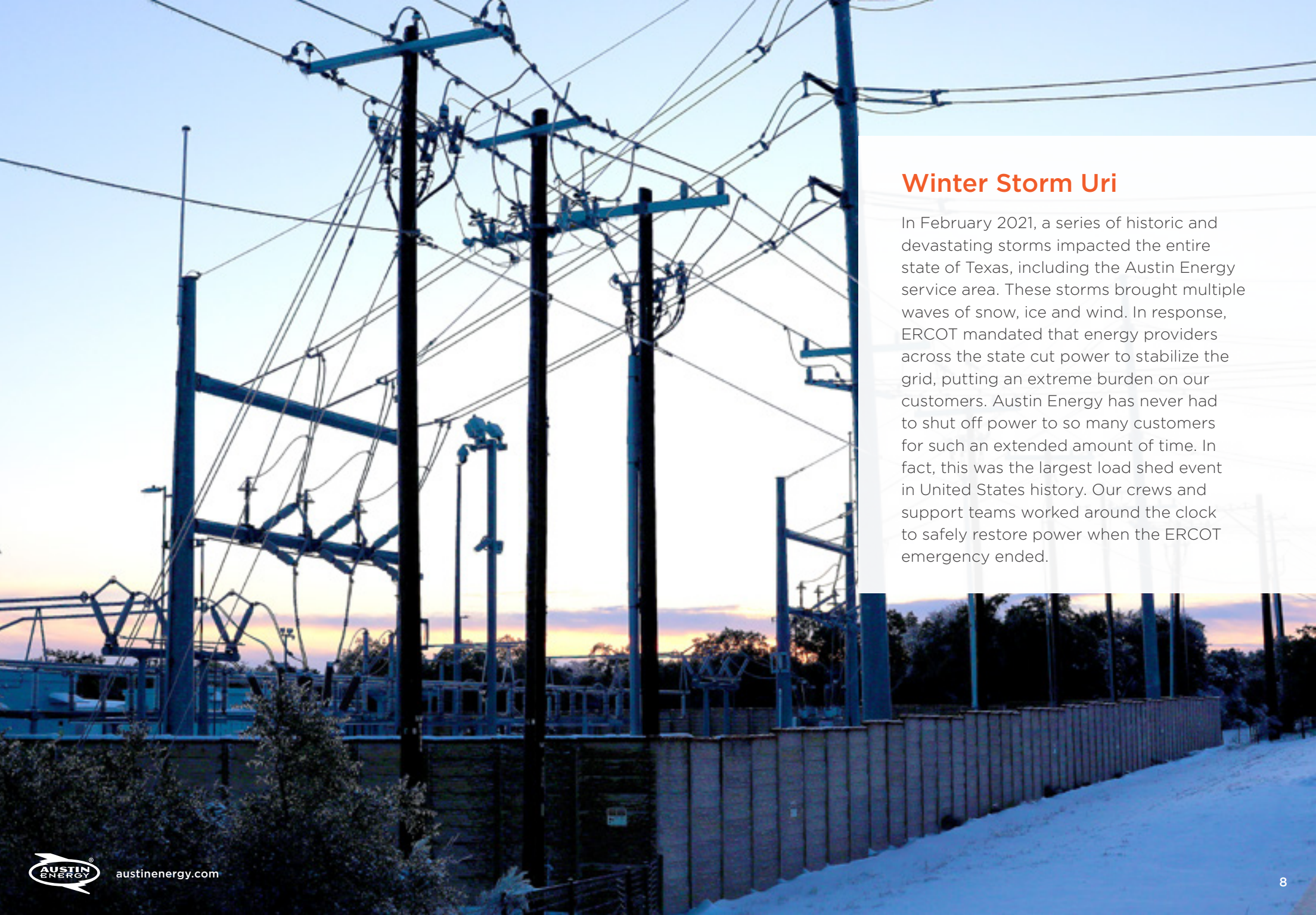
Income Statement

\$ In Millions	Fiscal Year Ended	
	Sept. 30, 2021	Sept. 30, 2020
Operating Revenues	\$947	\$953
Power Supply Revenue	325	420
Power Supply Expense	272	368
Non-Fuel Expenses	784	764
Depreciation Expense	281	286
Operating Income/(Loss)	(65)	(45)
Other Revenue (Expense)	122	121
General Fund Transfer	(114)	(111)
Net Income/(Loss)	(57)	(35)
Debt Service Coverage	1.9	2.1
Debt to Capital Ratio	54%	53%

Comparative Statement of Net Position

\$ In Millions	Sept. 30, 2021 Sept. 30, 2020 Change		
	Sept. 30, 2021	Sept. 30, 2020	Change
Cash	\$329	\$402	(\$73)
Accounts Receivable (net)	153	142	11
Power Supply Under Recovery	-	-	-
Other Under Recoveries	21	-	21
Debt Service — ST	85	81	4
Contingency Reserve	108	107	1
Power Supply Stabilization Reserve	110	110	-
Capital Reserve	70	70	-
Nuclear Decommissioning Reserve	241	236	5
Other Restricted Assets	187	178	9
Other Assets	1,751	1,531	220
Capital Assets	3,047	2,968	79
Total Assets	\$6,102	\$5,825	\$277
Current Liabilities	199	176	23
Power Supply Over Recovery	105	7	98
Other Over Recoveries	18	28	(10)
Revenue Bonds	2,089	1,928	161
Commercial Paper	77	162	(85)
Other Long-Term Liabilities	1,797	1,650	147
Retained Earnings	1,8717	1,874	(57)
Total Liabilities and Fund Equity	\$6,102	\$5,825	\$277





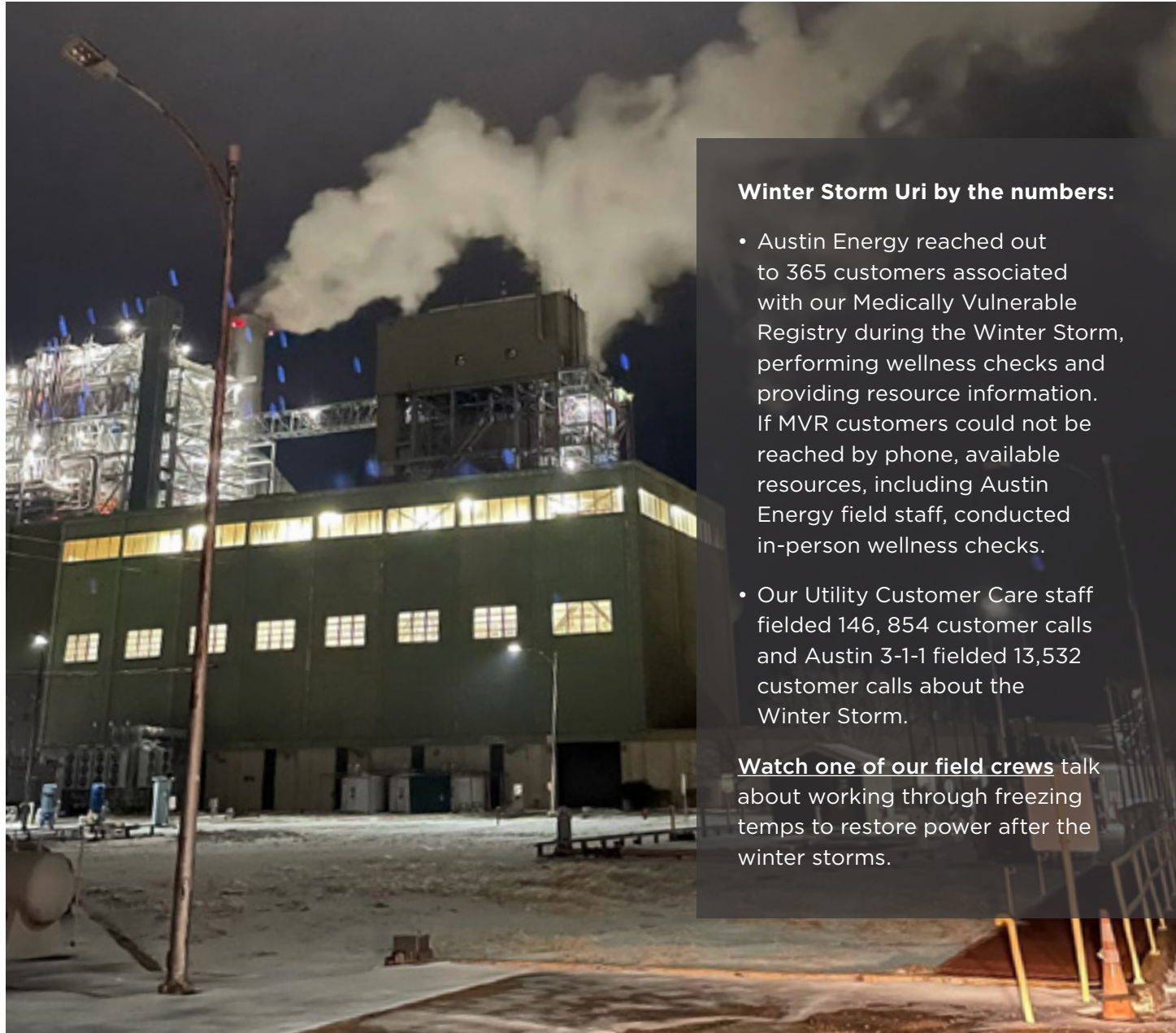
Winter Storm Uri

In February 2021, a series of historic and devastating storms impacted the entire state of Texas, including the Austin Energy service area. These storms brought multiple waves of snow, ice and wind. In response, ERCOT mandated that energy providers across the state cut power to stabilize the grid, putting an extreme burden on our customers. Austin Energy has never had to shut off power to so many customers for such an extended amount of time. In fact, this was the largest load shed event in United States history. Our crews and support teams worked around the clock to safely restore power when the ERCOT emergency ended.



During the Winter Storms and immediately thereafter, Austin Energy began the process of identifying and implementing actions that will help us better prepare for a similar type of extreme and prolonged climate and grid event in the future. [The February 2021 Winter Storms After-Action Report](#) contains observations, each consisting of multiple topics related to Austin Energy's preparations, response and ongoing actions, including power plant weatherization, managing load shed requirements, communications and outage map, vegetation management and collaboration with other City Departments and utilities.

Austin Energy's generation resources, which are required to offer generation into the EROCT market, performed well overall with minimal outages during the Winter Storms. We have weatherization processes in place for Generation Plants and prepare for summer and winter weather each year. These processes are guided by industry best practices and subject to state and federal reliability compliance standards and protocols.



Winter Storm Uri by the numbers:

- Austin Energy reached out to 365 customers associated with our Medically Vulnerable Registry during the Winter Storm, performing wellness checks and providing resource information. If MVR customers could not be reached by phone, available resources, including Austin Energy field staff, conducted in-person wellness checks.
- Our Utility Customer Care staff fielded 146, 854 customer calls and Austin 3-1-1 fielded 13,532 customer calls about the Winter Storm.

Watch one of our field crews talk about working through freezing temps to restore power after the winter storms.

Rising to the Challenge

Throughout its history, Austin Energy has supported the communities we serve. In 2021 we continued to grapple with the pandemic and faced a historic winter storm. In the face of all these challenges, Austin Energy continued to deliver strong support to our communities, and we remain committed to rising to all future challenges.



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Expanded Weatherization Efforts

While Austin Energy's weatherization efforts were already robust and helped protect our customers financially during Winter Storm Uri, the utility also identified even more steps we could take in FY 2021, including:

- Reviewed and evaluated existing plant freeze protection checklists, weatherization practices, including checklists and procedures for routine winter preparedness, at power generation facilities.
- Evaluated field instrumentation and conducted engineering analysis of winterization measures at all facilities. Implemented the identified corrective and freeze protection measures.
- Reviewed existing cooling tower procedures at District Energy and Cooling facilities to include draining non-operational cooling towers and maintaining continuous flow in operational ones.
- Designed and implemented change controls to optimally run cooling towers at District Energy and Cooling facilities when temperatures are below freezing.
- Fabricated and installed protection on a gas turbine inlet filter to prevent ice and snow buildup from entering a gas turbine and causing a generating unit trip.

Utility Bill Assistance

With the double blow of a devastating winter storm and the uncertainty of pandemic, we know our customers need us now more than ever. Our Utility Contact Center and 311 met the challenge, handling nearly two million interactions with City residents and utility customers in the first nine months of 2021. City of Austin Utilities provided more than \$13 million in emergency financial assistance to nearly 16,000 customers. Our work through this initiative earned us the Texas Public Power Association's 2021 System Achievement Award.



Sand Hill - Freeze protection wind wall

Helping Neighboring Utilities

When Hurricane Nicholas knocked out power to neighboring Texans, Austin Energy sent lineworkers and support personnel to Houston to help with restoration efforts. When a major disaster impacts a community, and their electric utility does not have enough crews and equipment to restore power quickly, we never hesitate to help.

Educational Outreach Team Introduces Virtual Learning

In 2021, Austin Energy's educational outreach team debuted its new virtual Power Town presentation showcasing [The Electrical Safety Video](#) to more than 1,000 students across 14 local schools. Many of our educational outreach programs made the same transition, including our Austin Energy All-Stars program which provides teachers, students and their families with the opportunity to explore ways to efficiently use energy; the Austin Energy Regional Science Festival with thousands of students participating in grade 3 through 12; and our EV for Schools which introduces local school districts to the convenience and benefits of electrical vehicle (EV) charging.

Equity and Inclusion

Austin Energy powered the organization forward by making strides in equity and inclusion efforts. In June 2021, the Utility became the first City of Austin department to name an Equity and Inclusion Program Manager II. Keree Brannen partners with executives, supervisors and employees to help set a direction and shift practices towards more equitable, diverse, and inclusive services.

Austin Energy staff also created Dialogue for Change, an umbrella program which encompasses several efforts supporting our work around Diversity, Equity and Inclusion. The program fosters the benefits of inclusion and diversity among employees, highlights the value of connection via the sharing of personal stories and highlights our commitment to human connection.



Powering the Community



Solar Takes Flight

In Spring 2021, Austin Energy and the Austin-Bergstrom International Airport (AUS) celebrated the completion of a new solar panel array constructed on the AUS campus. This marked a milestone in the utility's Community Solar Program, increasing the program's capacity to 4.285 megawatts.

The Community Solar Program can now provide enough local, renewable energy to power up to 500 homes! The new array provides 1.8 megawatts of locally generated, renewable energy and sits atop the airport's Blue Garage. With 6,642 solar panels spanning across a distance that is equal size to two football fields, the array is the largest on-site renewable energy installation on the AUS campus.



Electrifying Public Transportation

On Earth Day 2021, Austin Energy announced another exciting partnership, with Capital Metro. As of 2021, all of the transit agency's facilities, including administrative, maintenance and public, electric buses, staff EVs and MetroBike Ebikes are powered by 100% Texas wind energy through Austin Energy's GreenChoice program. Energy and transportation are the largest contributors to greenhouse gas emissions. By enrolling in GreenChoice, Capital Metro is investing towards Austin's community goal of 100% carbon free energy by 2035. By purchasing GreenChoice energy, Capital Metro will reduce its carbon footprint and offset 7,189 metric tons of carbon dioxide.

Powering Forward



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Decker Plant – During Winter Storm Uri

Balancing Resources

Austin Energy is powering forward on benchmarks in the Resource, Generation and Climate Protection Plan to 2030. This plan commits Austin Energy to continue providing affordable, dependable and safe electric service to customers while pursuing the City of Austin's sustainability and climate goals. Austin Energy maintains a diverse fleet of generation resources to serve our community.

In fall 2021, Austin Energy announced the retirement of its 44-year-old Decker 2 steam unit (DP2) in March 2022. This retirement was planned for more than five years because the unit has aged past its useful life. The 420 MW unit has proven increasingly difficult to maintain as both replacement parts and technical expertise to repair the outdated technology have become more challenging and expensive to obtain, which reduced the overall reliability of the unit. The Decker Plant has played an important role in Austin's energy mix over five decades and that role will continue through the ongoing operation of its four 50 MW peaking gas turbine units. These units, in combination with our diverse resource portfolio and energy risk management practices, will continue to support our goals of clean, reliable and affordable energy. Austin Energy is proud of Decker staff, and the engineering team supporting it, who provided our utility and this community with such valuable service through their work at this plant. Their efforts throughout its history, most recently through Winter Storm Uri, are significant. Their efforts are immeasurable.



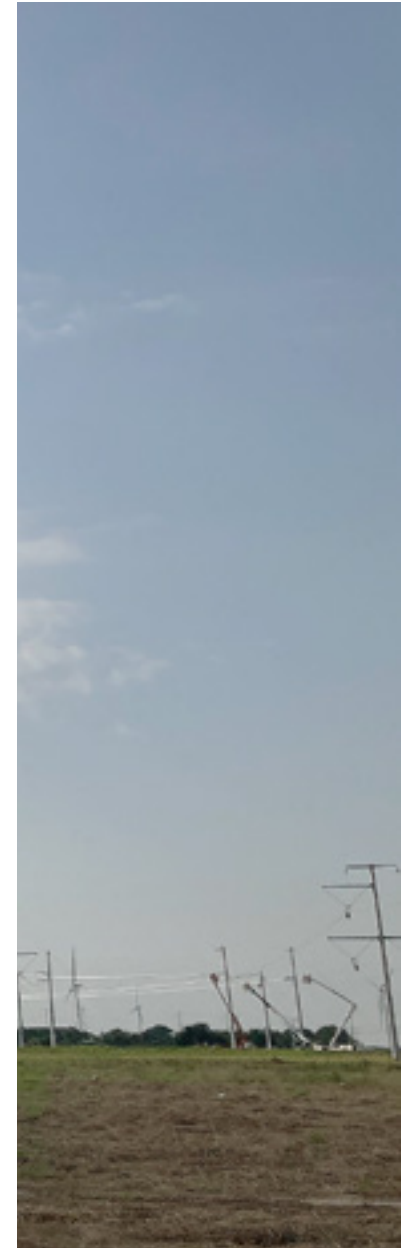
Raymond Wind Farm – South Texas

Austin Energy co-owns Fayette Power Project (FPP) with the Lower Colorado River Authority (LCRA). In 2021, Austin Energy announced that after extensive, multi-year negotiations with the Lower Colorado River Authority (LCRA), Austin Energy was unable to reach terms that would allow the utility to affordably retire its share of the coal plant by the end of 2022, as originally envisioned. However, Austin Energy continues to evaluate the timeframe and approach to replace current fossil fuel resources with carbon-free energy while maintaining grid reliability and customer affordability.

Modernizing Our Operations

For more than 70 years, the City of Austin's electric utility has designed, constructed and operated an exceptional, high-capacity downtown network for our bustling city. Primarily underground, the downtown network is feeling the strain of rapid growth in the area, and Austin Energy is adding infrastructure to meet the growing needs.

In addition to adding new infrastructure, the Utility has upgraded existing transmission with smart grid, fiber optic line on existing transmission lines. In 2021, crews began installing fiber optic line between the Lytton Springs and Holman substations. When this 50-mile section is completed, 90% of the utility's 523 miles of transmission lines will have smart grid technology installed. This technology allows substations to communicate with each other and provide real-time data and better respond to problems.

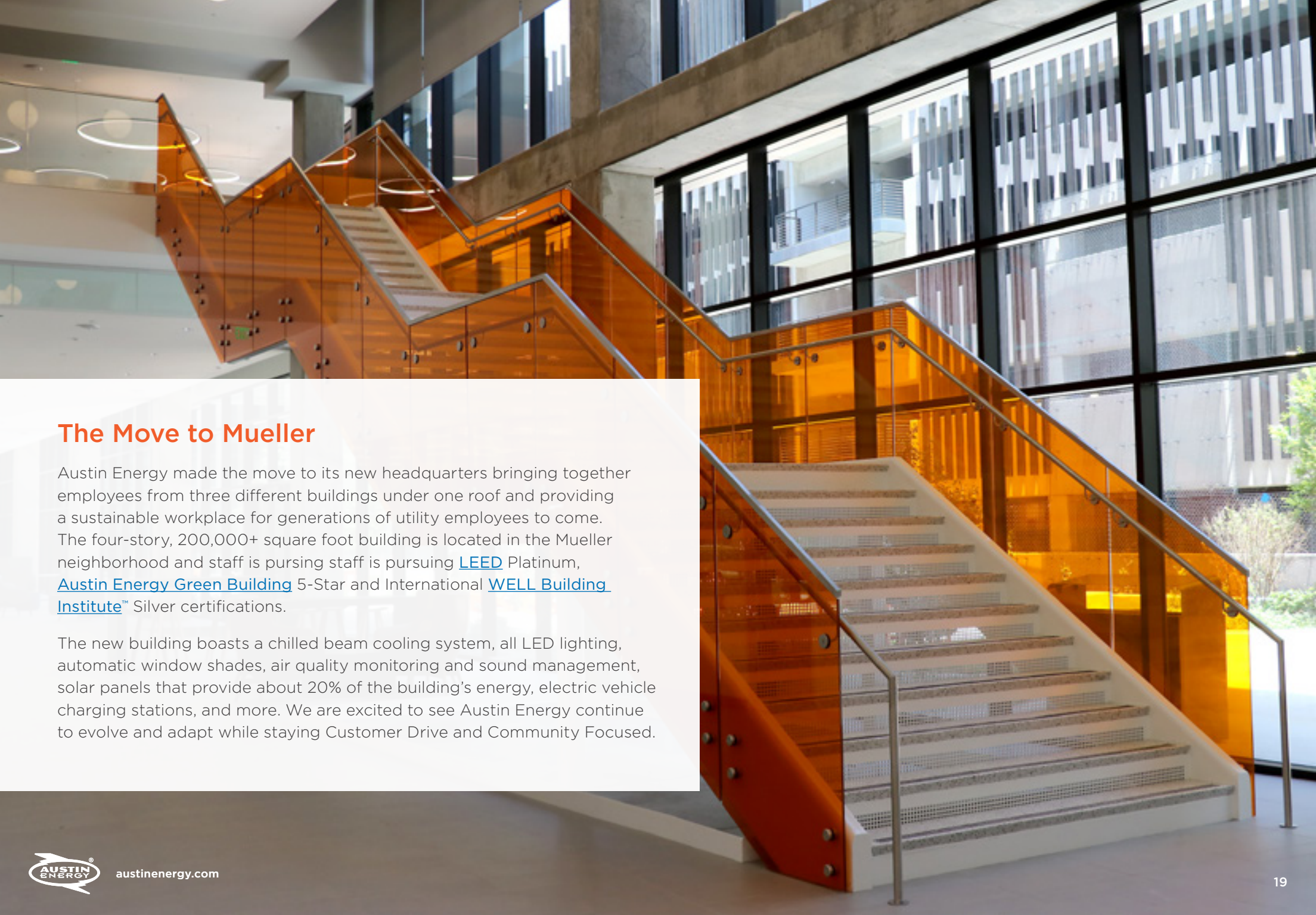


In 2021, Austin Energy made substantial progress working with businesses and homeowners and completing individualized vegetation management plans to trim trees and other vegetation away from power lines. Last year, a total of 313 miles of distribution lines were trimmed. The Austin City Council doubled our budget and we were able to expand an existing contract and add a third contracting company to the Austin Energy Forestry program.

Connecting with Customers

In 2021, Austin Energy customers experienced improved functionality and enhanced self-service options through a brand-new design on COAUtilities.com. The updated interface provides a better user experience on any device, at any time. The enhanced site includes a dashboard where customers can see their account in real-time, sign up for payment options, make account changes, register to receive alerts and notifications, manage multiple accounts and view usage information. The built-in energy management tools allow residential customers to see current and historical electric usage in both dollars and kilowatt hours. To dig deeper, customers can take the Home Energy Analysis quiz, where they can receive personalized tips and compare usage with similar homes in their neighborhood. These enhancements are part of the utility's commitment to improve the customer experience.





The Move to Mueller

Austin Energy made the move to its new headquarters bringing together employees from three different buildings under one roof and providing a sustainable workplace for generations of utility employees to come. The four-story, 200,000+ square foot building is located in the Mueller neighborhood and staff is pursuing [LEED](#) Platinum, [Austin Energy Green Building](#) 5-Star and International [WELL Building Institute](#)™ Silver certifications.

The new building boasts a chilled beam cooling system, all LED lighting, automatic window shades, air quality monitoring and sound management, solar panels that provide about 20% of the building's energy, electric vehicle charging stations, and more. We are excited to see Austin Energy continue to evolve and adapt while staying Customer Drive and Community Focused.

Connect with Austin Energy

For Austin Energy, the commitment to being Customer Driven and Community Focused ultimately means making the connection with customers. This is how the utility can provide the safe, affordable and reliable power our community depends on while also meeting their needs beyond electric service. The benefit of public power is that we are there for our customers and the community.

HOW TO CONNECT WITH US

NEWSLETTER

Austin Utilities Now editions are mailed and available electronically in English and Spanish at coautilities.com/go/utilitynews.



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